

Assessing Progress in Sustainable Governance in EU and OECD Countries

Results of the Sustainable Governance Indicators Survey



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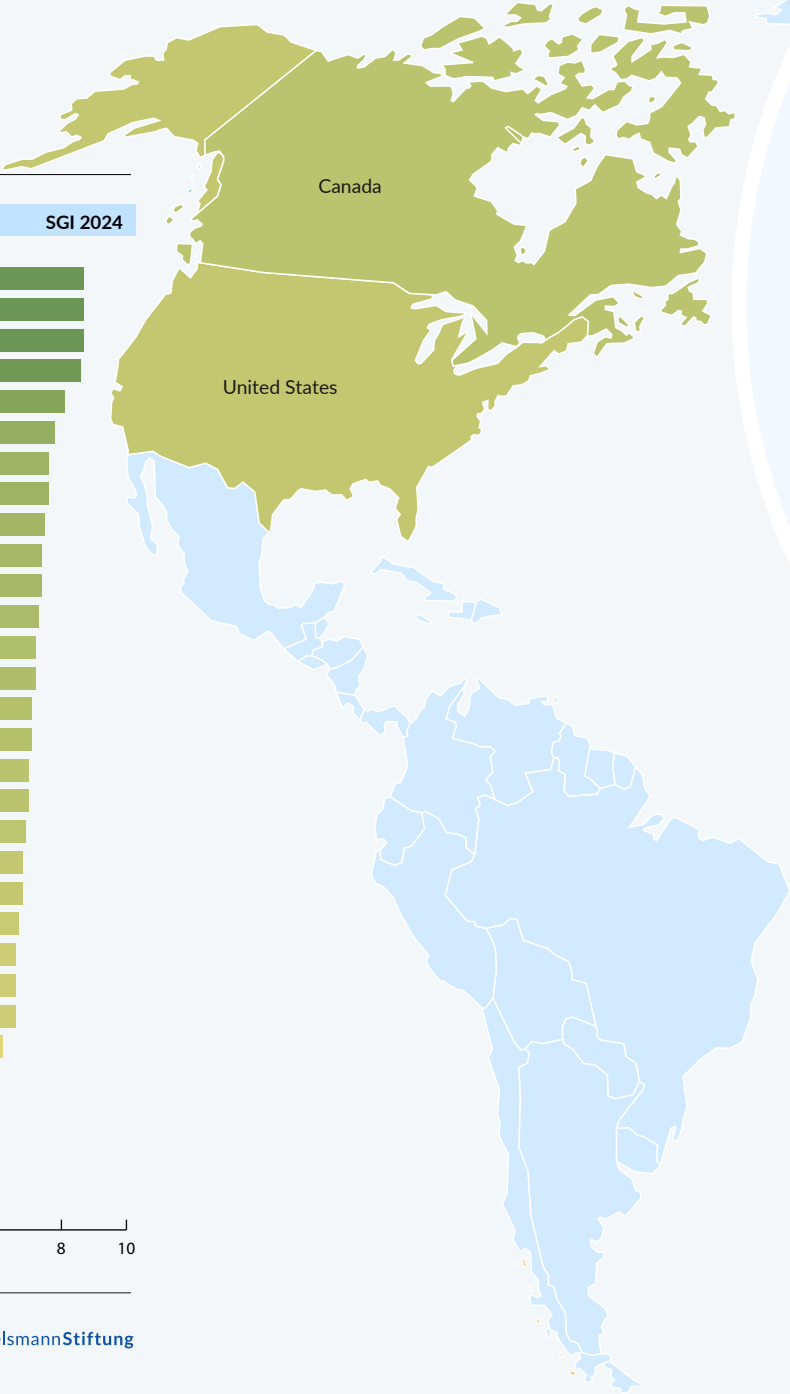
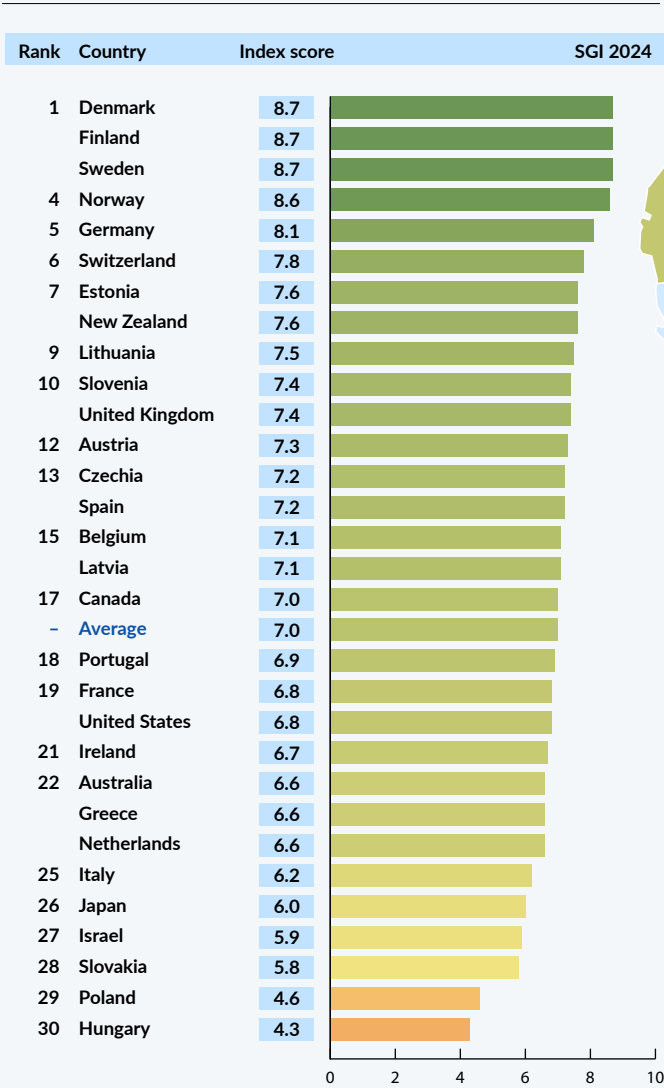
Assessing Progress in Sustainable Governance in EU and OECD Countries

Results of the Sustainable Governance
Indicators Survey

Christof Schiller and Thorsten Hellmann

Sustainable Governance in 30 OECD and EU Countries

FIGURE 1 Sustainable Governance



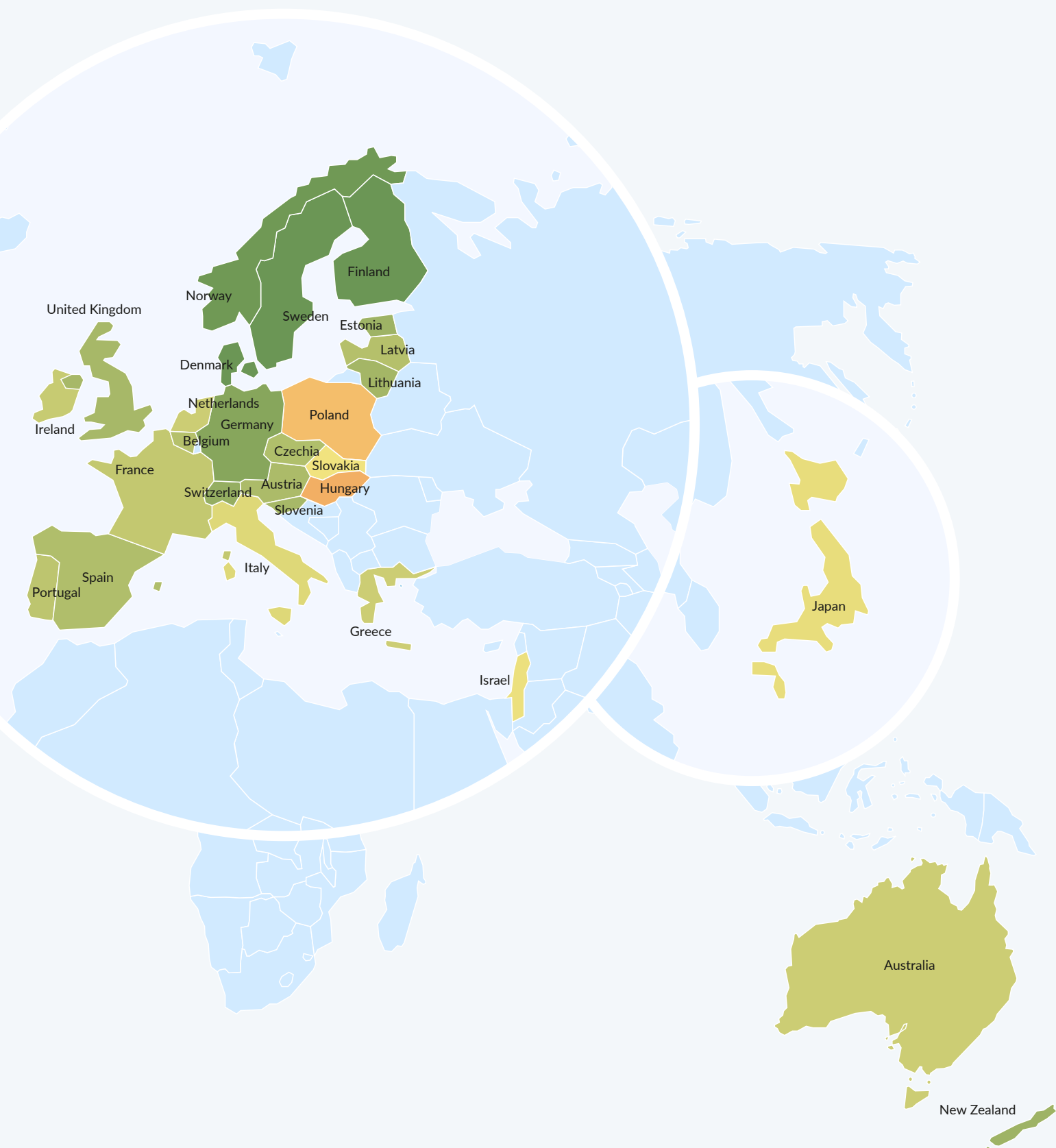


FIGURE 2 Country key facts

		 GDP per capita (\$)	 Population	 Population/ km²	 Poverty rate (%)
	Australia	52,831	26,638,544	3.3	2.6 (2020)
	Austria	56,421	9,132,383	108.5	9.0
	Belgium	53,762	11,822,592	382.6	5.3
	Canada	48,861	40,097,761	4.4	10.5 (2021)
	Czechia	40,048	10,873,689	136.1	5.4
	Denmark	61,232	5,946,952	146.4	6.8
	Estonia	36,952	1,366,188	31.1	14.7
	Finland	48,906	5,584,264	18.2	5.8
	France	48,004	68,170,228	123.8	8.8
	Germany	53,945	84,482,267	238.1	8.3
	Greece	32,564	10,361,295	82.0	11.6
	Hungary	36,358	9,589,872	106.4	8.6
	Ireland	112,434	5,262,382	73.1	5.5
	Israel	44,742	9,756,700	433.1	17.8 (2021)
	Italy	44,323	58,761,146	200.0	11.9
	Japan	42,576	124,516,650	344.8	15.4 (2021)
	Latvia	33,404	1,881,750	30.3	15.3
	Lithuania	40,227	2,871,897	44.7	13.0
	Netherlands	59,891	17,879,488	520.7	8.1
	New Zealand	43,956	5,223,100	19.4	12.4 (2020)
	Norway	67,177	5,519,594	14.8	6.5
	Poland	36,766	36,685,849	123.3	8.5
	Portugal	36,945	10,525,347	113.1	10.5
	Slovakia	34,495	5,426,740	113.3	10.1
	Slovenia	41,993	2,120,937	104.7	6.8
	Spain	41,229	48,373,336	94.9	13.1
	Sweden	54,085	10,536,632	25.6	10.0
	Switzerland	73,142	8,849,852	220.3	9.5 (2022)
	United Kingdom	46,428	68,350,000	277.0	11.7 (2021)
	United States	65,688	334,914,895	36.3	18.1 (2022)

Source: International Monetary Fund (2022), OECD, Eurostat, World Bank (2023a), World Bank (2023b).

FIGURE 3 Country key facts

		 Government during review period (Jan 2022 - Jan 2024)	 Political System	 Government type
	Australia	Scott Morrison (Aug 18 - May 22) & Anthony Albanese (May 22 -)	federal	single-party majority cabinet
	Austria	Karl Nehammer (Dec 21 -)	federal	multiparty majority coalition
	Belgium	Alexander de Croo (Oct 20 -)	federal	multiparty majority coalition
	Canada	Justin Trudeau (Nov 2015 -)	federal	single-party minority cabinet
	Czechia	Petr Fiala (Nov 21 -)	unitary	multiparty majority coalition
	Denmark	Mette Frederiksen (Jun 19 -)	unitary	multiparty majority coalition
	Estonia	Kaja Kallas (Jan 21 - Jul 24)	unitary	multiparty majority coalition
	Finland	Sanna Marin (Dec 19 - Apr 23) & Petteri Orpo (Jun 23 -)	unitary	multiparty majority coalition
	France	Emmanuel Macron (May 17 -)	unitary	single-party majority (semi-presidential)
	Germany	Olaf Scholz (Dec 21 -)	federal	multiparty majority coalition
	Greece	Kyriakos Mitsotakis (Jul 19 -)	unitary	single-party majority cabinet
	Hungary	Viktor Orbán (May 2010 -)	unitary	single-party majority cabinet
	Ireland	Micheál Martin (Jun 20 - Dec 22) & Leo Varadkar (Dec 22 - April 24)	unitary	multiparty majority coalition
	Israel	Naftali Bennet (Jun 21 - Jun 22), Yair Lapid (Jun 22 - Dec 22) & Benjamin Netanyahu (Dec 22 -)	unitary	multiparty majority coalition
	Italy	Mario Draghi (Feb 21 - Oct 22) & Giorgia Meloni (Oct 22 -)	unitary	multiparty majority coalition
	Japan	Fumio Kishida (Oct 21 - Oct 24)	unitary	single-party majority cabinet
	Latvia	Krišjānis Kariņš (Jan 19 - Sep 23) & Evika Šilina (Sep 23 -)	unitary	multiparty majority coalition
	Lithuania	Ingrida Šimonytė (Dec 20 -)	unitary	multiparty majority coalition
	Netherlands	Mark Rutte (Oct 2010 - Jul 24)	unitary	multiparty majority coalition
	New Zealand	Jacinda Ardern (Oct 17 - Jan 23), Chris Hipkins (Jan 23 - Nov 23) & Christopher Luxon (Nov 23 -)	unitary	multiparty majority coalition
	Norway	Jonas Gahr Støre (Oct 21 -)	unitary	multiparty minority coalition
	Poland	Mateusz Morawiecki (Dec 17 - Dec 23) & Donald Tusk (Dec 23 -)	unitary	single-party majority cabinet
	Portugal	Antonio Costa (Nov 2015 - Apr 24)	unitary	single-party majority cabinet
	Slovakia	Eduard Heger (Apr 21 - May 23), Ľudovít Ódor (May 23 - Oct 23) & Robert Fico (Oct 23 -)	unitary	multiparty majority coalition
	Slovenia	Janez Janša (Mar 20 - Jun 22) & Robert Golob (Jun 22 -)	unitary	multiparty majority coalition
	Spain	Pedro Sánchez (Jun 2018 -)	de facto federal	multiparty minority coalition
	Sweden	Magdalena Andersson (Nov 21 - Oct 22) & Ulf Kristersson (Oct 22 -)	unitary	multiparty minority cabinet
	Switzerland	Ignazio Cassis (22), Alain Berset (23) & Viola Amherd (24)	federal	oversized coalition (federal council)
	United Kingdom	Boris Johnson (Jul 19 - Sep 22), Liz Truss (Sep 22 - Oct 22) & Rishi Sunak (Oct 22 - Jul 24)	de facto federal	single-party majority
	United States	Joseph Biden (Jan 21 -)	federal	presidential

Definitions:

Multiparty majority coalition:
A government formed by multiple political parties which, together, hold a majority of seats in the legislature.

Multiparty minority coalition:
A government formed by multiple political parties which, collectively, do not hold a majority of seats in the legislature.

Oversized coalition:
A coalition government that includes more parties than necessary to achieve a majority (i.e., exceeds the minimum winning threshold of >50%).

Single-party minority cabinet:
A government formed by a single party that does not control a majority of seats in the legislature (≤50%).

Single-party majority cabinet:
A government in which one party holds all cabinet positions and commands a majority in the legislature (>50%).

Presidential:
A system in which executive power is concentrated in the president, who serves as both head of state and head of government.

Source: Armington, K. et al (2024). Lijphart, A (2012). Thijs, N. et al (2017). European Committee of the Regions.

Table of contents

Acknowledgments	10	Country insights	82
Moving beyond “good” toward “sustainable” governance	11	Australia	82
Our approach to monitoring sustainable governance	14	Austria	85
Methodology	28	Belgium	88
Executive summary	32	Canada	91
Focus		Czechia	93
How far have affluent democracies progressed in designing effective transformational policy strategies for achieving a climate-neutral and resource-efficient economy?	37	Denmark	96
Democratic Government: overall trends	48	Estonia	98
Governing with Foresight: overall trends	55	Finland	101
Sustainable Policymaking: overall trends	62	France	104
Overall performance in sustainable policymaking	78	Germany	107
Overall performance in sustainable governance	79	Greece	110
		Hungary	113
		Ireland	116
		Israel	119
		Italy	122
		Japan	125
		Latvia	128
		Lithuania	131
		Netherlands	133
		New Zealand	137
		Norway	139
		Poland	142
		Portugal	145
		Slovakia	148
		Slovenia	150
		Spain	152
		Sweden	155
		Switzerland	157
		United Kingdom	161
		United States	164
		Appendix	166
		Bibliography	186
		Country experts	190
		Regional coordinators	192
		Scientific advisory board	193
		About the authors	194

Illustrations

FIGURE 1	Sustainable governance	2
FIGURE 2	Country key facts	3
FIGURE 3	Country key facts	4
FIGURE 4	Governance analytical levels	12
FIGURE 5	Assessing the quality of governance	13
FIGURE 6	Hierarchy levels of the Sustainable Governance Indicators	16
FIGURE 7	SDGs and relevant SGI metrics	17
FIGURE 8	Democratic Government dimension	19
FIGURE 9	Governing with Foresight dimension	21
FIGURE 10	Sustainable Policymaking dimension	24
FIGURE 11	Economic sustainability category	25
FIGURE 12	Social sustainability category	26
FIGURE 13	Environmental sustainability category	27
FIGURE 14	Survey process	28
FIGURE 15	Measures of uncertainty	31
FIGURE 16	Climate action: past policy outcomes	38
FIGURE 17	Climate action: policy ambition and direction	38
FIGURE 18	Climate action: overall policy performance	39
FIGURE 19	Decarbonized energy system: past policy outcomes	40
FIGURE 20	Decarbonized energy system: policy ambition and direction	41
FIGURE 21	Decarbonized energy system: overall policy performance	42
FIGURE 21	Circular economy: past policy outcomes	43
FIGURE 23	Circular economy: policy ambition and direction	44
FIGURE 24	Circular economy: overall policy performance	45
FIGURE 25	Overall performance: circular economy, decarbonized energy system and climate action	46
FIGURE 26	Vertical accountability	48
FIGURE 27	Diagonal accountability	51
FIGURE 28	Horizontal accountability	52
FIGURE 29	Democratic government	54
FIGURE 30	Coordination	55
FIGURE 31	Consensus-building	57
FIGURE 32	Sensemaking	59
FIGURE 33	Governing with foresight	60
FIGURE 34	Economic sustainability: past policy outcomes	63
FIGURE 35	Economic sustainability: policy ambition and direction	64
FIGURE 36	Economic sustainability: overall policy performance	67
FIGURE 37	Social sustainability: past policy outcomes	68
FIGURE 38	Social sustainability: policy ambition and direction	69
FIGURE 39	Correlation between economic sustainability and social sustainability	73
FIGURE 40	Social sustainability: overall performance	73
FIGURE 41	Environmental sustainability: past policy outcomes	75
FIGURE 42	Environmental sustainability: policy ambition and direction	76
FIGURE 43	Environmental sustainability: overall performance	77
FIGURE 44	Sustainable policymaking: overall performance	78
FIGURE 45	Correlation between governing with foresight and sustainable policymaking	79
FIGURE 46	Correlation between democratic government and sustainable policymaking	80
FIGURE 47	Overall performance in sustainable governance	81

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https://www.sgi-network.org/2024/Expert_Network

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Moving beyond “good” toward “sustainable” governance

The Paris Agreement serves as a global framework with the aim of averting perilous climate change. Its primary objectives are to limit global warming to a level significantly below 2°C and to strive for even greater efforts to keep the increase in temperature below 1.5°C (UNFCCC 2015). However, recent projections paint a worrisome picture, revealing that the collective commitments made by nations are still falling far short of the actions required to implement effective carbon removal strategies and curb greenhouse gas emissions by 2030 (Boehm et al. 2022). This discrepancy between stated goals and actual progress has sparked ongoing discussions about the adequacy of government measures. There are concerns about whether the actions taken thus far are sufficient even to achieve the targets that countries themselves have set. Moreover, uncertainties persist regarding the optimal prioritization, sequencing and coordination of individual policy measures necessary to address the complex challenge of climate change effectively.

Though we clearly face an urgent need to transform the ways in which our economic and societal systems operate, we must also recognize that this transformation poses a classic example of a “wicked problem” (Rittel and Webber, 1973). The challenges we face are inherently complex and lack straightforward solutions. At best, our search for good or even satisfactory solutions entails engaging diverse social groups and leveraging the best available expertise in an adaptable and dynamic process of negotiation.

Given the immense complexity of the challenge at hand, efforts to drive this transformation are increasingly encountering calls for legitimacy. If we are to achieve a more sustainable economy and way of life, and sustain this progress in the long run, we must dedicate greater attention to the aspect of legitimacy when discussing these transformative changes.

Ultimately, the progress we make in transformation depends on the extent to which citizens and the busi-

ness community have confidence in a government’s regulations and recognize the need for its far-reaching decisions, even when such legislation runs counter to their specific interests (Easton 1965). This, in turn, depends on various factors. First, it hinges on whether citizens have the opportunity to hold the government accountable and exercise control through functioning democratic institutions. Additionally, it relies on the perceived effectiveness and fairness of the transformational policies themselves (Scharpf 1999). However, the palpable quality of the process of governance itself is also crucial. Legitimacy can be further established through advancements in efficiency, accountability, transparency in the governing process, and the inclusion of civil society expertise in policy formulation (Schmidt 2013).

Central to the achievement of sustainability goals itself is the endeavor of governments to secure the legitimacy of their own accomplishments in the long term by establishing an effective governance system. Without these efforts to foster more sustainable governance, setbacks in the transformation of the current economic and societal system are inevitable.

Despite the widespread use of the term “governance” over the past three decades, there is still no universally accepted definition of the concept, nor is there consensus on the best way to operationalize it (e.g., OECD 2009, Rotberg 2014).

According to Pierre and Peters (2021: 2), governance is traditionally defined as a sociopolitical process involving “steering and control.” It revolves around how governments, in collaboration with societal and private actors, guide society and the economy toward specific collective goals. This process includes both traditional top-down control methods and newer collaborative negotiation processes involving stakeholders who are affected by regulations, which emphasizes the importance of balancing control with cooperation.

However, in our view, the pursuit of these collective goals must also be rooted in a functioning democratic process of accountability and citizen participation. This second dimension of governance focuses on the form of governance itself, examining the extent to which state power is appropriately restrained by effective vertical, diagonal and horizontal democratic accountability mechanisms (Malena et al., 2004; Lührmann et al., 2020).

Governance analysis necessitates considering multiple analytical levels simultaneously (see figure 4). Exploring the input side involves examining resource allocation, the influence of civil society groups, the direction and content of specific policies, the existence of democratic rights, and participation in international agreements. The throughput side focuses on the actual practice of governance, including the implementation of democratic standards and the processes by which policies are developed within and beyond the government. Finally, exploring the outcomes of governance encompasses both immediate, tangible outputs of government actions and

longer-term changes in policy outcomes. To obtain comprehensive insights into governance, it is vital to consider the throughput side together with the input, output and outcomes of governance, as analyzing individual levels in isolation can lead to erroneous conclusions.

Moreover, the analysis of governance should not be confined to the central state level but should encompass multilevel interactions with other government entities (central-local), supranational bodies (e.g., national-EU), and international levels. This broader perspective allows for a comprehensive understanding of governance dynamics and their implications.

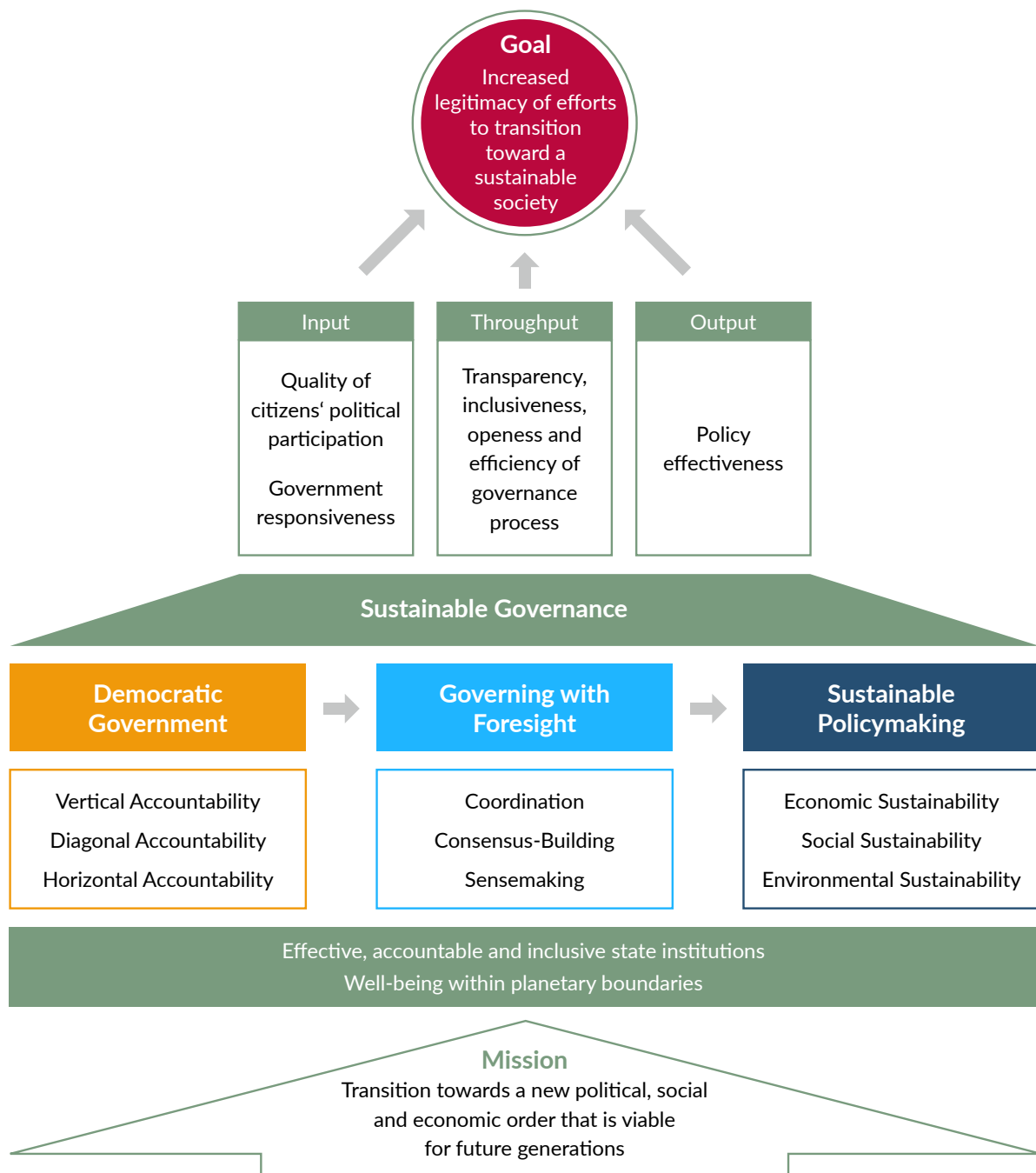
This prompts the immediate question of how we can assess the “quality” of governance and its various analytical levels. Our proposal, outlined in figure 5, revolves around evaluating the quality of governance by examining its capacity to establish the required legitimacy for transitioning toward a more sustainable social order that ensures a viable future for generations to come.

FIGURE 4 Governance analytical levels

Governance as...	Analytical Focus on...	
	... Steering	... Accountability
...Inputs/ Rights/ Structure/ Commitment	State capacity (e.g., fiscal sustainability) (Introduction of) Policies Creation of organizational structures/ coordination rules	Capacity of civil society organizations & supervisory bodies Existence of core democratic institutions & procedural requirements
...Throughput/ Process	Process of policy development (e.g., inclusiveness, transparency, efficiency and long-term orientation) (Institutional) Practice/ informal rules strengthen formal institutional setup	Effectiveness of civil society organizations & supervisory bodies Government's degree of compliance with core democratic standards & procedural requirements in practice
...Output	Policy output related to input & throughput (e.g., policy effects such as increase in expenditure etc.) Procedural output related to input & throughput (quality and quantity of communication, roadmaps, new joint datasets)	Government's responsiveness to societal concerns (e.g., issued gvt statements to concerns) Democratic outputs (e.g., quality/ quantity of voter turnout, quality of newspapers etc.)
...Outcome	Change in policy outcomes (→ ultimately well-being) Change in governing behavior (→ ultimately governing with foresight)	Change in democratic quality (→ ultimately societal trust/ social capital)

Source: Own representation.

FIGURE 5 Assessing the quality of governance



Source: Own representation.

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In our view, this new social order must be firmly dedicated to the shared objective of promoting well-being within the limits of our planet's resources. Additionally,

it should foster resilient, inclusive, and democratically accountable state institutions. These goals inform our understanding of sustainable governance in this context.

Our approach to monitoring sustainable governance

There are several indicator-based measurement tools that can contribute significantly to determining how effectively a government is targeting sustainable governance.

Measuring the progress toward achieving the Sustainable Development Goals (SDGs) provides, for example, valuable insights into the advancements made by all countries toward the 17 sustainability goals and the likelihood of their achievement. Quantitative indicators are employed in this context to assess progress toward goals and sub-goals. For industrialized nations, the SDSN, OECD, and Eurostat serve as essential reference points for quantifying this progress. However, each approach possesses distinct strengths and weaknesses in terms of measurement methods and indicator selection. Notably, the established SDG measurement approaches demonstrate low correlation and yield different results concerning deficiencies in goal attainment (e.g., Mioia and Schiltz 2019). Furthermore, data availability for SDGs often poses challenges, and consensus on the measurability of individual targets within many SDGs has not been reached.

The Worldwide Governance Indicators by the World Bank offer another important reference for aggregated indicator-based measurement approaches to assess “good” governance. Similar to the SDG dataset, this collection aspires to provide comprehensive coverage of countries by utilizing nearly all available data sources and compensating for the strengths and weaknesses of diverse measurement approaches, such as expert surveys and public opinion surveys. An advantageous aspect highlighted by its creators is the ability to calculate confidence intervals (Kaufmann 2009). However, a critical issue arises regarding the lack of transparency regarding the specific aspects measured by the six components:

voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. The authors offer no theory of governance or the six components, and they do not provide a conceptual framework or operational map of the project. Moreover, the conceptual and methodological considerations that underpin the selection and aggregation of data sources and measurement methods for individual indicators remain unclear. Similarly, the factors that influenced the creation of precisely these six governance components lack explicit conceptual and/or methodological elucidation (e.g., Thomas 2010).

The V-Dem project offers a rigorous and comprehensive quantitative approach to measuring the quality of democracy. V-Dem measures five varieties of democracy by providing five indices: the Liberal Democracy Index, the Participatory Democracy Index, the Deliberative Democracy Index, the Egalitarian Democracy Index and the Electoral Index, which is also contained in the other four indices. However, the focus of the V-Dem indices lies primarily on de facto evaluations of democratic institutions: “(..) whenever we have measures of both the de jure and the de facto situation in a state, our indices build primarily on the de facto indicators because we want the measures to portray the ‘real situation on the ground’ as far as possible” (Coppedge et al. 2021: 8). V-Dem focuses exclusively on assessment through scores and does not elicit textual responses, which makes it challenging to ascertain the causal mechanisms, contextual conditions, and specific institutional parameters or configurations that have influenced the anonymous coders’ assessments of democracy quality.

Nevertheless, there are still no comparative datasets with aggregated indicators that allow us to draw conclusions about the sustainability of governance.

We aim to address this gap through our monitoring tool – the Sustainable Governance Indicators (SGI)¹. Using this instrument, we analyze tangible policy performance, measured through policy inputs, outputs and outcomes, with a focus on achieving a competitive, climate-neutral and resource-efficient economy (economic sustainability), maintaining or restoring a healthy environment (environmental sustainability), and implementing effective social policies that integrate and balance sustainability, empowerment and protection (social sustainability). Additionally, our analysis of governance incorporates measurements of less directly observable factors, such as the stability of social and state oversight institutions (accountability) and the government's capacity for foresight. These latter aspects are particularly crucial for the ongoing development and success of the transformation process. Furthermore, we examine the extent to which policy development takes into account and addresses “spillover” effects in other countries as well as the level of responsibility shown by states in pursuing global public goods.

Established democracies and high-income economies bear a historical responsibility to lead by example on the path toward a more sustainable way of life and economic order. Moreover, these countries arguably feature the most favorable political, economic, and social conditions for making rapid progress in advancing transformative change. We will therefore place our monitoring focus on EU member states and other advanced democracies within the OECD. We have chosen the countries included in our survey with the aim of maximizing comparability and analytical depth. This selection process has been guided by the utilization of the most reliable and comprehensive comparative quantitative outcome indicators available. Our country sample thus includes, in addition to the EU-21 (excluding Malta, Luxembourg, Cyprus, Romania, Croatia and Bulgaria), Japan, Israel, Australia, Canada, Norway, New Zealand, Switzerland, the United Kingdom and the United States.

Our monitoring instrument incorporates multiple levels of aggregation (see figure 6). The highest level is represented by the Sustainable Governance Index, which combines the higher-order dimensions of Accountability and Steering, both of which are equally fundamental to

achieving sustainable development with impact. They are therefore given equal weight in the aggregation process. Whereas the former is comprised of the secondary dimension of Democratic Government, the latter is comprised of two secondary dimensions, Governing with Foresight and Sustainable Policymaking.

Our biennial survey is grounded in the following research questions:

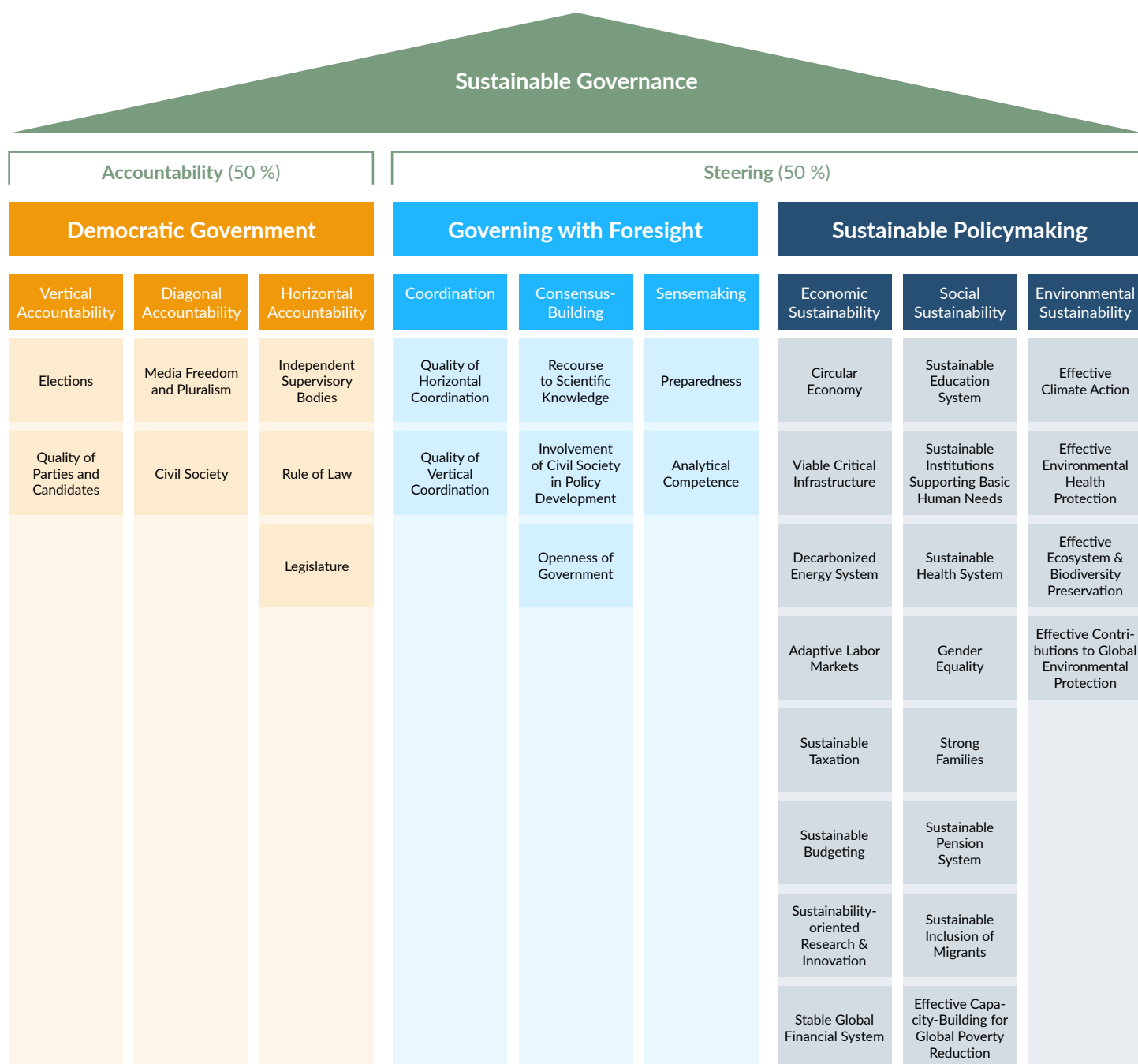
1. To what extent is the power of government effectively limited at both the societal and state levels through the presence of well-functioning democratic accountability mechanisms?
- 2.a To what extent does the government succeed in continuously optimizing the institutional arrangements of its work so that it can act with foresight?
- 2.b To what extent can the government, together with societal and private actors, effectively steer society and the economy toward specific sustainability goals?

By offering indices at various levels of aggregation, we provide valuable insights into the means and levers that can shape the achievement of the SDGs in advanced democratic economies. Figure 7 presents an overview of our indices and indicators that contribute important knowledge in this regard.

Our dataset is designed to contribute to the ongoing discourse on sustainable policy design, offering insights into successful models and facilitating international learning processes within the OECD, the EU and beyond.

1 Since 2009, when the Sustainable Governance Indicators project was launched, we have revised our methodology on several occasions. Most of these revisions are documented on the SGI website <https://www.sgi-network.org/2024/FAQ>. Previous datasets for the SGI are still available.

FIGURE 6 Hierarchy levels of the Sustainable Governance Indicators



Source: Own representation.

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FIGURE 7 **SDGs and relevant SGI metrics**

SDGs	Target	Relevant SGI metrics
1 No Poverty	1.3 Implement appropriate social protection schemes	Social Sustainability Index
3 Good Health and Well-being	3.8 Ensure universal health coverage	Sustainable Health System Index
4 Quality Education	4.7 Improve sustainable development education	Sustainable Education System Index
5 Gender Equality	5.4 Value unpaid care and domestic work (e.g., through social protection policies)	Strong Families Index
	5.5 Eliminate glass ceiling in political, economic, public life	Gender Equality Index
	5.c Create coherent policy frameworks for gender equality	Gender Equality Index
6 Clean Water and Sanitation	6.6 Protect / restore water ecosystems	Effective Preservation of National Ecosystems and Biodiversity Index
7 Affordable and Clean Energy	7.2 Enhance share of renewable energy	Decarbonized Energy System Index
8 Decent Work and Economic Growth	8.4 Improve global resource efficiency	Circular Economy Index
		Effective Climate Action Index
		Decarbonized Energy System Index
9 Industry, Innovation and Infrastructure	9.1 Develop quality / sustainable infrastructure	Viable Critical Infrastructure Index
	9.5 Enhance R&D overall	Sustainability-oriented Research and Innovation Index
10 Reduced Inequalities	10.2 Ensure universal social, economic, political inclusion	Sustainable Governance Index
	10.4 Adopt equality-enhancing policies	Sustainable Policymaking Index
	10.5 Enhance regulation / monitoring of global financial markets	Stable Global Financial System Index
	10.7 Improve migration policies	Sustainable Inclusion of Migrants Index
11 Sustainable Cities and Communities	11.1 Ensure universal access to adequate housing	Sustainable Institutions Supporting Basic Needs Index
	11.2 Improve (inclusivity of) transport infrastructure	Sustainable Institutions Supporting Basic Needs Index
12 Responsible Consumption and Production	12.2 Sustainable natural resource management	Circular Economy Index
	12.4 Sustainable (chemical) waste management	Circular Economy Index
	12.7 Sustainable public procurement practices	Circular Economy Index
		Effective Climate Action Index
		Decarbonized Energy System Index
	12.c Restructure market incentives in favor of sustainable energy sources	Decarbonized Energy System Index
		Effective Climate Action Index

13 Climate Action	13.2 Integrate climate change measures in national policy frameworks	Circular Economy Index Decarbonized Energy System Index Sustainability-oriented Research and Innovation Index Effective Climate Action Index Global Environmental Policy Index
	13.3 Improve climate change-related education / awareness	Sustainability-oriented Research and Innovation Index Sustainable Education System Index
	13.a Enforce development aid commitments under UN Framework Convention on Climate Change	Effective Contributions to Global Environmental Protection Index
	13.b Support climate change-related capacity-building in developing countries	Effective Contributions to Global Environmental Protection Index
14 Life Below Water	14.2 Protect marine / coastal ecosystems	Effective Preservation of National Ecosystems and Biodiversity Index
15 Life on Land	15.1 Protect terrestrial / inland ecosystems	Effective Preservation of National Ecosystems and Biodiversity Index
	15.5 Protect biodiversity	Effective Preservation of National Ecosystems and Biodiversity Index
	15.9 Integrate ecosystem / biodiversity values into policy frameworks	Effective Preservation of National Ecosystems and Biodiversity Index
16 Peace, Justice and Strong Institutions	16.3 Promote rule of law	Rule of Law Index
	16.5 Reduce corruption / bribery	Corruption Prevention
	16.6 Enhance institution transparency	Democratic Government Index Governing with Foresight Index
	16.7 Ensure participatory decision-making	Democratic Government Index Governing with Foresight Index
	16.10 Protect civil rights, public access to information	Democratic Government Index
17 Partnerships for the Goals	17.6 Enhance knowledge-sharing, access to technology	Effective Capacity-Building for Global Poverty Reduction Index Effective Contributions to Global Environmental Protection Index
	17.7 Fair diffusion of sustainable technologies to developing countries	Effective Contributions to Global Environmental Protection Index
	17.4 Enhance policy coherence for sustainable development	Coordination Index
	17.19 Improve SDG monitoring	Effective Sustainability Checks

Source: Own representation.

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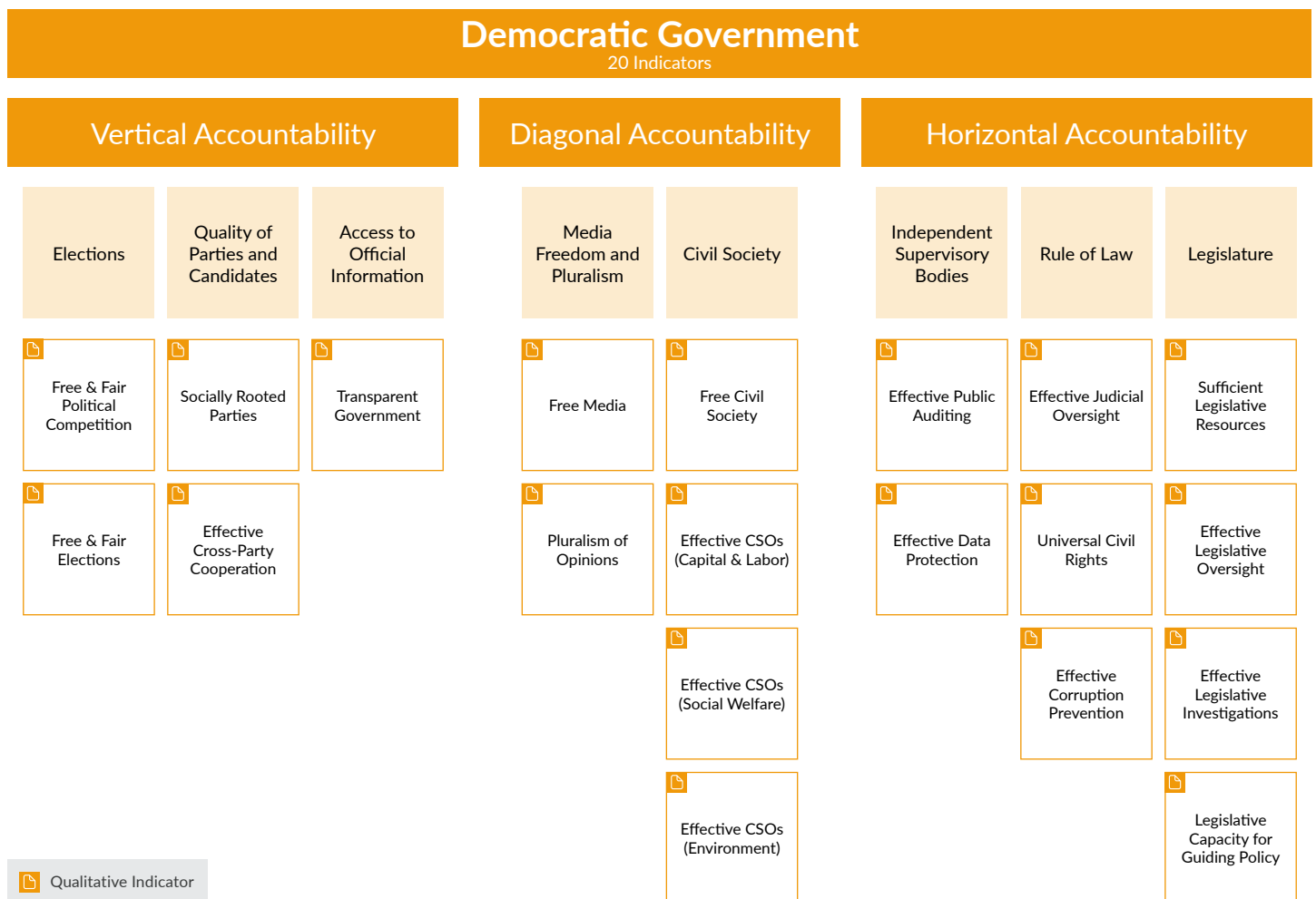
I. Democratic Government

With this dimension, we analyze the extent to which state power is limited.

This dimension examines the extent to which governments are held accountable to their citizens, both in terms of preventing unlawful behavior and enabling the assessment of policy performance. Effective accountability is demonstrated by the commitment of those in

power to provide information and be answerable for their actions, as well as the ability of citizens or oversight institutions to enforce accountability through sanctions for violations. To ensure effective government accountability, mechanisms of vertical, horizontal, and diagonal accountability are necessary. We evaluate the quality of these mechanisms through our categories of “vertical accountability,” “diagonal accountability,” and “horizontal accountability.”

FIGURE 8 Democratic Government dimension



Source: Own representation.

1. Vertical accountability

With this category, we examine the relationship between the executive branch and citizens, and the extent to which the population can hold the government accountable. Various indicators monitor the following criteria and associated questions:

- (1) **Quality of elections:** To what extent are political competition and elections free and fair?
- (2) **Quality of candidates and political parties:** To what extent do political parties articulate all key societal interests and maintain their ability to facilitate cross-party collaboration in policy formulation and implementation?
- (3) **Access to official information:** To what extent do citizens have access to official information?

2. Diagonal accountability

With this category, we focus on the strength and effectiveness of non-state actors outside formal political institutions in their efforts to hold the government accountable. Various indicators monitor the following criteria and associated questions:

- (1) **Media freedom and pluralism:** To what extent can the media operate independently, and is there ensured diversity of opinions?
- (2) **Strength of civil society:** To what extent can citizens join independent political and civil society groups, openly address political issues, and assemble without restrictions? To what extent are civil society organizations able to actively participate in shaping relevant policies?

3. Horizontal accountability

In this category, our interest lies in examining the relationship between the executive branch and other state institutions as well as the extent to which other state institutions can hold the government accountable, particularly in terms of demanding information and addressing inappropriate behavior. Various indicators monitor the following criteria and associated questions:

- (1) **Effectiveness of independent oversight bodies:** To what extent are independent oversight bodies such as the audit office or the data protection authority able to exercise effective oversight?
- (2) **Rule of law:** To what extent can an independent judiciary ensure that the government, administration, and legislature act in accordance with the constitution and laws, respect and defend fundamental rights? To what extent are public officials prevented from abusing their positions for private interests, and are precautionary measures in place to prevent such abuses?
- (3) **Effectiveness of legislative oversight:** To what extent do members of the legislature have sufficient personnel and structural resources to effectively control the government? Are legislative committees capable of practically monitoring the government's activities and do they have the power to investigate unconstitutional or illegal activities of the executive? To what extent are the organization and functioning of legislative committees effective in drafting legislative proposals?

II. Governing with Foresight

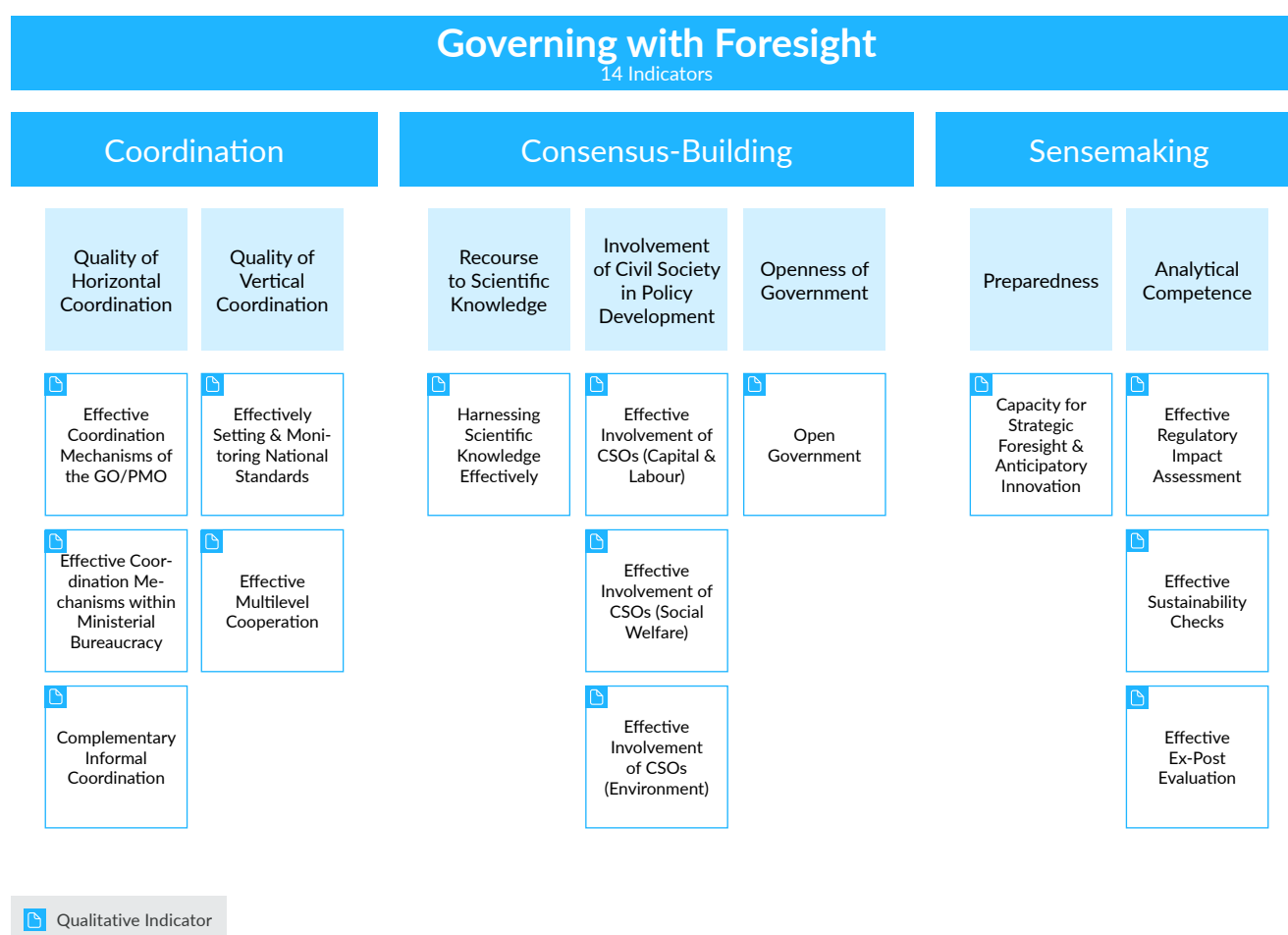
With this dimension, we analyze the extent to which internal government instruments, processes and structures enable anticipatory governance.

This dimension focuses on the suitability of existing political-administrative tools, structures and procedures to enhance and advance government actions in terms of improved efficiency, effectiveness, and long-term thinking. Ensuring foresighted government requires compelling responses to the three traditional governance challenges of coordination, consensus-building, and sensemaking.

1. Coordination

In many countries, the presence of silo thinking within individual departments and levels of government poses a serious threat to policy coherence. Improving the coordination capabilities of the executive branch is thus an ongoing task of any effective administrative policy. Here, we are interested in examining the extent to which the government, both in the policy formulation and implementation phases, succeeds in institutionalizing coordination mechanisms that facilitate proactive problem-solving rather than hindering it. Various indicators monitor the following criteria and associated questions:

FIGURE 9 Governing with Foresight dimension



(1) Quality of horizontal coordination: To what extent do coordination mechanisms between the central government and specialized ministries effectively contribute to improving policy coherence? To what extent are there formal forms of cross-ministerial coordination that emphasize incentives for identifying synergies and opportunities instead of incompatibilities with other policies? How effectively do informal coordination mechanisms complement formal mechanisms?

(2) Quality of vertical coordination: How effectively do national decision-makers collaborate with regional and local governments to enhance the delivery of public services?

2. Consensus-building

Without public trust and support, even the most well-organized government will not be able to effectively pursue its policies. Therefore, governments must strive to rapidly establish a solid knowledge base and secure broad public support for their policy initiatives. In this category, we are also interested in examining the extent to which the government succeeds in involving all relevant experts and societal actors in the early stages of policy development and effectively informing them about their policies. Various indicators monitor the following criteria and associated questions:

(1) Recourse to scientific knowledge: To what extent does the government effectively utilize scientific knowledge for policy decisions?

(2) Involvement of civil society in policy development: To what extent does the government facilitate the participation of civil society organizations such as trade unions, business associations, social and environmental groups in the political decision-making process?

(3) Openness of government: To what extent does the government publish data and information that empower citizens to hold the government accountable?

3. Sensemaking

The rapid emergence and complexity of today's societal problems require, more than ever, strategically forward-looking, anticipatory, and evidence-based policy design. If strategic action is to become the norm rather than the exception, governments must develop collective learning processes and a culture of open communication that facilitates the integration of evidence-based foresight into the routine of policy development. With this category, we examine the extent to which the government succeeds in advancing internal processes and structures that create the conditions for improved capacity for preparedness and analysis.

(1) Preparedness: To what extent can the government promote the capacity for strategic foresight and anticipatory innovation within its organization?

(2) Analytical competence: To what extent does the government conduct high-quality impact assessments to evaluate the potential effects of prepared legislation before implementation? How effectively does the government incorporate sustainability assessments? To what extent do ministries utilize ex post evaluations to improve existing measures?

III. Sustainable Policymaking

With this dimension, we analyze the extent to which selected areas of economic, social, and environmental policy meet the challenges of sustainability.

The focus of this dimension is to examine not only the existing policy outcomes that indicate a need for reform but also the current reform efforts that signal the government's sincere commitment to addressing sustainability challenges with impact. Effective reform efforts require the selection of appropriate policy instruments, securing broad political support, the development of measurable goals and an operationalized strategy, addressing potential obstacles to policy implementation, building administrative capacities, and a willingness to continuously evaluate and adapt policy measures. Additionally, we assess the government's contribution to providing global public goods. Policy design aligned with sustainability requirements thus demands significant improvements across all key areas of economic, social, and environmental policy that are central to sustainability.

1. Economic sustainability

In this category, we are interested in examining the extent to which the government succeeds in aligning different areas of economic policy with the requirements of sustainability. Various indicators monitor the following criteria and associated questions:

- (1) **Circular economy:** To what extent does the government create effective conditions and regulations for resource-efficient and carbon-neutral production methods?
- (2) **Viable critical infrastructure:** To what extent does economic policy contribute to the establishment of viable and resilient critical infrastructures?
- (3) **Decarbonized energy system:** To what extent does the government create the conditions conducive to achieving a fully decarbonized energy system by 2050?
- (4) **Adaptive labor markets:** To what extent do labor market institutions create inclusive and adaptive labor markets and adequate risk protection?

- (5) **Sustainable taxation:** How effective is taxation in achieving the goals of tax sustainability?
- (6) **Sustainable budget planning:** How effective is budget policy in achieving the goals of sustainable fiscal management?
- (7) **Sustainability-oriented research and innovation:** To what extent do research and innovation support the transition to a sustainable economy and society?
- (8) **Stable global financial system:** How do financial regulations and the government's international activities contribute to effective regulation and oversight of the international financial architecture?

2. Social sustainability

With this category, we examine the extent to which the government succeeds in aligning different areas of social policy with the requirements of sustainability. Various indicators monitor the following criteria and associated questions:

- (1) **Sustainable education system:** To what extent does education policy realize a sustainable education system?
- (2) **Sustainable institutions for supporting basic human needs:** To what extent do essential public services and systems for securing basic income meet fundamental human needs?
- (3) **Sustainable healthcare system:** To what extent does health policy succeed in realizing a sustainable health system?
- (4) **Gender equality:** How effectively does the regulatory framework promote gender equality in all aspects of private and public life?
- (5) **Strong families:** To what extent does the current system effectively recognize and value unpaid family work to assist individuals in achieving their desired work-life balance?
- (6) **Sustainable pension system:** To what extent does the country's pension policy achieve a sustainable system for retirement?

- (7) **Sustainable inclusion of migrants:** How effectively do political measures and initiatives facilitate the integration of migrants into society and the labor market?

(8) **Effective capacity-building for global poverty reduction:** To what extent does national development cooperation effectively contribute to capacity-building for poverty reduction and the provision of social benefits in low- and middle-income countries?
- (1) **Effective climate protection measures:** To what extent does environmental policy create effective conditions and regulations to achieve climate neutrality by 2050?

(2) **Effective protection of the environment and health:** To what extent does environmental policy create effective conditions and regulations to prevent environmental pollution and minimize environmental health risks?

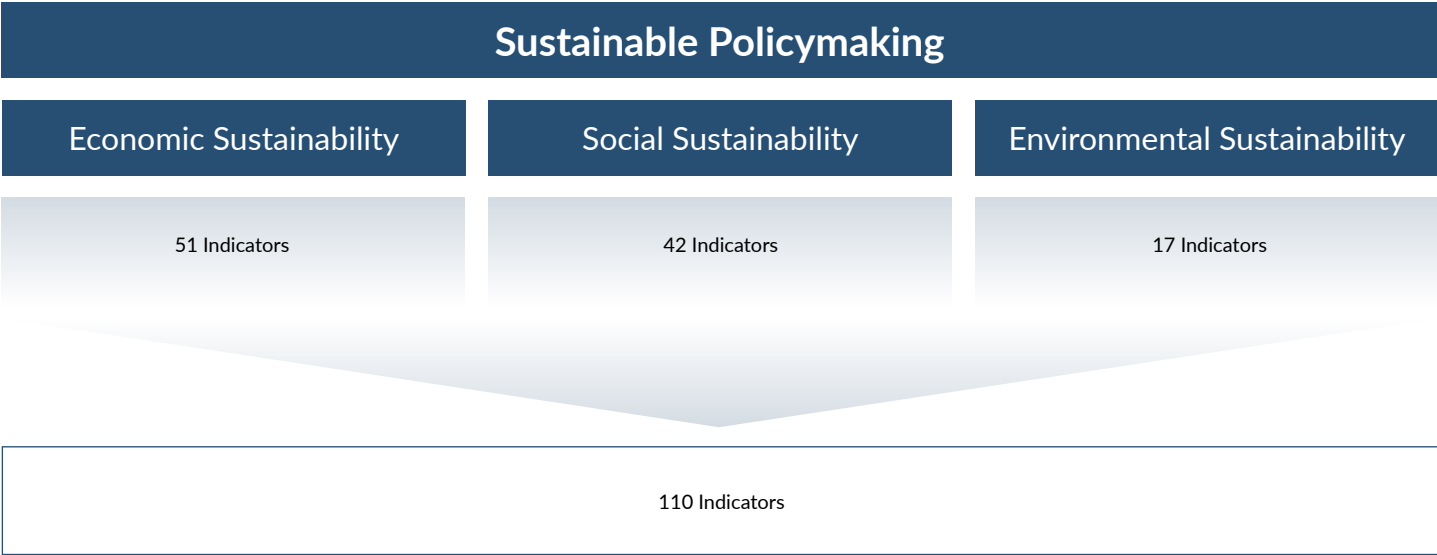
(3) **Effective protection of ecosystems and biodiversity:** To what extent does environmental policy create effective conditions and regulations for the conservation, protection and enhancement of ecosystems and biodiversity?

(4) **Effective contributions to global environmental protection:** To what extent do the policies and international activities of the government contribute to effective global environmental protection?

3. Environmental sustainability

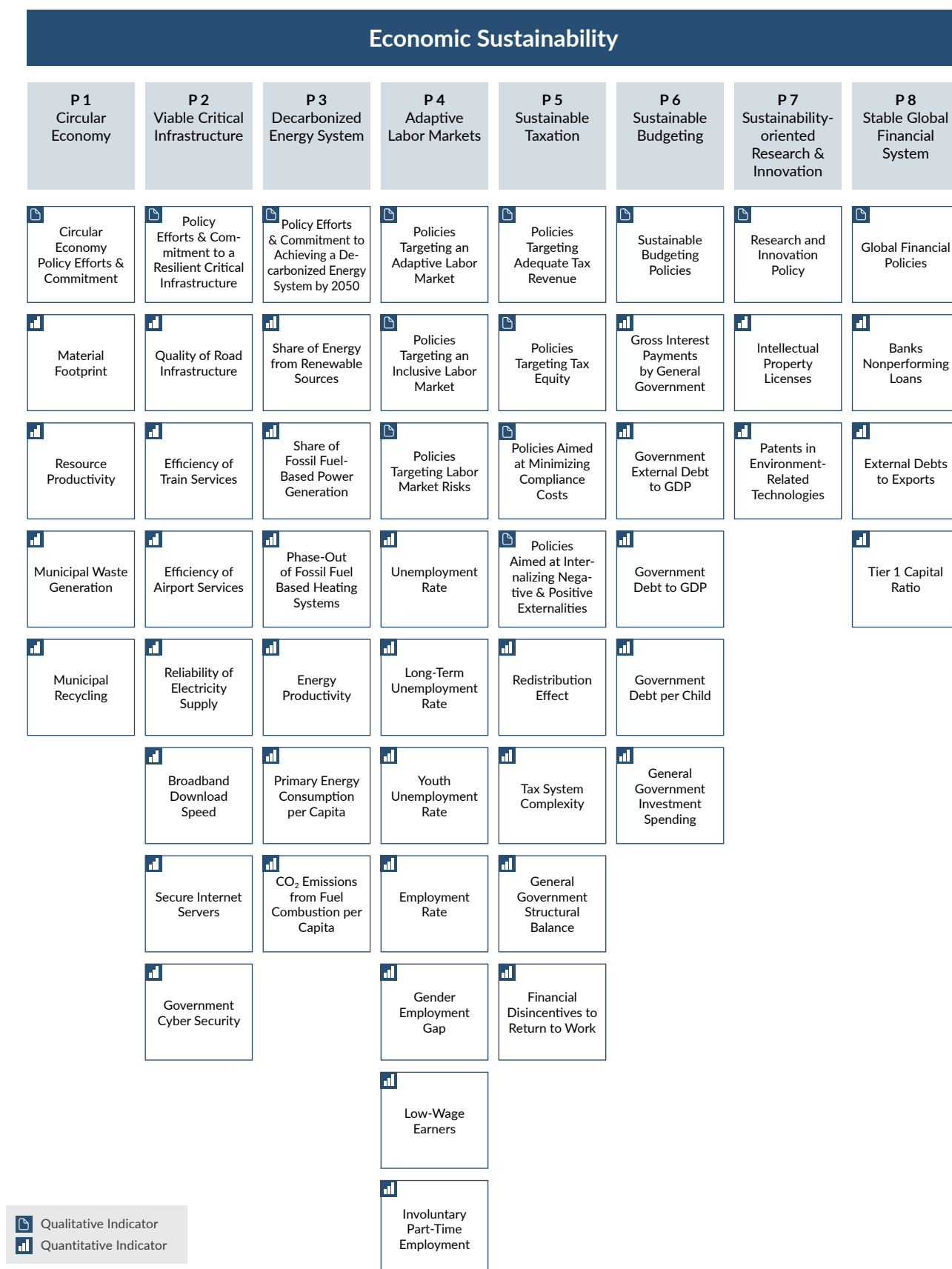
Through this category, we examine the extent to which the government succeeds in aligning different areas of environmental policy with the requirements of sustainability. Various indicators monitor the following criteria and associated questions:

FIGURE 10 Sustainable Policymaking dimension



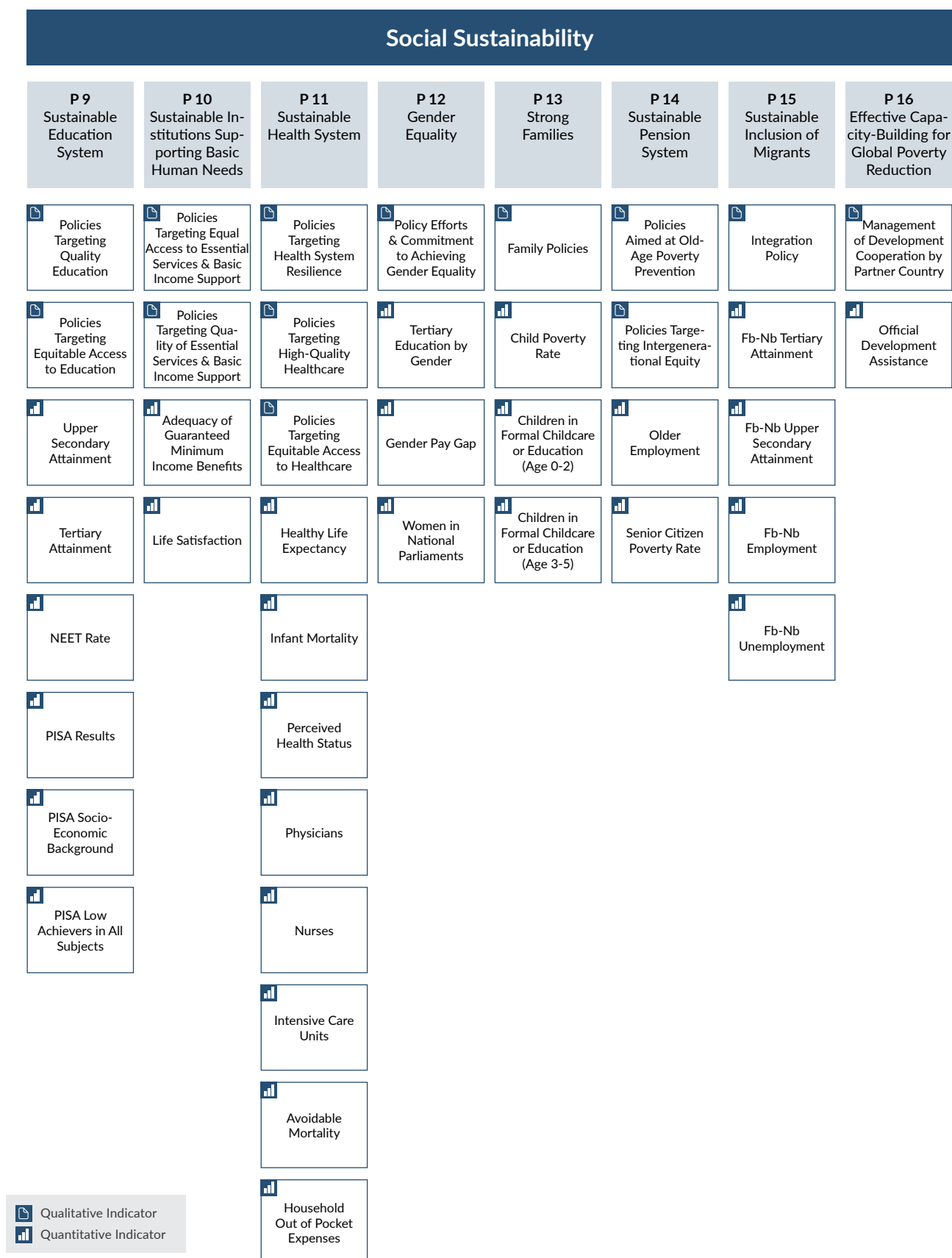
Source: Own representation.

FIGURE 11 Economic sustainability category



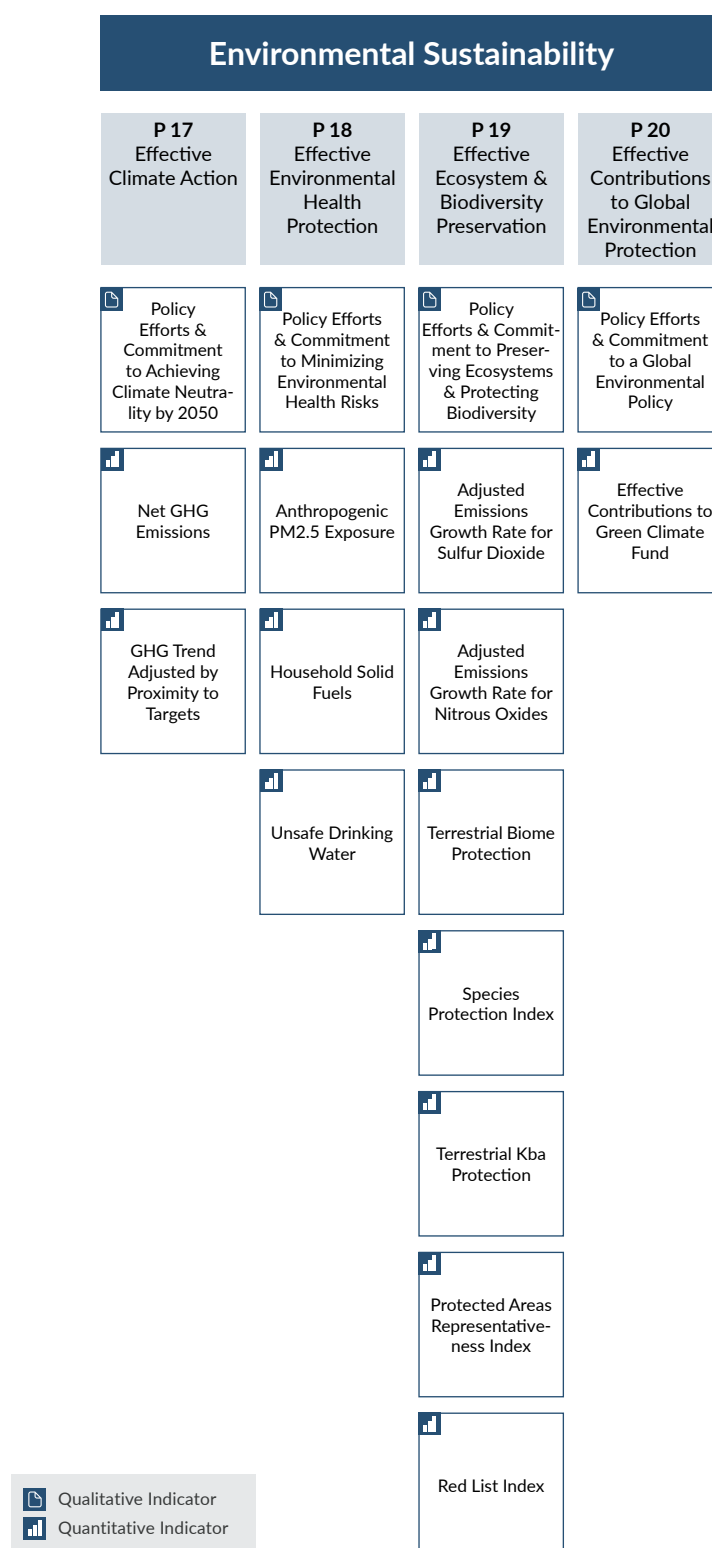
Source: Own representation.

FIGURE 12 Social sustainability category



Source: Own representation.

FIGURE 13 Environmental sustainability category



Source: Own representation.

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Methodology

The Sustainable Governance Indicators (SGI) examine a key question for OECD and European Union states in the 21st century: How can sustainable policy outcomes be achieved while ensuring that policymaking processes remain focused on long-term goals?

To address this question, the SGI utilizes a tailored set of indicators, categories and indices to provide an in-depth comparison of countries' policy inputs, outputs and outcomes in the areas of economic, social and environmental policy. It also examines the strength of democratic accountability mechanisms and evaluates how well internal government instruments, processes and structures support anticipatory governance across 30 OECD and EU member states.

Qualitative and quantitative data

To operationalize the individual index components, the SGI uses both qualitative and quantitative data. This approach leverages the strengths of each data type and mitigates the limitations associated with the sole use of quantitative or qualitative surveys.

In total, the SGI 2024 encompasses 64 qualitative indicators and 80 quantitative indicators. This comprehensive evaluation of the 30 sample countries resulted in a total of 4,320 ratings (for a detailed overview of the indicators, see https://www.sgi-network.org/2024/Survey_Structure).

Qualitative indicators: Generating better governance data through an iterative process

Qualitative indicators are employed to operationalize and measure the categories of “Democratic Government” and “Governing with Foresight.” In the Sustainable Policymaking category, qualitative assessments are utilized to evaluate and measure the policy ambi-

tion and direction of governments, while quantitative indicators are used to measure policy outcomes. The qualitative assessments are provided by a team of SGI country experts who respond to specific (sub-)questions in the SGI's survey. When responding to questions and preparing the country report, the experts follow a standardized structure defined by additional guiding questions. This uniform framework is designed to further enhance the comparability of findings. Additionally, the experts have access to a wide array of supplementary comparative policy output data in the SGI database.

Each country assessment is conducted by a team of highly regarded country experts, reviewers and regional coordinators. The SGI codebook defines the rationale behind the qualitative indicators, thereby ensuring a shared understanding of each question among the SGI experts. Experts provide both a numerical score, ranging from 1 (worst) to 10 (best), and a detailed written explanation to substantiate their evaluation. These scores are calibrated through a multi-stage, iterative process involving regional coordinators, sectoral experts and the SGI's scientific advisory board (see figure 14).

The SGI's extensive repository of qualitative governance data addresses an important research gap. Our analyses can offer critical insights into current policy ambitions in the fields of economic, social and environmental sustainability, which eventually are later reflected in measurable outputs and outcomes of specific measures or political decisions through quantitative indicators. Furthermore, the qualitative indicators enable an examination of essential aspects of the policy process, providing valuable insights into the factors influencing policy development in the country.

Our analysis spans the observation period from January 15, 2022, to January 15, 2024.

FIGURE 14 Survey process



Source: Sustainable Governance Indicators.

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Quantitative indicators

The assessment of Sustainable Policymaking employs a combination of qualitative and quantitative indicators to evaluate policy performance. Quantitative indicators, compiled by the SGI project team, include measures of both policy outcomes and policy outputs.

The policy outcome indicators (e.g., unemployment, poverty, health status) are derived from official data sources and compiled by the SGI team. They provide a quantitative account of a country's historical achievements and indicate potential areas for reform.

The SGI catalog includes 129 policy outcome indicators, 80 of which are incorporated into the final aggregation. The remaining 49 indicators are excluded due to insufficient data availability across all 30 countries or strong correlations with indicators already in the dataset.

Data limitations mean that some key outcome metrics are excluded. For example, the indicator "Circular material use rate," which provides distinct indications of how far the transformation to a circular economy has progressed, is not consistently available for all countries examined.

The SGI also includes 26 policy output indicators (e.g., "Effective average tax rates for businesses") that are derived from official data sources and refer to the decisions and actions taken by governmental institutions in response to public issues. These indicators, compiled by the SGI team, provide experts additional information required for their written assessments. External data sources containing comparative qualitative information on SGI countries in the respective policy field are also made available to the country experts.

Standardization and transformation

Although expert ratings use a consistent scale from 1 to 10, quantitative indicators vary in their scales and units of measurement. To ensure comparability between quantitative and qualitative data, all quantitative indicators undergo a linear transformation process, standardizing them onto a scale from 1 to 10.

Standardization is achieved by adopting fixed boundary values to assure comparability over time and among various subgroups. The minimum and maximum values are calculated based on the 1.5 interquartile range (IQR) method, which provides a consistent framework

for comparing data across different SGI waves. By establishing boundary values that remain valid across all SGI data waves included in a specific SGI publication, this method facilitates reliable comparisons of indicator values over time. Given the SGI's commitment to ongoing refinement and development, boundary values are recalculated for each SGI publication. This process accounts for updates to datasets, retrospective corrections of previously published data, changes in indicator definitions or data sources and the inclusion of additional countries.

The method is based on the IQR, the distance between the 75th and 25th percentile of each indicator. Upper and lower boundaries are calculated by adjusting the upper and lower bounds of the middle 50% of the observations by an amount equal to 1.5 times the interquartile range ($1.5 \times \text{IQR}$). We thus obtain the following minima and maxima:

$$X_{\min} = P_{25} - 1.5 \times \text{IQR}$$

$$X_{\max} = P_{75} + 1.5 \times \text{IQR}$$

where P_{25} and P_{75} represent the 25th and 75th percentiles, respectively.

The boundaries are calculated using long-term time series data for all countries included in the SGI. The use of the 1.5 IQR method has the advantage of being less dependent on data distribution and ensures that the calculation of the boundaries is not distorted by extreme singular outliers.

If the boundaries calculated using the 1.5 IQR method fall outside the natural limits of the variables (e.g., below 0 or above 100% for the poverty rate), they are replaced with the natural boundaries.

Using these derived boundaries, observations for each SGI wave are transformed to a standardized scale ranging from 1 to 10. For this purpose, preliminary scores are first calculated using a linear transformation of the raw data based on the x_{\min} and x_{\max} values determined as described above. The formula differs depending on the nature of the indicator.

For indicators where higher values signify better outcomes (e.g., the employment rate): $\text{Score} = 1 + 9 \times (x - x_{\min}) / (x_{\max} - x_{\min})$.

For indicators where higher values represent poorer outcomes (e.g., the poverty rate): $\text{Score} = 10 - 9 \times (x - x_{\min}) / (x_{\max} - x_{\min})$.

This transformation process ensures that, for all indicators, higher scores represent better performance with respect to sustainable governance.

However, because the x_{\min} and x_{\max} values are calculated using the 1.5 IQR method, the linear transformation may sometimes produce preliminary scores exceeding 10 or falling below 1. In such cases, the preliminary scores are replaced with the maximum or minimum possible SGI score of 10 or 1, respectively. As a result, observations beyond the calculated boundaries are not further differentiated in the final scores.

Aggregation

The index scores for the dimensions "Democratic Government," "Governing with Foresight," and "Sustainable Policy Making" are calculated as the arithmetic mean of the scores for their respective categories. For instance, the "Sustainable Policy Making" score is calculated by averaging the scores of its three subdimensions "Economic Sustainability," "Social Sustainability" and "Environmental Sustainability."

Similarly, the scores for individual categories are calculated by determining the arithmetic mean of their respective criteria scores. For instance, the "Social Sustainability" score is obtained by averaging the scores of the following eight criteria: "Sustainable education system," "Sustainable institutions supporting basic human needs," "Sustainable health system," "Gender equality," "Strong families," "Sustainable pension system," "Sustainable inclusion of migrants," and "Effective capacity-building for global poverty reduction."

For the criteria within the dimensions of "Democratic Government" and "Governing with Foresight," which consist solely of qualitative indicators, the final scores are determined by calculating the arithmetic mean of the indicators included. For instance, the score for the criterion "Rule of Law" is obtained by averaging the scores of its indicators: "Effective judicial oversight," "Universal civil rights," and "Effective corruption prevention."

In the Sustainable Policymaking dimension, which incorporates both qualitative and quantitative indicators, 50% of the score is derived from the arithmetic mean of the qualitative indicators, and 50% from the arithmetic mean of the quantitative indicators. This method ensures that criteria with a larger number of indicators do not receive disproportionate weight compared to criteria with fewer indicators.

Deviations and reliability/ Error analysis

Using statistical analyses, we measure the variances in scores assigned during various calibration steps for both individual countries and indicators. Significant variances may indicate possible ambiguities in the survey questions or greater uncertainty among the experts. As part of a quantitative measurement error analysis, we evaluated the following dimensions for each of the qualitative indicators: In how many cases do the first and second country experts provide different scores on the 10-point scale, and how often is this reflected in a categorical difference in the response category (% of Disagreement ASM&REV)? What is the average level of disagreement between the first and second country experts (Average Disagreement ASM&REV)? How often, after reaching consensus with the regional coordinator, is a score assigned that falls outside the range initially proposed by the first and second country experts. Additionally, in how many cases is a category selected that differs from those chosen by the first two experts (% RC Out-Ranging ASM&REV)? We also examined the frequency with which subsequent review meetings (e.g., calibration meeting or board meeting) approved changes to scores that resulted in values or category assignments falling outside the range initially proposed by the three experts (% SGI board out-ranging experts' consensus). Finally, we examined the distribution of score values, using the proportion of countries assigned to the most frequently used category

as a proxy indicator (Share of countries in most-used category).

The measurement error analysis indicates that the indicators' design allows for mostly reliable and consistent assessments. While the first and second country experts assigned differing scores in 70% of cases, these discrepancies resulted in categorical changes only 36% of the time. Experts displayed a commendably high level of agreement in using response categories. Additionally, the average difference between the scores assigned by the first and second experts is relatively low, with a spread of 1.13 points. Overall, the analysis indicates satisfactory agreement among country experts and reviewers across indicators. Interventions by the scientific advisory board were infrequent, further supporting the robustness of the scoring process.

The board assigned final scores outside the proposed range in only 3% of cases for indicators using the 10-point scale and in 1.15% of cases for those using the four-point scale. Regional coordinators intervened minimally, adjusting scores outside the proposed range for only 2% of 10-point scale indicators and none for those among the four-point scales.

FIGURE 15 Measures of uncertainty

	10 point scale	4 point scale
Average Disagreement ASM&REV	1.13	0.38
% of Disagreement ASM&REV	70 %	36 %
% RC Out-Ranging ASM&REV	2 %	0 %
% Board Out-Ranging Experts' Consensus	3 %	1.15 %

Source: Sustainable Governance Indicators.

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The quantitative measurement error analysis was supplemented by various additional quality-control measures. For example, a survey was conducted among regional coordinators to identify potential systematic issues in the interpretation of specific indicators. As regional coordinators oversee multiple country experts, they are well-positioned to detect recurring challenges or misunderstandings across different contexts.

Executive summary

The following chapters assess the state of democratic accountability and sustainable policymaking across 30 OECD and EU countries. The evaluation is structured around the following reform priorities:

Effectiveness of **transformational policy strategies** targeting a resource-efficient and climate-neutral economy (focus chapter)

Strengthening **democratic accountability** through vertical, diagonal and horizontal mechanisms

Governing with foresight by enhancing coordination, consensus-building and sensemaking

Advancing sustainable policymaking in economic, social and environmental sustainability

1. Focus: Transformational policies for a resource-efficient, climate-neutral economy

- Affluent democracies that have implemented ambitious, consistent climate frameworks often also develop effective policies for transitioning to a decarbonized energy system or circular economy.
- Even forerunners such as Sweden, Finland, Spain, and Denmark still face challenges in aligning policy goals, institutions and policy measures or in developing safeguards to ensure the efficient implementation of their ambitious climate policies.
- Meanwhile, all 30 OECD and EU countries evaluated are only beginning to prepare for a shift toward a circular economy. Our sectoral analysis highlights opportunities and barriers for transformational policy strategies to succeed.

Good practices

- In **Denmark**, an independent climate council monitors annual progress, while a new six-member internal committee, led by the Ministry of Finance, coordinates climate policies across sectors. The country aims to end fossil fuel-based electricity generation by 2029. Significant progress has been made toward zero-emission heating due to strong alignment across policy targets, institutions, instruments and infrastructure. However, challenges remain in fully transitioning to electric mobility.
- In **Sweden**, the Circular Economy Strategy and its action plans, though not legally binding, are assessed as part of the national budget alongside other environmental objectives. Various stakeholders, including government agencies, regional authorities and municipalities are responsible for monitoring progress. Binding measures are being enacted for specific areas within the action plan.

2. Strengthening vertical accountability

- **Ensuring free and fair elections:** In 21 of the 30 OECD and EU countries, governments have effectively reduced or eliminated significant barriers to voting and fair competition. However, the United States, Israel, New Zealand, Japan, Italy, Australia and the Netherlands continue to face challenges in ensuring seamless electoral accountability. Poland and Hungary have experienced significant declines in electoral integrity.
- **A party system grounded in society and effective cross-party cooperation:** In several countries, including Poland, France, Slovakia, Israel, Hungary, Canada, Australia and the United States, political party systems are increasingly characterized by growing ideological polarization, which undermines the collaborative efforts essential for effective dem-

ocratic oversight. Additionally, specific features of party systems in Hungary, Israel and Slovakia pose significant challenges to societal integration.

- **Expanding access to government information:** In several countries, including Poland, Hungary, Canada, the Netherlands, Japan and Australia, citizens face barriers such as broad exemptions and bureaucratic delays that limit their ability to obtain official information.

Good practices

- **Estonia** has implemented various voting methods, including advance voting, home voting and internet voting, to enhance voter participation. In the 2023 parliamentary elections, 74% of votes were cast before election day, with 51% submitted online.
- In **Norway**, all major political parties are unified in their commitment to democratic principles and human rights and actively oppose anti-democratic and extremist ideologies. This collective stance contributes to low political polarization in the country.

3. Enhancing diagonal accountability: civil society and media freedom

- **Promoting media freedom and pluralism:** In 26 of the 30 OECD and EU countries examined, governments have removed significant barriers that could discourage media from criticizing authorities or hinder a diverse media landscape. However, media freedom and pluralism continue to face challenges in Hungary, Poland, Japan and Australia.
- **Protecting the integrity of public discourse and strengthening civil society participation:** During the observation period from 2022 to 2024, freedom of assembly and association remained under threat in Hungary and Poland. Additionally, in at least 14 out of the 30 countries examined, major civil society organizations (CSOs) lack the capacity to meaningfully contribute to policymaking in key areas such as economic, social and environmental policy.

Good practice

- In **Sweden**, advisory bodies and consultative forums facilitate dialogue between government officials and civil society representatives. Additionally, funding programs and grants strengthen the operational capacity of CSOs, enabling them to conduct research, organize advocacy campaigns and implement policy-relevant initiatives.

4. Reinforcing horizontal accountability: checks and balances in government

- **Empowering independent oversight bodies:** Eleven of the 30 OECD countries examined could take further steps to strengthen the independence and capacity of their public audit offices in areas such as mandates, expertise, staffing and financial resources. Nine countries could benefit from reforms to enhance their data protection frameworks.
- **Effective safeguards for the rule of law:** Twenty-five of the 30 OECD countries could benefit from reforms aimed at strengthening legal oversight, safeguarding civil rights or improving anti-corruption measures. During the observation period, the rule of law faced significant challenges across multiple dimensions in Hungary, Slovakia and Poland. In Israel, between 2022 and 2024, the government's commitment to protecting civil rights was limited.
- **Enhancing parliamentary oversight:** Well-resourced legislatures and committees are essential for conducting thorough investigations, monitoring executive actions and influencing legislation. Twenty-seven of the 30 OECD countries require reforms to improve parliamentary oversight. Japan, the Netherlands, Israel, France, Estonia and Canada could benefit from a more systematic approach. In Poland, Hungary and Slovakia, parliamentary oversight remained contentious during the observation period.

Good practice

- The **National Audit Office of Sweden** holds exclusive authority over auditing state finances and actively participates in international initiatives to enhance auditing practices in low-income countries. Its audit reports, many of which are available in English, cover a broad range of topics and frequently receive substantial media attention.

5. Fostering policy coordination

- **Enhancing interministerial coordination:** Over the past decade, Finland has made significant progress in strengthening its executive capacity by establishing effective interministerial coordination mechanisms. These mechanisms facilitate proactive problem-solving and improve decision-making processes.
- **Strengthening multilevel governance:** In ten of the 30 OECD and EU countries analyzed, central governments struggle to ensure that subnational self-governments consistently meet national minimum standards for public service delivery. Additionally, in Poland, Hungary, the United States, Slovakia, Greece and Canada, national policymakers face challenges in collaborating with regional and local governments to enhance public service delivery.

Good practice

- In **Finland**, the Prime Minister's Office (PMO) reviews draft bills on behalf of the head of government. The Finnish Council of Regulatory Impact Analysis, which reports to the PMO, issues statements on government proposals and their regulatory impacts. Its role is to enhance the quality of draft legislation by improving impact assessments and refining the policymaking process, including the scheduling and planning of proposals.

6. Building societal consensus

- **Incorporating scientific expertise into policymaking:** Nations such as Canada, Germany, the United Kingdom, and the United States have made considerable efforts to ensure their governments have timely access to high-quality scientific expertise from the outset and throughout the observation period from 2022 to 2024.
- **Strengthening civil society engagement:** During the observation period, the involvement of employers' associations, trade unions, welfare organizations, and environmental CSOs in the policymaking process remained minimal in Hungary, France, the United Kingdom, Poland and Italy. In contrast, governments in Japan and Greece frequently engaged with employers' associations and trade unions but showed less interest in involving environmental groups or welfare organizations.
- **Enhancing government transparency:** Countries such as Finland, France, Slovenia, Switzerland, the United Kingdom, and the United States have taken a more proactive approach by publishing a wide range of detailed information to meet growing public demands.

Good practices

- **France** has made notable progress with the launch of its official data platform, data.gouv.fr. According to government sources, the platform currently hosts 35,000 datasets contributed by more than 2,200 entities, including local actors, national administrations, universities and private organizations. Engagement has increased significantly, with the platform recording over eight million visits in 2022 and nearly 40,000 instances of data reuse.
- **Finland** has adopted a more interactive approach to its open data portals, using them as feedback and communication tools rather than mere data repositories. Quality standards and standardization efforts ensure the production of consistent government information and data.

7. Improving sensemaking within the government

- **Promoting strategic foresight and anticipatory innovation:** The integration of strategic foresight into routine ministerial operations remains underdeveloped in most, if not all, of the 30 OECD and EU countries reviewed. Even advanced nations such as Denmark and Finland have only recently begun implementing some of the institutional frameworks necessary to foster anticipatory innovation.
- **Strengthening analytical competence:** Strategies to improve both ex ante and ex post policy evaluations could benefit at least 19 of the 30 assessed OECD and EU governments. Denmark has made significant progress in enhancing the effectiveness of its policy evaluation tools and methodologies.

Good practice

- In **Denmark**, policy evaluations and sustainability assessments guide public policy. Regulatory impact assessments are publicly available, reflecting a commitment to transparency. If a policy fails to meet expectations, amendments are typically made.

8. Advancing economic sustainability

- **Building a circular economy:** Sweden and Finland stand out for their comprehensive commitment to advancing the transition toward resource-efficient production.
- **Updating and protecting critical infrastructure:** Switzerland and Finland have undertaken substantial measures to enhance the resilience of their critical infrastructure.
- **Decarbonizing the energy system:** Throughout the observation period, Finland, France and Spain have demonstrated a strong commitment to transitioning their energy systems by 2050.
- **Preparing labor markets for future challenges:** Denmark, Norway and Switzerland have made significant efforts to align their labor market policies with anticipated future demands.

- **Aligning national tax systems with sustainability goals:** Sweden, Denmark and Finland have made notable strides in tax system reforms aimed at securing adequate revenue, promoting tax equity, reducing compliance costs and internalizing both negative and positive externalities.
- **Aligning budgetary institutions and policies with sustainable budgeting goals:** Denmark, Norway, Sweden and Switzerland have made significant progress in implementing budget rules to ensure fiscal resilience, enhance budgetary transparency, and prioritize long-term well-being.
- **Harnessing research and innovation as drivers of a sustainable economy:** Throughout the review period, the governments of Norway, Germany, the United Kingdom, Austria and the United States have demonstrated a clear commitment to leveraging research and innovation as key enablers of the transition to a sustainable economy and society.

Good practices

- In 2023, **Switzerland's** Federal Council revised the National Strategy for Critical Infrastructure Protection (CIP), outlining key goals and actions for all stakeholders. The strategy includes eight measures to enhance infrastructure resilience, such as requiring authorities to assess and mitigate major supply disruption risks across sectors.
- In **Denmark**, 10-year fiscal plans assess budget sustainability. Reforms to boost employment and raise the retirement age have stabilized public finances. The structural budget deficit is capped at 1% of GDP under the 2014 budgetary law, with exceptions permitted during crises. The finance minister negotiates state expenditure ceilings with regional and municipal representatives, imposing penalties for breaches. An independent economic council conducts annual compliance reviews.

9. Advancing social sustainability

- **Ensuring equal access to a high-quality education system:** Canada, Norway and Denmark have made substantial progress in securing high-quality education for all of their citizens.

- **Securing fundamental human needs:** Denmark and Belgium have made significant advancements in providing equitable access to high-quality services and basic income support for individuals in need.
- **Ensuring equal access to a resilient, high-quality healthcare system:** Germany and Sweden have made notable progress in enhancing the resilience and equitable accessibility of healthcare services during the observation period.
- **Promoting gender equality:** The Nordic countries, Spain, France, and Belgium have demonstrated a strong commitment to developing policy strategies and regulatory frameworks designed to advance gender equality in both the private and public sectors.
- **Strengthening families:** During the review period, the Nordic countries, France and Slovenia made significant progress in supporting individuals in their decisions to start families. This has been achieved through the provision of affordable childcare services, the implementation of parental leave policies that promote shared household responsibilities, and the expansion of financial assistance programs.
- **Building a sustainable pension system:** Norway, Denmark, and Finland have made notable progress in addressing the challenges of preventing old-age poverty and ensuring intergenerational equity.
- **Integrating migrants into society:** Portugal has implemented significant policy measures to facilitate the sustainable integration of migrants into both society and the labor market.

Good practices

- **Spain's** gender equality efforts are guided by the III Strategic Plan for Effective Equality between Women and Men 2022–2025, which aligns with the 2030 Agenda and European gender equality strategies. The plan includes four key action areas and tracks progress using 78 key metrics.
- In **Norway**, parental leave regulations are structured to encourage shared household responsibilities. Fathers are entitled to four months of parental leave

with full pay, and the right to stay at home with a sick child is equally divided between both parents.

10. Advancing environmental sustainability

- **Promoting climate action:** The current climate action frameworks in Denmark, Finland, Germany, Portugal, Spain and Sweden demonstrate a high level of ambition and consistency. These frameworks include clearly defined goals, sector-specific targets, detailed action plans and robust progress-tracking mechanisms.
- **Preventing pollution and reducing health risks:** Canada, Finland and Sweden have implemented significant initiatives to improve environmental health.
- **Fostering the protection of national ecosystems and biodiversity:** Canada, Finland, Sweden and the United Kingdom have adopted a more proactive and flexible approach during the review period, continuously refining their policy strategies, action plans and monitoring systems.
- **Proactively supporting the advancement of international environmental cooperation:** The governments of Norway, Sweden, Germany, and the United Kingdom have actively promoted international initiatives to address global challenges such as climate change and environmental crises.

Good practice

- **Sweden's** approach to monitoring environmental health risks is outlined in several of its 16 environmental targets, including clean air, toxin-free environments, preventing overfertilization, high-quality groundwater and good living conditions. Progress is measured using 20 indicators, such as nitrogen dioxide emissions, travel habits, polluted areas and toxin levels in breast milk and blood. In 2023, the Swedish Environmental Protection Agency evaluated these targets and concluded that by 2030, the clean air and toxin-free environment targets would be partially met or that necessary preconditions for their achievement would be in place.

Focus

How far have affluent democracies progressed in designing effective transformational policy strategies for achieving a climate-neutral and resource-efficient economy?

In this focus chapter, we assess the effectiveness of policy strategies essential to transitioning to a resource-efficient and climate-neutral economy. Specifically, we evaluate each country's progress in (a) executing climate policy frameworks, (b) implementing strategies to build a decarbonized energy system by 2050, and (c) adopting approaches for a circular economy. Our analysis draws from the climate action, decarbonized energy system and circular economy data found in our Sustainable Governance Indicators (SGI) dataset (for details on data sources see www.sgi-network.org). Our sectoral analysis identifies specific opportunities and barriers affecting the success of transformational policy strategies.

1. Climate action: Aligning climate goals, institutions and policy measures for impact remains a key task in all 30 countries

Through the SGI's Climate Action criterion, we assess how effectively climate policy frameworks developed by governments in 30 OECD and EU countries are fostering the conditions and regulations needed to achieve climate neutrality by 2050. To approach this question, we begin by analyzing each country's past policy outcomes through an evaluation of key metrics such as net greenhouse gas emissions per capita in 2022 and the Environmental Performance Index variable "greenhouse gas trend adjusted by proximity to target." While these metrics highlight past achievements, they provide limited insight into the current policy direction of governments.

To gauge each country's climate action goals and trajectory, we conduct a comparative analysis of current policy inputs and outputs. This assessment includes expert ratings and reports from our SGI country experts,

supplemented by quantitative data where available (see methodology chapter for more details).

Our evaluation integrates both past achievements (50%) and expert assessments of current policy input and output (50%) to provide a nuanced view of each government's climate policy performance. Our metrics on policy ambition and performance can also function as early warning indicators, highlighting political developments that may not yet be fully captured in recent quantitative outcome data.

a. Climate action: past policy outcomes

A consideration of the 2022 data on per capita net greenhouse gas (GHG) emissions and their annual growth rates over the past decade – adjusted for declines in GDP and proximity to zero-emissions targets – shows that Sweden, the UK, Greece, Switzerland, Denmark and Estonia have made the most progress. In contrast, Canada, Australia, the United States, Ireland and New Zealand have advanced the least in this regard (see figure 16).

Among the countries we examined, Estonia ranks among those with the highest per capita net GHG emissions (rank 24). However, the country also stands out for its reduction in GHG emissions over the past decade. According to the latest Environmental Performance Index (EPI) report, "Estonia is the only country in which policy interventions achieved emission reductions that, if maintained, put the country on track to reach net-zero by 2050 without exceeding its allocated share of the remaining carbon budget. From 2013 to 2022, Estonia slashed its GHG emissions by 40% while simultaneously growing its economy and population" (Block 2024 et al.: 34). This reduction was primarily driven by a decline in electricity and heat production from oil shale, Esto-

nia's largest energy source and increased generation from wind, solar photovoltaics (PV) and locally sourced forestry biomass (IEA 2023). The share of renewables in final energy consumption rose from 24.5% in 2013 to 38% in 2021 (see www.sgi-network.org).

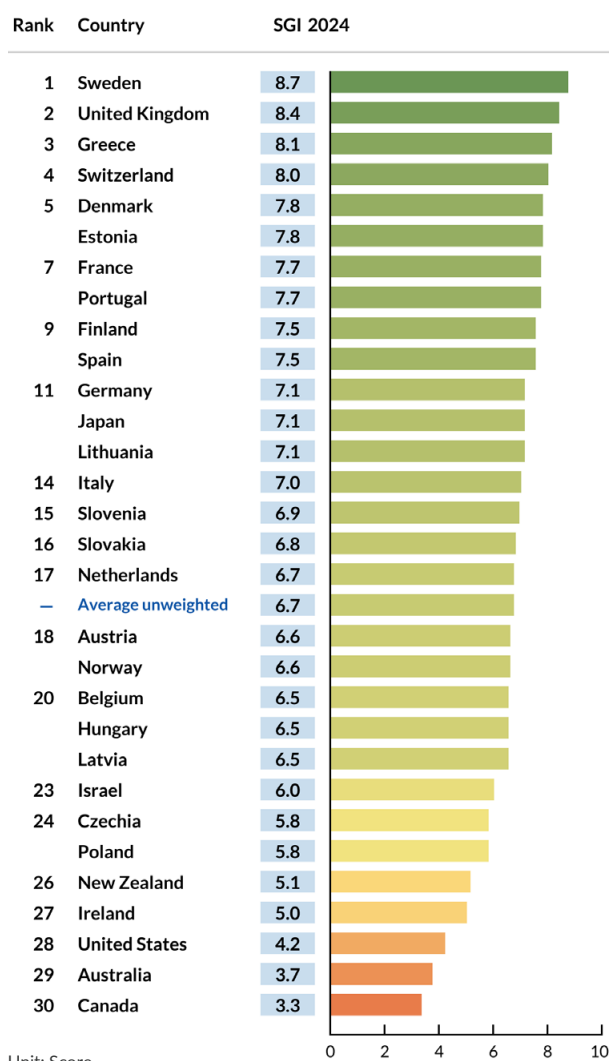
b. Climate action: policy ambition and direction

To assess progress made in transformational policy strategies that target a climate-neutral economy, it is important not to rely solely on emissions data (see Bersalli et al. 2024). We also consider it essential to evaluate whether policy guidelines and policy measures are effectively supporting forward momentum in this transition. An examination of the ambition of and

policy consistency within national climate action plans through the detailed SGI country reports shows that none of the 30 countries surveyed has yet demonstrated its full commitment to achieving climate neutrality by 2050. Notably, the average score for policy ambition and direction (6.5) falls below the average score (6.7) for past policy outcomes, underscoring an urgent need to identify and address barriers to progress.

Comparatively, the current climate action frameworks in Denmark, Finland, Germany, Portugal, Spain and Sweden are relatively ambitious and consistent, with clearly defined goals, sector-specific targets, detailed action plans and a robust system for tracking progress (see figure 17).

FIGURE 16 Climate action: past policy outcomes

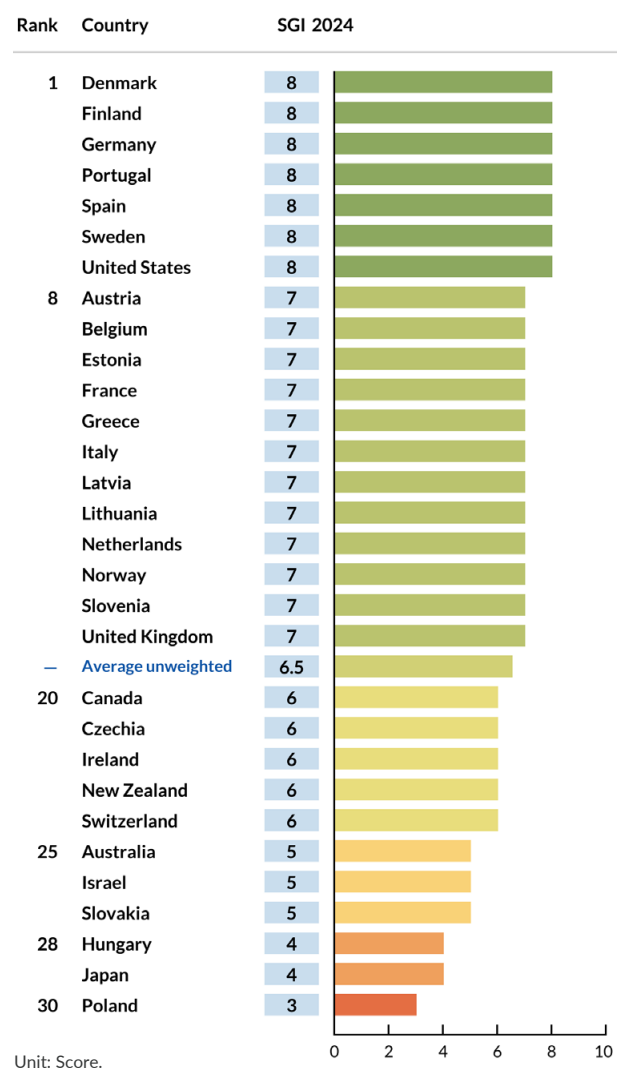


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FIGURE 17 Climate action: policy ambition and direction



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Yet, it is crucial to acknowledge that even the policy frameworks of forerunners like Denmark, Finland, Germany, Portugal, Spain, Sweden and the United States reveal inconsistencies and underlying tensions. For example, there are often gaps between policy goals and existing regulations, such as ongoing subsidies for fossil fuels. Additionally, insufficient safeguards may hinder the efficient implementation of policies across different government levels. There are also questions about whether courts are equipped to hold governments accountable for meeting climate targets.

Denmark offers an innovative approach that also highlights some areas where future adjustments could enhance policy consistency. In addition to creating an independent climate council that monitors annual progress, the Danish government established a new internal committee chaired by the minister of finance. This six-member committee, which meets weekly, coordinates climate policies across sectors, adding weight to its approach with the Ministry of Finance's leadership. However, the government has been criticized for its limited measures to meet its 2025 interim climate targets, relying heavily on emerging technologies to achieve CO₂ reductions. Critics have raised concerns about whether this approach is viable without structural changes, such as implementing a CO₂ tax in agriculture (see Klemmensen et al. 2024).

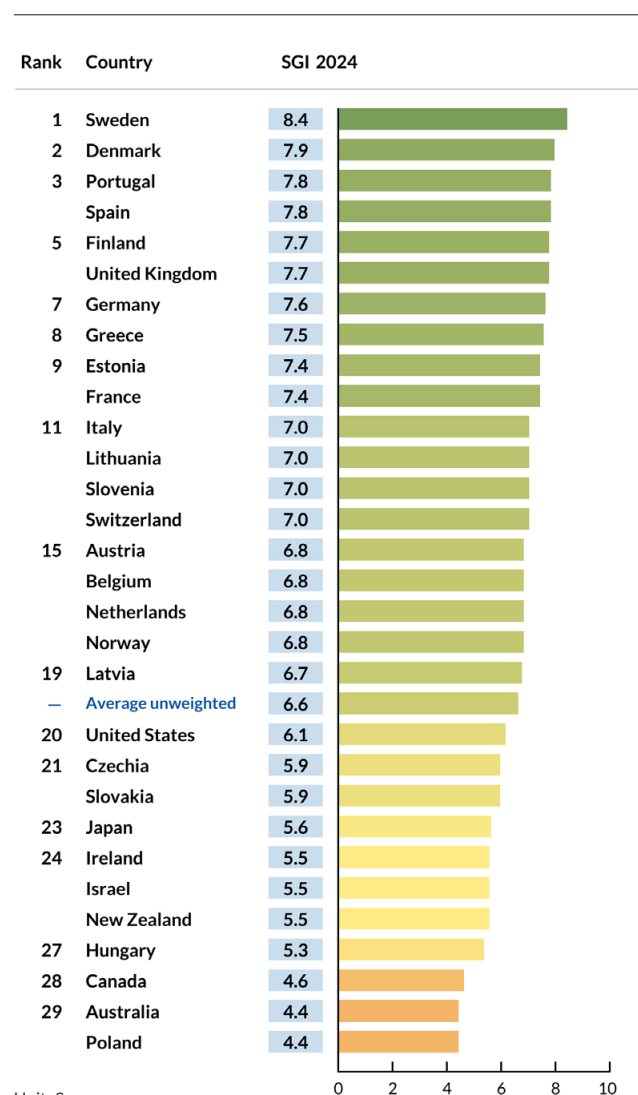
All 30 countries surveyed need to accelerate and better coordinate their policy efforts to meet the Paris Agreement's climate goals. On the opposite end of the spectrum, countries like Poland, Japan, Hungary, Slovakia, Israel and Australia have shown relatively limited commitment to achieving net-zero emissions by 2050 (see figure 17). This lack of dedication suggests that substantial progress in reducing CO₂ emissions is unlikely in the near future for these nations. This stands in contrast to the situation in the **United States**, which, while lagging behind in CO₂ reduction efforts, has made significant investments in the green transition and reinforced its climate commitments through legislation, including the Inflation Reduction Act of 2022 and the Infrastructure Investment and Jobs Act of 2021 (see Johnson et al. 2024).

c. Climate action: overall policy performance

Considering both past achievements and current policy strategies, **Sweden** has made the most progress in cli-

mate protection to date. The country has a long history of stringent climate policies and regulations that have been backed by a comprehensive regulatory framework that is generally effective in driving environmental progress. Assessments regularly highlight areas of advancement as well as shortcomings. However, since the election of a right-wing alliance in 2022, environmental regulations have been relaxed to a degree that makes meeting ambitious targets within the proposed timeframe unlikely (see Petridou et al. 2024). Based on recent policy directions and historical performance, Poland, Australia, Canada and Hungary have the longest road ahead when it comes to targeting a climate-neutral economy (see figure 18).

FIGURE 18 Climate action: overall policy performance



Unit: Score.

Source and metadata:
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2. Achieving a decarbonized energy system by 2050: Greater political commitment needed across all 30 countries to accelerate energy transition

The energy sector accounts for nearly three-quarters of global GHG emissions, with the largest shares coming from energy use in industry (24.2%), transport (16.2%), and buildings (17.5%). Agriculture, forestry and land use contribute 18.4%, industry 5.2% and waste 3.2% (Ritchie 2020). Fossil-based electricity and heat production are particularly significant contributors to global emissions (Ritchie et al. 2024). While the impact of specific sectors such as electricity, heat production, transport, manufacturing or construction may vary by country, it is clear that achieving climate neutrality by mid-century depends fundamentally on the successful decarbonization of national energy systems.

Drawing on the SGI's "decarbonized energy system" criterion, we assess the extent to which governments are establishing conditions that enable a fully decarbonized energy system by 2050. This transition requires eliminating emissions by phasing out carbon-based energy technologies and replacing them with carbon-free technologies and the necessary infrastructure (Lilliestam et al. 2022). To evaluate progress achieved, we first consider key outcome metrics, including:

- the share of renewable energy in total final energy consumption
- the share of fossil fuel-based electricity generation and progress toward zero-carbon targets
- the prevalence of fossil fuel-based heating systems in the residential sector relative to zero-carbon goals
- energy productivity, measured as GDP per megajoule of primary energy in constant 2017 purchasing power parity
- primary energy consumption per capita
- CO₂ emissions from fuel combustion per capita

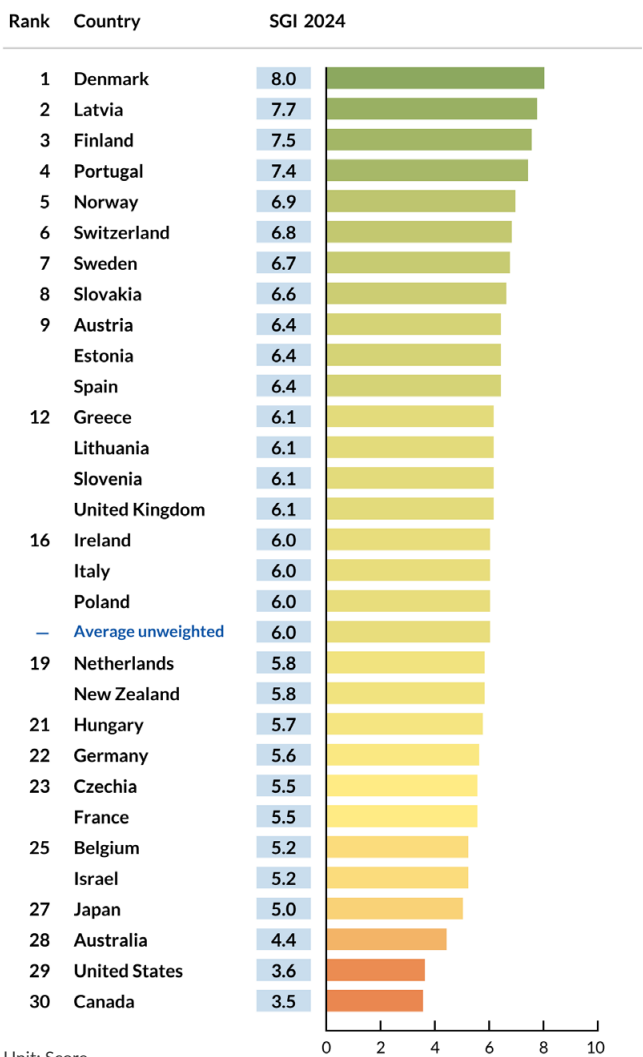
In a subsequent step, we assess the current policy inputs and outputs of governments to evaluate the objectives and direction of each nation's energy transition trajectory.

a. Decarbonized energy system: past policy outcomes

With an average score of 6.0 across all key metrics, it is evident that the 30 EU and OECD countries evaluated still have significant ground to cover in transitioning to an emission-free energy system. A closer look reveals wide disparities in individual progress. Notably, even the top performers fall short of achieving the highest possible score of 9 or 10, indicating that even forerunner countries have work to do to fully decarbonize their energy systems (see figure 19).

Our analysis of past policy outcomes suggests that Denmark, Latvia and Finland have made the greatest

FIGURE 19 Decarbonized energy system: past policy outcomes



Unit: Score.

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strides in targeting a zero-emission energy system. According to a recent comparative study on energy transition in forerunner countries, **Denmark** could eliminate fossil fuel-based electricity generation by 2029 (Bersalli et al. 2024). The country's rapid expansion of renewable energy, particularly offshore wind, has been instrumental, with offshore wind, bioenergy and solar PV now accounting for 81% of Denmark's power mix (IEA Report Denmark 2023). Additionally, Denmark is on track to achieve zero-emission heating thanks to effective alignment across policy targets, institutions, instruments and infrastructure. However, the country still has challenges in fully transitioning to electric mobility (Bersalli et al. 2024).

Finland has also made substantial progress in adopting clean energy technologies, with significant expansion in wind energy and the recent addition of a nuclear reactor. As a result, Finland has the second-lowest reliance on fossil fuels among IEA member countries (see Hiilamo et al. 2024).

In contrast, Canada, the United States and Australia have made the least progress in decarbonizing their energy systems. Following the Paris Agreement, per capita CO₂ emissions from fuel combustion in these countries have seen only minimal reductions. Additionally, their phase-out of fossil-fuel-based electricity and heating systems is progressing at a rate that is insufficient to meet climate goals.

This slow progress also applies to several G7 countries, including France, Italy, Germany, Japan and the UK, where reductions in fossil-based electricity and heating deviate critically from the rates needed to meet targets.

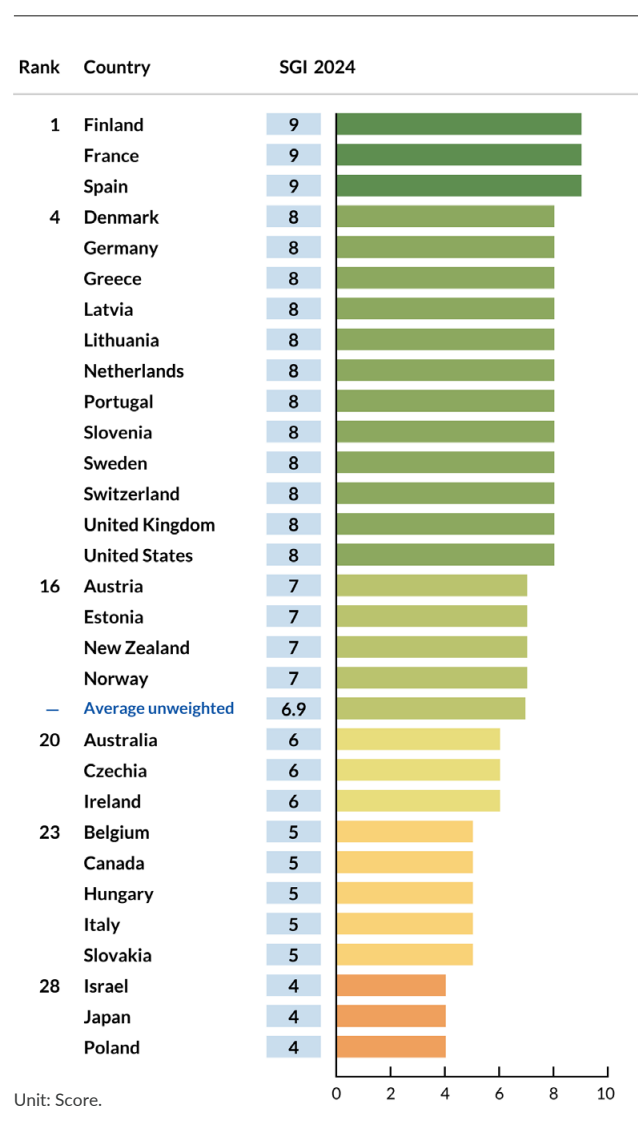
b. Decarbonized energy system: policy ambition and direction

A comparative analysis of ambition levels and policy coherence in national decarbonization strategies, based on the SGI country reports, suggests that the governments in Finland, France and Spain appear to be firmly committed to transitioning their energy systems by 2050 (see figure 20). Notably, the average score for political commitment in energy policy (6.9) surpasses both the score for policy outcomes (6.0) and the score for climate action commitment (6.5). This indicates a degree of governmental recognition of the need to overhaul energy systems by 2050.

Conversely, in countries like Poland, Japan, Israel, Slovakia, Italy, Hungary, Canada and Belgium, political commitment and ambition appear insufficient to drive the timely transformation of the energy sector.

Decarbonization efforts in **Finland** are based on the "National Climate and Energy Strategy (NCES)," which contains clearly defined and binding targets as well as a concrete roadmap for achieving these. The strategy is divided into sector-specific action plans that are aligned with the overall targets (for a detailed analysis see Hiilamo et al. 2024).

FIGURE 20 Decarbonized energy system: policy ambition and direction



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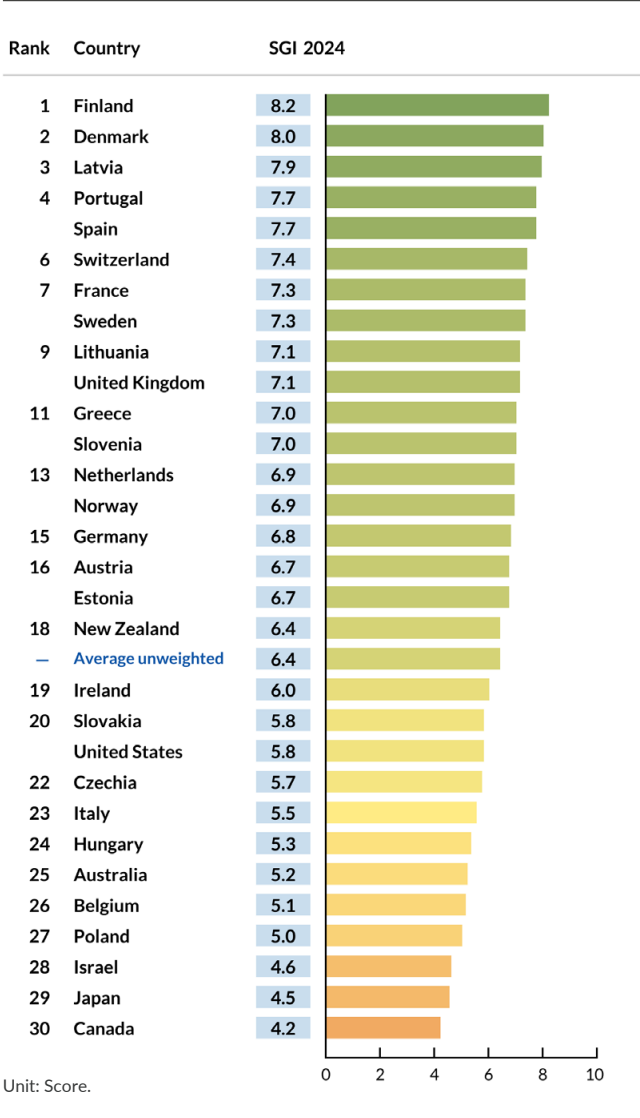
Spain's transition efforts are based on the Integrated Energy and Climate Plan (ENCP) 2021-2030, adopted in December 2020, which similarly includes sector-specific action plans. Additionally, in May 2021, the Spanish parliament passed the Climate Change and Energy Act, which sets national targets for 2030 and specifies measures to meet these targets, as well as regulations on public procurement. For example, all public tenders must now incorporate criteria for environmental and energy sustainability. Another positive development is the Ministry for the Ecological Transition and the Demographic Challenge (MITECO)'s comprehensive monitoring of autonomous communities, which since early 2022, requires communities to report on their energy and climate plans and provide detailed information on implemented and planned measures (see Kölling et al. 2024).

A closer look at the **G7 countries** reveals growing disparities in energy transition commitments. While France, Germany, the United Kingdom and the U.S. appear largely committed to achieving a decarbonized energy system, Japan, Italy and Canada demonstrate more limited political resolve. Italy's National Integrated Energy and Climate Plan (Pniec), proposed by the Meloni government, sets lower targets for reducing emissions and expanding renewable energy than required by the EU, indicating a decline in political ambition regarding the energy transition (see Capano et al. 2024). **Canada's** federal government, meanwhile, has yet to present a definitive roadmap for achieving net-zero by 2050. Although it has supported clean technology development through incentives, these efforts lack concrete performance metrics. Additionally, Canada's substantial investment in a new pipeline for heavy fuel oil signals that Canadian industry is not under a clear government mandate for timely decarbonization (see Howlett et al. 2024).

c. Decarbonized energy system: overall policy performance

Considering both past achievements and current strategies, Finland, Denmark, Latvia, Portugal, and Spain demonstrate significant readiness for transitioning to a decarbonized energy sector by 2050 (see figure 21). Conversely, Canada, Japan, Israel, Poland, Belgium, Australia and Hungary would need to significantly accelerate their efforts to achieve climate neutrality by mid-century.

FIGURE 21 Decarbonized energy system: overall policy performance



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Circular economy: Strategy development remains in an early stage

Through the SGI Circular Economy criterion, we assess the effectiveness of policy strategies in 30 OECD and EU countries in creating conditions for resource-efficient and carbon-neutral production methods. We begin by evaluating each country's status based on metrics like material footprint per capita, GDP per ton of material footprint, municipal waste per capita and the percentage of recycled waste. This initial assessment of circular economy progress is likely a rough and preliminary estimate, as essential metrics – such as the circular material

use rate – are not yet available for all 30 countries. Additionally, there are considerable delays in the availability of much country-specific data. Beyond these data limitations, current outcome metrics offer limited insight into each country's ongoing trajectory or potential future progress. In the next step, we will compare the effectiveness of existing circular economy policy initiatives across countries to gain a more nuanced understanding of each one's progress toward achieving a circular economy.

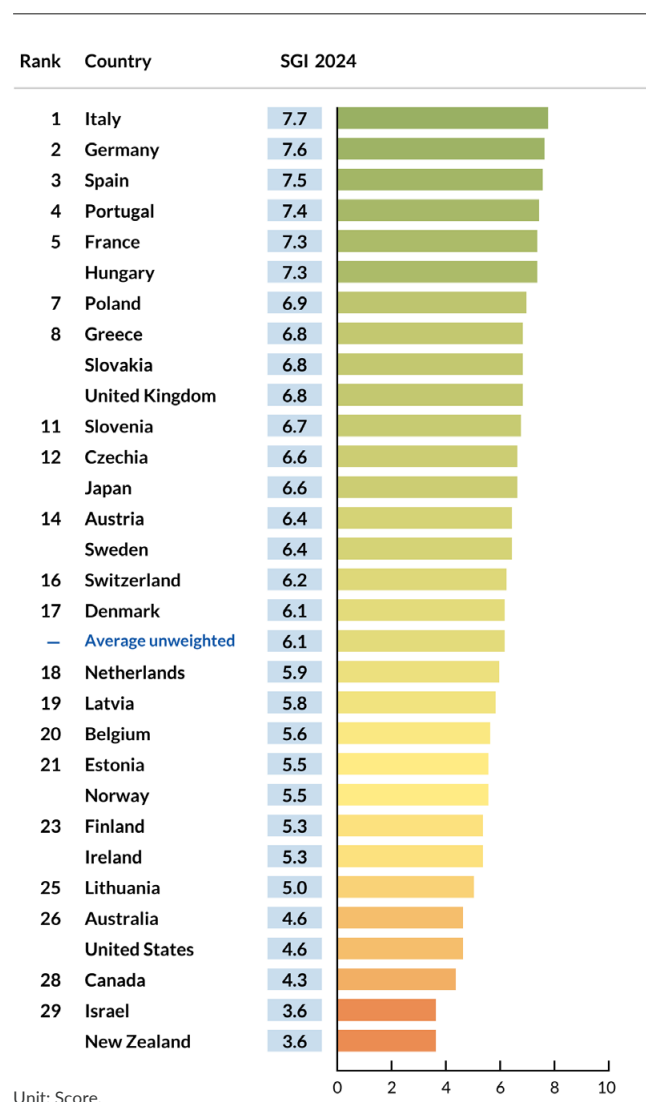
a. Circular economy: past policy outcomes

Beginning in 2016, several EU member states gradually introduced extensive circular economy strategies, roadmaps and action plans. Belgium, Finland and the

Netherlands were the first to announce national policies in 2016, with 20 other EU countries following between 2017 and 2022. Many of these planning efforts encountered substantial institutional challenges and setbacks (see European Environment Agency 2024).

The limited metrics available on policy outcomes suggest that Italy, Germany and Spain are relatively well-positioned to begin their transition to a circular economy (see figure 22). However, examining the status of this transition across affluent democracies reveals that the entire process remains at an early stage. With an average score of 6.1, industrialized nations face a long journey in decoupling economic growth from resource consumption.

FIGURE 22 Circular economy: past policy outcomes



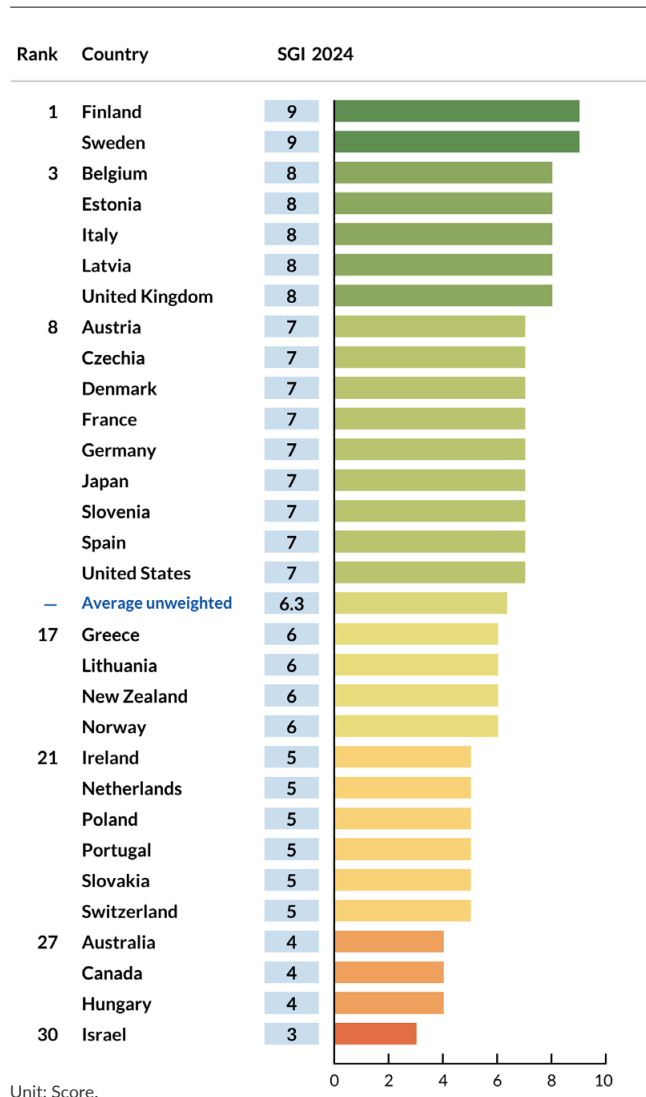
b. Circular economy: policy ambition and direction

To what extent are current political guidelines and policy measures supporting the transition to a circular economy? With an average score of 6.3 in policy ambition and direction, it is clear that many governments are still hesitant to embrace the shift from material consumption to circular economic practices.

In 20 of the 30 countries examined, there is a slow movement toward circularity. However, at this early stage of what could become a major socio-technological transformation, most governments are primarily focused on formulating comprehensive policy strategies, drafting action plans, exploring scenarios and gathering relevant indicators. Nonetheless, few countries have reached the point of aligning these policies with ambitious goals or crafting strategies to facilitate effective implementation.

On the other end of the spectrum, there are 10 countries where political commitment to a circular economy transition remains uncertain. In some cases, like Israel, Hungary, Canada, Australia and Switzerland, either policy strategies were lacking altogether or existing plans were fragmented and disjointed between January 2022 and January 2024. In other cases, like the Netherlands – formerly a forerunner in circular economy efforts – slow progress on key indicators and the absence of a government-wide approach raise questions about the country's commitment to achieving a fully circular economy by 2050 (see Hoppe et al. 2024).

FIGURE 23 Circular economy: policy ambition and direction



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Examining the ambition and coherence of national circular economy strategies and action plans, two countries in particular – Sweden and Finland – stand out for their comprehensive commitment to advancing the transition.

In 2016, **Finland**, with support from the government-backed Sitra Finnish Innovation Fund, became the first country to introduce a national circular economy roadmap. An updated version was released in 2019. This roadmap reflects a collaborative national effort, encompassing goals like reduction, durability, reuse and recycling. Engagement includes various stakeholders, from government ministries to representatives from

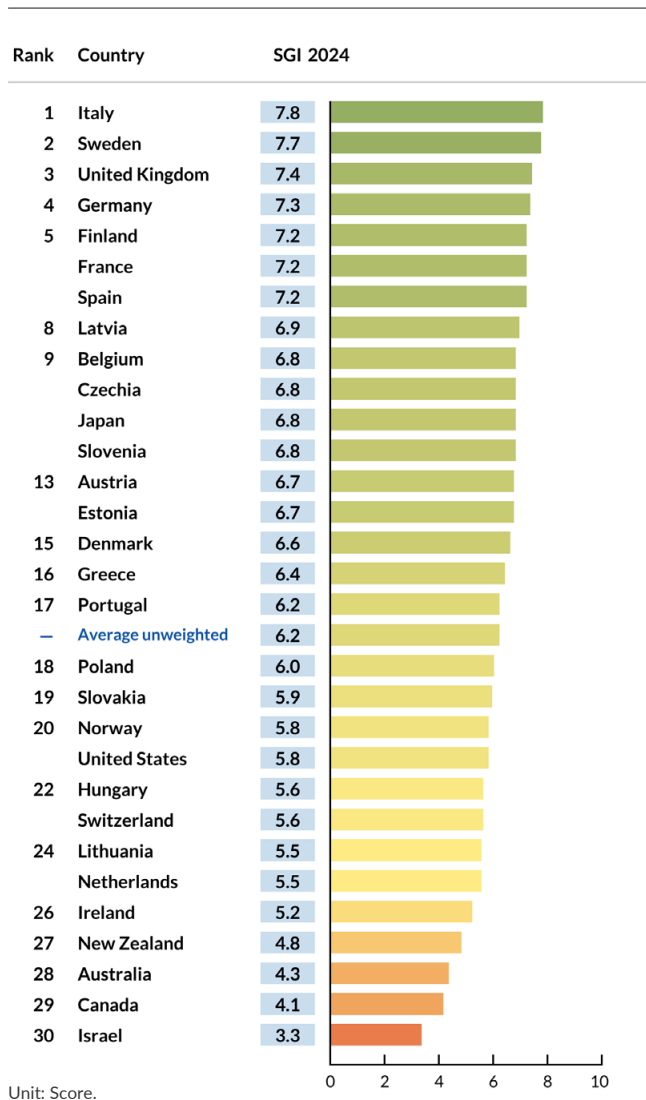
the public, private and nonprofit sectors. For the second edition, Sitra solicited ideas and feedback through events, expert interviews and a public comment period open to all Finnish citizens. However, it should be noted that the roadmap is non-binding, having been created independently of the government (see Hiilamo et al. 2024).

In **Sweden**, both the Circular Economy strategy and its action plans, while not legally binding, are evaluated as part of the national budget alongside other environmental goals. Various stakeholders, including agencies, regions and municipalities, are responsible for tracking progress. Nonetheless, binding measures are being implemented for specific areas within the action plan. For instance, in waste management, seven new regulations were introduced in 2024, mandating the sorting of non-liquid food waste, liquid grease and separation of packaging materials (see Petridou et al. 2024).

c. Circular economy: overall policy performance

Based on the available metrics and current policy strategies, Italy and Sweden have shown greater progress in preparing for the transition to a circular economy than other surveyed countries. **Italy** introduced a new national Circular Economy Strategy in 2020, presenting a thorough, sector-specific roadmap. This includes guidelines on consumer responsibilities, models for green public procurement, waste management, job creation, new material supply chains, circular resource use, digitalization's role and environmental finance and taxation. Macro-objectives are clearly defined with targets set for 2035, alongside indicators and data sources that undergo annual review. Under the Draghi administration, Italy demonstrated strong commitment by renaming the Ministry of Environment to the "Ministry for Ecological Transition" and empowering it to coordinate strategies across multiple ministries – Economic Development, Finance, Agriculture, Infrastructure, Education and Health – as well as with regions, autonomous provinces and the National Association of Italian Municipalities. However, it remains uncertain whether the current Meloni administration will maintain this momentum for reform (see Capano et al. 2024).

FIGURE 24 Circular economy: overall policy performance



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Conclusion and outlook

Assessing the extent to which affluent democracies are advancing toward climate-neutral and circular economies requires more than a review of past policy outcomes, such as emissions levels and material footprints. While these indicators reflect past achievements, they offer limited insight into current government direction. Consequently, we need leading indicators that reveal whether today's policy guidelines and measures are supporting a true transformation.

For affluent democracies aiming to make their economies climate-neutral and circular, forward-looking

policy strategies are essential. These strategies must effectively align goals, institutions and policies. By contrasting past policy outcomes based on available metrics with contemporary strategies and directions – evaluated through SGI scores and expert assessments for the “Climate Action,” “Decarbonized Energy System” and “Circular Economy” criteria – we gain a more nuanced understanding of each country's readiness for this transformation. Moreover, our metrics for policy ambition, coupled with our composite performance metric, serve as early warning indicators, signaling whether political shifts are yet reflected in recent quantitative outcome measures.

The findings across the three SGI criteria reveal that affluent democracies with ambitious and cohesive climate strategies have also frequently devised effective policy approaches for transforming their energy systems and, to a lesser degree, for circular economic development. A strong correlation ($r: 0.8$) is evident between our climate action policy effort measure and that for a decarbonized energy system.

France and Italy emerge as notable exceptions. Although France is pursuing an overhaul of its energy system by 2050, its climate action framework appears to need stronger political commitment. The Haut Conseil pour le Climat recently reported that only six of the 25 objectives in the national low-carbon strategy have been sufficiently supported by implementation measures. Additionally, the council has raised concerns over the national budget and waning support for climate change mitigation (see Grossmann et al. 2024). In Italy, the Meloni administration's National Integrated Energy and Climate Plan (Pniec) sets lower targets for emissions reductions and renewable energy expansion than EU benchmarks, suggesting a potential decrease in commitment to the energy transition (see Capano et al. 2024).

A moderately strong correlation ($r: 0.6$) also exists between our climate action efforts measure and those focused on a circular economy. However, the circular economy transition is largely in its infancy. Of the 30 countries surveyed, 20 appear to be moving only gradually toward circularity. At this early stage, which may herald a significant socio-technological shift, most governments are focused on developing comprehensive policy strategies, action plans, scenario analyses and relevant indicators. Nevertheless, none of the surveyed

countries seem to have reached the stage of aligning policies with their ambitious goals or establishing strategies for effective, rapid implementation.

Reviewing performance outcomes across the three SGI criteria, it is clear that no country is fully prepared to achieve a climate-neutral and resource-efficient economy in the foreseeable future. Even forerunner countries like Sweden, Finland, Spain and Denmark face significant challenges (see figure 25). Although their policy frameworks are generally ambitious and coherent, with clearly defined goals, sector-specific targets, action plans and rigorous monitoring systems, they still exhibit several inconsistencies and embedded tensions.

It is therefore essential to closely examine potential barriers to progress. This includes better alignment of policy goals with existing regulations, such as fossil fuel subsidies. Additionally, more robust safeguards are often needed to ensure the effective implementation of climate transition policies at all levels of government – a critical area for policymakers to address. Lastly, it remains unclear whether courts can effectively assess the achievement of climate goals.

While focusing on specific sectoral barriers is important, this alone does not guarantee the success of transformational policy strategies. For these strategies to succeed, it is vital to consider the broader political context. Transformational policies generally thrive in political environments that reinforce their legitimacy. Therefore, our dataset not only highlights sector-specific opportunities and challenges in circular economy, climate and energy policies, but also monitors progress in areas like democratic accountability, anticipatory governance and other key aspects of economic, social and environmental policy.

A primary consideration is whether other economic, social and environmental policies can mitigate the risks of individual transformations. Welfare states capable of pursuing policies that integrate sustainability, empowerment and protection often develop more ambitious and coherent transformation strategies. We observe moderate to strong correlations between our aggregate measure of social sustainability and climate action performance ($r: 0.7$), economic sustainability and climate action performance ($r: 0.6$), and environmental sustainability and climate action performance ($r: 0.7$).

The second aspect relates to the machinery of government itself and the ways in which problems of co-ordination, consensus-building and sensemaking can

FIGURE 25 Overall performance: circular economy, decarbonized energy system and climate action

Rank	Country	Circular Economy	Decarbonized Energy System	Climate Action	Ø
1	Sweden	7.7	7.3	8.4	7.8
2	Finland	7.2	8.2	7.7	7.7
3	Spain	7.2	7.7	7.8	7.6
4	Denmark	6.6	8.0	7.9	7.5
5	United Kingdom	7.4	7.1	7.7	7.4
6	France	7.2	7.3	7.4	7.3
7	Germany	7.3	6.8	7.6	7.2
	Latvia	6.9	7.9	6.7	7.2
	Portugal	6.2	7.7	7.8	7.2
10	Greece	6.4	7.0	7.5	7.0
11	Estonia	6.7	6.7	7.4	6.9
	Slovenia	6.8	7.0	7.0	6.9
13	Italy	7.8	5.5	7.0	6.8
14	Austria	6.7	6.7	6.8	6.7
	Switzerland	5.6	7.4	7.0	6.7
16	Lithuania	5.5	7.1	7.0	6.5
	Norway	5.8	6.9	6.8	6.5
18	Netherlands	5.5	6.9	6.8	6.4
–	Average	6.2	6.4	6.6	6.4
19	Belgium	6.8	5.1	6.8	6.2
20	Czechia	6.8	5.7	5.9	6.1
21	Slovakia	5.9	5.8	5.9	5.9
	United States	5.8	5.8	6.1	5.9
23	Ireland	5.2	6.0	5.5	5.6
	Japan	6.8	4.5	5.6	5.6
	New Zealand	4.8	6.4	5.5	5.6
26	Hungary	5.6	5.3	5.3	5.4
27	Poland	6.0	5.0	4.4	5.1
28	Australia	4.3	5.2	4.4	4.6
29	Israel	3.3	4.6	5.5	4.5
30	Canada	4.1	4.2	4.6	4.3

Unit: Score.

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be addressed by the politico-administrative system. Governments that regularly evaluate and adapt their structures, procedures and tools to enhance efficiency, effectiveness and foresight generally develop more cohesive and sustainable policy strategies. We find a significant correlation between the measure of climate action policy efforts and the aggregate measure of “governing with foresight” ($r: 0.7$).

The third aspect addresses the extent to which state power is limited and the degree to which the population, non-state actors and other state institutions can hold the executive accountable. Countries with strong democratic accountability systems are typically more effective in creating enduring policy strategies for economic transformation. A strong correlation exists between our measure of climate action policy efforts and the measure of democratic governance ($r: 0.8$). In the follow section, we will outline the current state of play of democratic government in 30 OECD and EU countries.

Democratic Government: overall trends

Vertical accountability

Through our SGI category “vertical accountability,” we explore the dynamics between the executive branch and citizens, focusing on the effectiveness of public mechanisms for government accountability. The following three SGI criteria are used to assess the functionality of vertical democratic oversight systems:

(1) Quality of elections: To what extent are political competition and elections free and fair?

(2) Quality of candidates and political parties: To what extent do political parties articulate all key societal interests and foster cross-party collaboration in policy formulation and implementation?

(3) Access to official information: To what extent do citizens have sufficient access to official information?

As one might expect from a group of 30 advanced democracies, most SGI countries have established relatively effective accountability mechanisms that link the executive branch and citizens. At first glance, 21 of the 30 EU and OECD countries appear to have developed effective systems of democratic oversight. These systems enable citizens to hold their governments accountable through free and fair political competition and elections, socially rooted party representation, cross-party collaboration and strong access to public information.

However, at least nine countries exhibit shortcomings in one or more of the three SGI criteria for vertical accountability (see figure 26). This initial overview only hints at deeper challenges. A closer scrutiny of the indicators used to measure vertical accountability indicates that

at least 10 of the 30 OECD governments could benefit from strategies to further strengthen the accountability link between citizens and the executive branch.

Challenges associated with accountability are also of relevance for G7 nations such as the United States, France, Japan and Canada, where enhancing the repre-

FIGURE 26 Vertical accountability

Rank	Country	Elections	Quality of Parties and Candidates	Access to Official Information	Ø
1	Norway	9.5	10	10	9.8
2	Finland	10	9.0	10	9.7
3	Denmark	9.5	9.0	10	9.5
4	Lithuania	9.5	8.0	10	9.2
	Sweden	9.5	8.0	10	9.2
6	Estonia	10	8.0	9.0	9.0
	Germany	9.5	8.5	9.0	9.0
8	Switzerland	9.5	7.0	10	8.8
9	Slovenia	9.0	8.0	9.0	8.7
10	Austria	9.5	8.5	7.0	8.3
	Portugal	9.0	8.0	8.0	8.3
12	Latvia	9.0	6.5	9.0	8.2
	New Zealand	8.5	8.0	8.0	8.2
14	Belgium	9.5	8.5	6.0	8.0
	Czechia	9.0	7.0	8.0	8.0
16	Spain	9.0	7.5	7.0	7.8
	United Kingdom	9.0	7.5	7.0	7.8
—	Average	8.8	7.1	7.5	7.8
18	Greece	9.5	7.5	6.0	7.7
	Ireland	9.0	8.0	6.0	7.7
20	Slovakia	9.5	4.0	9.0	7.5
21	France	9.5	4.5	8.0	7.3
22	Italy	8.5	6.5	6.0	7.0
	Japan	8.5	7.5	5.0	7.0
	United States	7.0	6.0	8.0	7.0
25	Netherlands	9.0	6.5	5.0	6.8
26	Canada	9.5	6.5	4.0	6.7
27	Australia	8.5	5.5	5.0	6.3
	Israel	7.5	4.5	7.0	6.3
29	Poland	5.0	5.0	4.0	4.7
30	Hungary	4.0	4.5	4.0	4.2

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

SGI Sustainable
Governance
Indicators

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sentation of societal interests, fostering compromises in party politics, and improving access to government information remain critical areas for improvement.

The need to restore vertical accountability is even more urgent in Poland and Hungary. In Hungary, government operations occur within a highly opaque environment, where official state communications and pro-government media outlets dominate the dissemination of information. Successive Orbán administrations have created substantial obstacles to transparency, particularly through amendments enacted in 2022. While these changes were ostensibly aimed at streamlining legal processes, they have instead restricted public and journalistic access to official information. Elections in Hungary are neither free nor fair. Electoral laws favor Fidesz through gerrymandering and unequal access to media and state resources. A 2020 amendment, which raised the number of required constituency candidates, further disadvantaged smaller opposition parties. These developments have led experts to describe Hungary as an “electoral autocracy” (see Dieringer et al. 2024).

Clean elections: Finland and Estonia with minimal barriers

In 21 of the 30 OECD and EU countries examined, governments have effectively reduced or eliminated major legal and practical barriers that could prevent citizens or specific social groups from exercising their voting rights or hinder political parties and candidates from engaging in fair political competition (see [sgi-network.org](https://www.sgi-network.org)). However, countries such as the United States, Israel, New Zealand, Japan, Italy, Australia and the Netherlands still face challenges in fully dismantling obstacles to ensure electoral accountability operates seamlessly. In stark contrast, Poland and Hungary have experienced significant erosion in the integrity of their electoral accountability systems.

Finland and Estonia boast electoral systems that impose minimal barriers to both political competition and voting rights. **Estonia**, in particular, has embraced innovative approaches to boost voter participation, including advance voting, home voting and internet voting. During the 2023 parliamentary elections, 74% of ballots were cast before election day, with 51% submitted online (see Lauri et al. 2024). **Finland's** government intends to tackle the issue of disproportionality in the electoral system by launching a parliamentary proce-

dure aimed at developing a new framework for electoral regions. This initiative will specifically address electoral districts with a significant hidden vote threshold. The main emphasis will be on the Lapland electoral district, which is set to merge with the North Ostrobothnia electoral district, creating a single electoral region for the purpose of tallying election results (see Hiilamo et al. 2024).

A party system grounded in society and functioning cross-party cooperation: the Norwegian example

In eight countries – Poland, France, Slovakia, Israel, Hungary, Canada, Australia and the United States – political party systems are increasingly marked by significant ideological polarization, which undermines the collaborative efforts essential for effective democratic oversight. Societal stakeholders in these countries need to deliberate on strategies for fostering broader acceptance of liberal democratic values and institutions among major political parties. Specifically, liberal democracy should also explore innovative forms of collaboration to address or mitigate the influence of anti-democratic forces.

Moreover, certain features of party systems in Hungary, Israel and Slovakia pose some significant barriers to achieving effective societal integration. This includes whether legal provisions in the electoral systems prevent political parties from adequately representing key societal interests. For instance, both Israel and Slovakia operate as single national constituencies with thresholds that often result in the underrepresentation of smaller political parties, ethnic minorities or less-developed regions. Beyond the legal framework, the question arises as to whether major political parties maintain local branches to advocate for regional interests or whether legislative parties meaningfully address significant societal concerns through substantive policy programs rather than relying on clientelism.

In Hungary, opposition parties struggle to establish a foothold in rural areas, with their programs predominantly focused on urban voters, especially in Budapest. This urban-centric approach has contributed to the opposition's poor performance outside the capital. While many Hungarian parties present themselves as catch-all parties, their rhetoric tends to emphasize ideological divides – particularly between cosmopolitan and nationalist perspectives – rather than substantive policy

debates (see Dieringer et al. 2024). Similarly, in Slovakia, political parties are often highly centralized, dominated by their leaders and founders, and often lack robust local and regional structures. The case of OLaNO (now “Slovensko”), which lacks registered members or a local presence, exemplifies this issue (see Nemec et al. 2024). Furthermore, the clarity and accessibility of party manifestos remain significant concerns. For example, Israel’s ruling Likud party has not published a manifesto since 2013, making its programmatic goals difficult to evaluate.

Norway, by contrast, offers a compelling example of a party system that is deeply embedded in society and fosters successful cooperation across political lines. All the major parties are united in their commitment to democratic principles and human rights, actively opposing anti-democratic and extremist ideologies. The country’s low level of political polarization and its ability to incorporate extreme parties into the democratic process help create a stable political environment, promoting collaboration and inclusiveness (see Hagen et al. 2024).

Transparent government: Unrestricted access to official information is effectively implemented in Nordic countries and Switzerland

Unrestricted access to official information is critical for enabling citizens to hold their governments accountable. In several countries – Poland, Hungary, Canada, the Netherlands, Japan and Australia – citizens still face significant barriers, such as broad exemptions and delays, that impede their ability to obtain official information. In contrast, Denmark, Finland, Lithuania, Norway, Sweden and Switzerland have made notable progress in meeting most citizens’ information requests promptly and effectively.

A critical concern is the resilience of unrestricted access to information, particularly during times of crisis. In 2023, **Norway’s** government proposed an amendment to the Freedom of Information Act that would reduce the requirement to maintain a publicly accessible register of official and internal documents. This proposal sparked strong opposition from civil society groups and Norwegian media outlets. Following a public consultation process and widespread criticism, the government ultimately decided to abandon the amendment (see Hagen et al. 2024).

Diagonal accountability

Through our SGI category “diagonal accountability,” we examine the strength and effectiveness of active civil society organizations and independent media in their efforts to hold the government accountable. The following two SGI criteria are used to assess the functionality of oversight systems outside formal political institutions:

- (1) **Media freedom and pluralism:** To what extent can the media operate independently, and is a diversity of opinions ensured?
- (2) **Strength of civil society:** To what extent can citizens join independent political and civil society groups, openly address political issues and assemble without restrictions? To what extent are civil society organizations able to actively participate in shaping relevant policies?

In most OECD and EU countries analyzed, robust media freedom and pluralism, coupled with an active civil society, have helped strengthen formal political oversight mechanisms. However, the situation has been quite different in Poland and Hungary. During the observation period from 2022 to 2024, media outlets and civil society groups in these countries faced significant challenges when critiquing the government or attempting to engage in the policy process.

In France, civil society organizations focusing on industrial relations, social welfare or environmental issues have generally had limited influence on public policy during the same period (see figure 27). A closer analysis of indicators assessing media freedom and pluralism reveals that Japan and Australia also have room to improve the working conditions for independent media.

Free media and pluralism of opinions flourishing in Nordic countries

In 26 of the 30 OECD and EU countries examined, governments have largely eliminated significant barriers, whether legal or practical, that might discourage the media from criticizing authorities or impede the development of a pluralistic media landscape reflecting a broad spectrum of political views. Nevertheless, media freedom and diversity remain under pressure in Hungary, Poland, Japan and Australia. Recent estimates

in Australia indicate that News Corp controls nearly 60% of the market by circulation. This concentration has prompted concerns about the company's potential influence over high-ranking politicians, its ability to shape political discourse, and the limited access opportunities available to other media outlets (see Nwokora et al. 2024). In Japan, regulatory frameworks such as the Broadcast Act of 1950 and the Bill on Protection of Specially Designated Secrets impose restrictions on reporting freedom and enable state involvement in media content. Additionally, informal practices like self-censorship can occur. The exclusive reporters' club system limits access to government events and press conferences for independent, foreign and freelance journalists (see Żakowski et al. 2024).

In the Nordic countries of Denmark, Finland, Norway and Sweden, media organizations function autonomously, showcasing a variety of viewpoints. Journalists benefit from strong legal protections, allowing them to investigate and report freely without government interference. During the observation period, there was no evidence of self-censorship in this region.

A vibrant civil society: Sweden sets the standard

During the observation period (between 2022 and 2024), freedom of assembly and association remained under threat in Hungary and Poland. In all other 28 OECD and EU countries reviewed, civic and political groups generally operated without undue state interference. However, in no less than 14 of the 30 countries examined, major civil society organizations still lack the capacity to meaningfully contribute to policymaking in areas such as economic, social or environmental policy.

In **Sweden**, advisory bodies and consultative forums offer avenues for dialogue between government officials and civil society representatives. Additionally, funding programs and grants further strengthen the operational capacity of civil society organizations (CSOs), enabling them to conduct research, organize advocacy campaigns and implement policy-relevant initiatives. Drawing on their expertise and grassroots networks, Swedish CSOs provide valuable insights and practical solutions to the policymaking process, thereby enriching discourse and improving policy design (see Petridou et al. 2024).

Horizontal accountability

Through our “horizontal accountability” category, we examine how the executive branch interacts with other state institutions, focusing on these institutions' capacity to hold the government accountable by demanding information and addressing misconduct. The following three SGI criteria are used to assess the functionality of horizontal oversight systems:

FIGURE 27 Diagonal accountability

Rank	Country	Media Freedom & Pluralism	Civil Society	Ø
1	Sweden	9.5	9.8	9.6
2	Denmark	9.5	8.5	9.0
	Norway	9.5	8.5	9.0
4	Finland	9.5	8.0	8.8
5	Switzerland	8.5	8.5	8.5
6	Germany	8.0	8.8	8.4
7	Estonia	9.0	7.3	8.1
8	Czechia	9.0	7.0	8.0
9	Canada	9.0	6.8	7.9
	Latvia	8.0	7.8	7.9
	Lithuania	8.0	7.8	7.9
	New Zealand	7.5	8.3	7.9
13	Belgium	7.5	8.0	7.8
	United States	8.5	7.0	7.8
15	Ireland	8.0	7.3	7.6
	Slovakia	7.5	7.8	7.6
17	Austria	7.5	7.5	7.5
18	Netherlands	7.5	7.3	7.4
	Portugal	8.5	6.3	7.4
—	Average	7.6	7.1	7.4
20	Slovenia	6.0	8.3	7.1
	Spain	7.5	6.8	7.1
22	Greece	7.0	6.5	6.8
	United Kingdom	7.5	6.0	6.8
24	Israel	7.0	6.3	6.6
	Italy	7.0	6.3	6.6
26	France	7.5	5.0	6.3
27	Australia	6.0	6.3	6.1
28	Japan	5.5	5.8	5.6
29	Poland	4.0	4.3	4.1
30	Hungary	3.5	4.3	3.9

Unit: Score.

(1) Effectiveness of independent oversight bodies: To what extent are independent oversight bodies such as the audit office or the data protection authority able to exercise effective oversight?

(2) Rule of law: To what extent does an independent judiciary ensure that the government, administration and legislature act in accordance with the constitution and laws, respect and defend fundamental rights?

(3) Effectiveness of legislative oversight: To what extent do members of the legislature have sufficient personnel and structural resources to effectively control the government?

concerns were raised during the observation period about the State Audit Office being co-opted by the Orbán government and used to target opposition parties and organizations (see Dieringer et al. 2024).

In Sweden and Switzerland, public audit offices wield substantial authority and public trust. **Sweden's** National Audit Office, for instance, has exclusive jurisdiction over auditing state finances and is also involved in extensive international efforts to strengthen auditing practices in low-income countries. Its audit reports, many available in English, cover a wide range of topics and often attract significant media attention (see Petridou et al. 2024).

Among the 30 OECD and EU countries surveyed, 27 maintain a functional system of “checks and balances.” These systems enable independent oversight bodies, judiciaries and legislatures to effectively perform their democratic oversight functions and uphold universal civic rights. However, during the observation period, serious issues in the rule of law and the effectiveness of legislative oversight became apparent in Poland and Slovakia. In Hungary, these issues in horizontal accountability also impacted the operations of oversight bodies such as the audit office and the data protection authority (see figure 28).

A closer scrutiny of the indicators used to measure horizontal accountability suggests that at least 11 of the 30 OECD and EU countries could explore strategies to further strengthen the effectiveness of their mechanisms for checks and balances.

Independent supervisory bodies: public auditing and effective data protection are most advanced in Sweden and Switzerland

Eighteen out of 30 OECD and EU countries have both formal and informal rules that enable their audit offices to operate independently and effectively. However, 11 countries could take steps to further bolster the independence and capacity of their public audit offices in areas such as mandates, expertise, staffing and financial resources. In Hungary,

FIGURE 28 Horizontal accountability

Rank	Country	Supervisory Bodies	Rule of Law	Legislature	Ø
1	Sweden	10	9.3	10	9.8
2	Finland	9.5	10	9.3	9.6
3	Denmark	9.5	9.7	9.0	9.4
4	Germany	9.5	9.0	9.3	9.3
	Norway	9.5	9.0	9.5	9.3
6	Switzerland	10	7.7	8.5	8.7
7	Austria	9.5	7.7	8.5	8.6
8	New Zealand	9.0	8.7	7.8	8.5
9	Slovenia	9.0	7.7	8.5	8.4
	United Kingdom	9.5	8.0	7.8	8.4
11	Lithuania	9.0	7.7	8.0	8.2
12	Czechia	9.0	7.3	7.8	8.0
13	Belgium	7.0	8.0	8.8	7.9
	Estonia	8.0	9.3	6.3	7.9
	Latvia	8.5	8.3	7.0	7.9
16	Greece	8.5	7.0	8.0	7.8
17	Australia	9.0	7.3	6.8	7.7
	France	9.5	7.3	6.3	7.7
	Spain	8.0	7.7	7.5	7.7
—	Average	8.1	7.5	7.5	7.7
20	Portugal	7.5	7.7	7.8	7.6
21	Canada	7.0	8.7	6.5	7.4
22	Italy	7.0	6.3	8.3	7.2
23	Ireland	6.5	7.7	7.0	7.1
	United States	6.5	7.0	7.8	7.1
25	Israel	7.5	6.7	6.3	6.8
26	Netherlands	5.5	6.3	6.0	5.9
27	Japan	6.0	5.7	5.5	5.7
28	Slovakia	7.0	4.3	4.8	5.4
29	Poland	6.0	3.3	5.0	4.8
30	Hungary	4.0	4.3	4.8	4.4

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

SGI Sustainable
Governance
Indicators

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Sixteen of the 30 surveyed countries have effective formal and informal rules for data protection. However, nine countries could benefit from reforms to strengthen their frameworks, while five countries lag behind significantly. In Canada and the United States, the absence of a nationwide data protection agency undermines enforcement, while Belgium, Hungary and the Netherlands struggle with inadequate resources, capacity and structural support to address privacy concerns effectively.

By contrast, France, Sweden and Switzerland stand out for their highly effective data protection authorities. These agencies operate in an environment that is particularly supportive of their work.

Effective safeguards for the rule of law: the example of Finland

Among the 30 OECD and EU countries surveyed, only Finland, Denmark, Estonia, Sweden and Norway have implemented safeguards broad enough to effectively uphold the rule of law. These measures ensure that governments and legislatures operate within legal boundaries, protect civil rights and prevent public officials from abusing their positions.

The majority of OECD and EU countries, however, could benefit from reforms aimed at strengthening legal oversight, ensuring the realization of civil rights, or improving measures to combat corruption. During the observation period, the rule of law faced serious challenges across all dimensions in Hungary, Slovakia and Poland. In Israel, from 2022 to 2024, government commitment to safeguarding civil rights was minimal (see Shpaizman et al. 2024). Meanwhile, in Japan, there remains an urgent need to address the widespread and unethical practice of *amakudari* – the revolving-door relationships between bureaucrats and business leaders that foster corruption (see Żakowski et al. 2024).

Finland's current government has prioritized enhancing judicial independence by increasing the number of permanent judge positions. Efforts also focus on integrating court training as a core component of legal careers, benefiting the judiciary as a whole and encouraging recruitment into judicial administration. This initiative includes increasing the number of trainee judges and expanding training programs for junior judges. Additionally, the government is committed to ensuring

Swedish-language services in bilingual regions, improving access for Swedish-speaking citizens (see Hiilamo et al. 2024).

Effective legislative oversight: Swedish MPs enjoy ample resources

Three of the 30 surveyed countries – Sweden, Norway and Denmark – provide conditions that allow effective legislative oversight to flourish. These states boast well-resourced legislatures and committees equipped to carry out meaningful investigations, monitor executive actions and influence legislative proposal. By contrast, most OECD and EU countries would benefit from reforms that bolster the effectiveness of parliamentary oversight.

In particular, Japan, the Netherlands, Israel, France, Estonia and Canada could benefit from adopting a more systematic approach to legislative oversight. In Poland, Hungary and Slovakia, parliamentary oversight remained a contentious issue throughout the observation period.

Given the interdisciplinary nature of many contemporary issues, such as climate change, legislative committees must be adept at addressing complex issues that cut across various domains. In **Sweden**, legislative committees typically align with ministerial portfolios. However, when issues span multiple committees, joint committees are formed. For instance, a task requiring collaboration between the Committees on Foreign Affairs and Defense would lead to the creation of a joint committee. Each committee comprises 17 members, with seats distributed proportionally to party representation in parliament. Committee chairs can, and frequently do, come from opposition parties (see Petridou et al. 2024).

Democratic government

Considering the performance across the three SGI categories of vertical, diagonal and horizontal accountability, it is evident that even established and affluent democracies have work to do in strengthening the capacity of citizens, non-state actors and state institutions to hold the executive branch accountable. Sweden, Norway, Finland and Denmark have made notable strides toward achieving the ideal of democratic government (see figure 29).

FIGURE 29 Democratic government

Rank	Country	Vertical Accountability	Diagonal Accountability	Horizontal Accountability	Ø
1	Sweden	9.2	9.6	9.8	9.5
2	Norway	9.8	9.0	9.3	9.4
3	Denmark	9.5	9.0	9.4	9.3
	Finland	9.7	8.8	9.6	9.3
5	Germany	9.0	8.4	9.3	8.9
6	Switzerland	8.8	8.5	8.7	8.7
7	Lithuania	9.2	7.9	8.2	8.4
8	Estonia	9.0	8.1	7.9	8.3
9	New Zealand	8.2	7.9	8.5	8.2
10	Austria	8.3	7.5	8.6	8.1
	Slovenia	8.7	7.1	8.4	8.1
12	Czechia	8.0	8.0	8.0	8.0
	Latvia	8.2	7.9	7.9	8.0
14	Belgium	8.0	7.8	7.9	7.9
15	Portugal	8.3	7.4	7.6	7.8
16	United Kingdom	7.8	6.8	8.4	7.7
17	Spain	7.8	7.1	7.7	7.6
—	Average	7.8	7.4	7.7	7.6
18	Greece	7.7	6.8	7.8	7.4
	Ireland	7.7	7.6	7.1	7.4
20	Canada	6.7	7.9	7.4	7.3
	United States	7.0	7.8	7.1	7.3
22	France	7.3	6.3	7.7	7.1
23	Italy	7.0	6.6	7.2	6.9
24	Slovakia	7.5	7.6	5.4	6.8
25	Australia	6.3	6.1	7.7	6.7
	Netherlands	6.8	7.4	5.9	6.7
27	Israel	6.3	6.6	6.8	6.6
28	Japan	7.0	5.6	5.7	6.1
29	Poland	4.7	4.1	4.8	4.5
30	Hungary	4.2	3.9	4.4	4.1

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

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However, the following priorities remain high on the agenda for most OECD and EU countries surveyed:

- strengthening electoral accountability
- ensuring unrestricted access to official information
- exploring new forms of collaboration to manage or counteract the influence of anti-democratic forces
- protecting media freedom and pluralism
- supporting a robust civil society and fostering its meaningful involvement in the policymaking process
- reinforcing the rule of law and the active role of the legislature

Effective accountability mechanisms and democratic oversight are crucial for establishing legitimacy. Another important aspect involves the efficiency, effectiveness and transparency of the governing process itself – an area that will form the focus of our next section.

Governing with foresight: overall trends

Coordination

Through our “coordination” category, we aim to examine the extent to which governments, both in their policy formulation and implementation phases, succeed in institutionalizing coordination mechanisms that can facilitate proactive problem-solving. Two SGI criteria are used to assess the conditions for government efficiency in this domain:

(1) Quality of horizontal coordination: To what extent do coordination mechanisms between the central government and specialized ministries effectively contribute to improving policy coherence? To what extent are there formal forms of cross-ministerial coordination that emphasize incentives for identifying synergies and opportunities instead of incompatibilities with other policies? How effectively do informal coordination mechanisms complement formal mechanisms?

(2) Quality of vertical coordination: How effectively do national decision-makers collaborate with regional and local governments to enhance the delivery of public services?

A comparative assessment of interministerial coordination and multilevel collaboration across 30 OECD and EU countries indicates that Finland, New Zealand, Denmark, Norway and Australia benefit from effective coordination mechanisms that facilitate the formation of coherent policies (see figure 30).

However, even these forerunners face challenges in specific areas. For example, the governments of Finland and Australia have established viable coordination mechanisms between the government’s office and the ministries and within the ministerial bureaucracy,

enhancing policy coherence at the central/federal governmental level. Yet, gaps remain in setting national minimum standards for service delivery and achieving consistent multilevel cooperation.

Australia’s federal government is dedicated to providing uniform service delivery in health and education but faces resistance from state governments seeking to protect their autonomy. The National Cabinet provides

FIGURE 30 Coordination

Rank	Country	Horizontal	Vertical	Ø
1	Finland	9.3	7.5	8.4
2	New Zealand	8.0	8.5	8.3
3	Denmark	8.3	8.0	8.2
4	Norway	8.0	8.0	8.0
5	Australia	8.7	7.0	7.8
6	Estonia	8.0	7.0	7.5
	Germany	7.0	8.0	7.5
	Latvia	8.0	7.0	7.5
	Lithuania	8.0	7.0	7.5
	Sweden	7.0	8.0	7.5
11	Slovenia	7.3	7.5	7.4
12	Czechia	7.0	7.5	7.3
	France	7.7	7.0	7.3
	Spain	7.7	7.0	7.3
	Switzerland	8.0	6.5	7.3
16	Japan	6.7	7.5	7.1
17	Portugal	7.0	7.0	7.0
18	Austria	7.0	6.5	6.8
	Belgium	8.0	5.5	6.8
—	Average	7.2	6.4	6.8
20	Greece	8.0	5.0	6.5
	Italy	7.0	6.0	6.5
22	United Kingdom	7.3	5.5	6.4
23	Canada	8.0	4.5	6.3
24	Hungary	7.3	4.5	5.9
25	Netherlands	6.0	5.5	5.8
26	Ireland	5.7	5.5	5.6
	Israel	5.7	5.5	5.6
28	Poland	6.7	4.0	5.3
	United States	6.0	4.5	5.3
30	Slovakia	2.7	4.0	3.3

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

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Governance
Indicators

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a forum for dialogue among federal, state and territory governments. While constitutional law grants states significant autonomy over service delivery, the national government can incentivize certain services and act as a provider of last resort. However, states maintain substantial control over education, healthcare, public transport and housing, resulting in policy inconsistencies (see Nwokora et al. 2024). In **Finland**, reforms in 2023 transferred responsibility for public healthcare, social welfare and rescue services from municipalities to well-being services counties, aiming to improve service quality nationwide. Regional authorities oversee service quality and access, but there are few national minimum standards. Research and development agencies track performance using numerous indicators, though a lack of key political-level metrics remains a challenge. Without mechanisms to enforce sanctions or drive reforms, this oversight fails to address disparities, leading to uneven quality and access to public services across Finland (see Hiilamo et al. 2024). Despite **New Zealand's** high level of centralization, the country has strong formal and informal coordination mechanisms between central government and subnational entities like local councils and regional authorities. New Zealand's government also employs highly effective coordination mechanisms between the government's office and ministries, as well as within the ministerial bureaucracy. These mechanisms are facilitated primarily by the Department of the Prime Minister and Cabinet (DPMC). However, recent crisis management efforts by the DPMC have raised concerns about increased centralization of decision-making, which could potentially restrict input from external advisers (see Hellmann et al. 2024).

An examination of interministerial and multilevel coordination mechanisms across 30 OECD and EU governments reveals that 15 countries could benefit from strategies aimed at: (1) reducing siloed thinking within individual government departments, and (2) fostering coordination across different levels of government. Notably, the average score for vertical cooperation is 6.4, compared to 7.2 for horizontal coordination, highlighting greater challenges in establishing effective multilevel coordination mechanisms.

The need for reforms to strengthen coordination mechanisms seems to be particularly urgent in Slovakia. The Prime Minister's Office (PMO) has limited capacity to evaluate and align policies across ministries, which can lead to delays or incomplete reforms. Coordination be-

tween ministries tends to be fragmented, with ministries operating independently and engaging in reactive coordination primarily during formal review processes only. Multilevel coordination in Slovakia is similarly constrained. National standards for public services – spanning environmental services, social assistance, land use, waste management, public transport and housing – remain undefined. Monitoring efforts are inconsistent and enforcement is insufficient. Mechanisms are particularly weak in sectors such as healthcare and education (see Nemec et al. 2024).

Mechanisms for effective interministerial coordination supporting policy coherence: the Finnish example

Most of the 30 OECD and EU countries examined have established largely functional interministerial coordination mechanisms that support proactive problem-solving. However, significant room for improvement remains in countries such as Japan, the United States, Ireland, Israel and Slovakia, where cross-departmental cooperation could be further strengthened.

In **Finland**, the PMO has bolstered its capacity over the past decade with numerous new appointments. The PMO regularly reviews draft bills for the head of government. The Finnish Council of Regulatory Impact Analysis, reporting to the PMO, issues statements on government proposals and their regulatory impacts. It aims to improve the quality of draft laws by enhancing impact assessments and refining the policymaking process, including the scheduling and planning of proposals (see Hiilamo et al. 2024).

Multitiered collaboration continues to pose challenges in both federal and unitary legal systems

In 10 of the 30 OECD and EU countries analyzed, central governments frequently lack the capacity to ensure that subnational self-governments consistently meet national minimum standards for public service delivery. This challenge is evident not only in federal states such as Belgium, Canada or the United States, but also in unitary states like Greece, Hungary, Israel, Italy, Poland and Slovakia. In six of these countries – Poland, Hungary, the United States, Slovakia, Greece and Canada – national policymakers face significant challenges in collaborating effectively with regional and local governments to improve the delivery of public services.

Consensus-building

Through the SGI category “Consensus-Building,” we assess how effectively governments involve experts and societal actors during the early stages of policy development. This involves evaluating the transparency with which governments provide accessible data and information. This analysis sheds light on how well governments build a robust knowledge base and secure public support for policy initiatives. The following three SGI criteria are used to assess the government’s ability to enhance the accuracy, effectiveness and public acceptance of its policy measures:

- 1. Recourse to scientific knowledge:** To what extent does the government effectively incorporate scientific research and expertise into policy decisions?
- 2. Involvement of civil society in policy development:** To what extent does the government facilitate the participation of civil society organizations – such as trade unions, business associations and social or environmental groups – in the political decision-making process?
- 3. Openness of government:** To what extent does the government publish data and information that empower citizens to hold the government accountable?

A comparative analysis of governmental performance in “consensus-building” reveals that the Nordic countries – Finland, Sweden, Denmark and Norway – consistently exhibit proactive approaches. These governments have frequently demonstrated significant efforts to: effectively utilize the best available scientific knowledge for policymaking; actively engage civil society organizations in policy development; and publish data and information that satisfactorily meets the growing demands of citizens during the observation period (see figure 31).

However, at least eight countries exhibit shortcomings in one or more of three SGI criteria for “consensus-building,” hinting at deeper challenges. A closer scrutiny of the

indicators used to measure consensus-building indicates that at least nine of the 30 OECD governments reviewed could benefit from a more proactive approach in engaging academia and the public in the policymaking process.

Between January 2022 and January 2024, the governments of Hungary, Slovakia, Poland and Italy have demonstrated limited engagement with independent policy advice and inclusive policymaking practices. Additionally, Italy, Slovakia and Hungary have been slow in developing robust data governance frameworks, such as comprehensive national data strategies, and in building public sector data management capacities to promote data reuse.

FIGURE 31 Consensus-building

Rank	Country	Scientific Knowledge	Civil Society	Open Government	Ø
1	Finland	8.0	7.7	9.0	8.2
	Sweden	8.0	8.7	8.0	8.2
	United States	9.0	6.7	9.0	8.2
4	Denmark	8.0	8.3	8.0	8.1
	Switzerland	8.0	7.3	9.0	8.1
6	Germany	9.0	7.0	8.0	8.0
	Norway	8.0	8.0	8.0	8.0
8	Canada	9.0	6.7	7.0	7.6
	New Zealand	8.0	6.7	8.0	7.6
10	Lithuania	7.0	7.3	8.0	7.4
	Slovenia	6.0	7.3	9.0	7.4
	United Kingdom	9.0	4.3	9.0	7.4
13	Netherlands	8.0	8.0	6.0	7.3
14	Spain	6.0	7.3	8.0	7.1
15	Australia	8.0	6.0	7.0	7.0
	Ireland	7.0	7.0	7.0	7.0
17	Belgium	7.0	7.3	6.0	6.8
18	Czechia	6.0	7.0	7.0	6.7
	Estonia	7.0	6.0	7.0	6.7
–	Average	6.7	6.4	7.1	6.7
20	Austria	6.0	7.7	6.0	6.6
21	Israel	6.0	6.3	7.0	6.4
	Latvia	6.0	6.3	7.0	6.4
23	France	6.0	3.3	9.0	6.1
24	Japan	6.0	5.0	7.0	6.0
	Portugal	6.0	6.0	6.0	6.0
26	Greece	5.0	5.7	7.0	5.9
27	Italy	5.0	4.3	5.0	4.8
28	Poland	4.0	4.3	4.0	4.1
	Slovakia	3.0	5.3	4.0	4.1
30	Hungary	3.0	2.7	3.0	2.9

Unit: Score.

Source and metadata:
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Governance
Indicators

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Recourse to scientific knowledge: the UK and Germany

In Greece, Italy, Poland, Hungary and Slovakia, there is significant untapped potential to deepen collaboration with the scientific community to strengthen evidence-based policymaking.

Conversely, countries like Canada, Germany, the United Kingdom and the United States have taken substantial steps to ensure their governments can access the best available scientific expertise from the outset and on short notice.

In the **United Kingdom**, government departments have a chief scientific adviser who works with the government chief scientific adviser (GCSA). The GCSA advises the prime minister and cabinet members on policy aspects related to science and technology, ensuring that decisions are grounded in robust scientific evidence. The GCSA can access the network of departmental scientific advisers and has connections with the broader scientific community. Recently, however, calls for reform have emerged, advocating for more independent and transparent scientific advice to challenge government decisions (see Begg et al. 2024).

In **Germany**, political decisions on issues like climate policy and crises are made with extensive input from the scientific community. Advisory boards within ministries are composed of experts from diverse academic backgrounds. These boards choose their focus areas and organize their work autonomously. Other expert bodies, like the German Council of Economic Experts and the German Advisory Council on the Environment, provide advice through regular reports on policy challenges (see Heinemann et al. 2024).

Involvement of civil society in policy development: Sweden sets the standard

During the observation period, institutional involvement of employers' associations, trade unions, welfare associations and environmental CSOs in the policymaking process was minimal in Hungary, France, the UK, Poland and Italy. This pattern may reflect differences in state traditions, such as pluralist versus corporatist approaches, rather than a complete lack of civil society involvement, as seen in the UK. However, in countries like France, Hungary, Poland and Italy, it may also signal

a more adversarial policymaking environment. Governments in Japan and Greece frequently engaged employers' associations and trade unions in policymaking but showed minimal interest in involving environmental groups or welfare associations.

In **Sweden**, the government has historically facilitated the involvement of leading employers' associations, trade unions, social welfare and environmental CSOs in decision-making. This involvement takes place through structured consultations, dialogue forums, and participation in committees and councils, which can include representatives from both government and civil society. Through an institutionalized referral process, CSOs are given opportunities to provide feedback on policy initiatives. This approach aims to integrate diverse perspectives and expertise into the development of economic, environmental and social policies, fostering a more collaborative policymaking environment (see Petridou et al. 2024).

Openness of government: France and Finland

Hungary, Slovakia, Poland and Italy still lack systematic and comprehensive strategies to ensure government information and public data are accessible in ways that enable citizens to hold their government accountable. Conversely, the governments of Finland, France, Slovenia, Switzerland, the United Kingdom, and the United States demonstrate a more proactive approach, publishing diverse and detailed information that meets the growing demands of citizens.

France has made notable progress with the launch of its official data platform, data.gouv.fr. According to government sources, the platform currently hosts 35,000 datasets contributed by over 2,200 entities, including local actors, national administrations, universities and private organizations. The platform has seen a significant rise in engagement, recording more than eight million visits in 2022 and nearly 40,000 instances of data reuse (see Grossmann et al. 2024).

Finland has adopted a more interactive approach to its open data portals, using them as feedback and communication tools rather than mere data repositories. Quality standards and standardization efforts ensure the production of consistent government information and data (see Hiilamo et al. 2024).

Sensemaking

Through the SGI category “sensemaking,” we evaluate how effectively governments refine their internal processes and frameworks to establish conditions that bolster preparedness and analytical capacity. Specifically, we focus on the ability to incorporate evidence-based foresight into routine policymaking. The following two SGI criteria are used to assess the government’s sensemaking capacities:

- 1. Preparedness:** To what extent can the government promote the capacity for strategic foresight and anticipatory innovation within its organizational structures?
- 2. Analytical competence:** To what extent does the government conduct high-quality impact assessments to evaluate the potential effects of prepared legislation before implementation? How effectively does the government incorporate sustainability assessments? To what extent do ministries utilize ex post evaluations to improve existing measures?

An analysis of the tools and processes supporting executive preparedness and analytical competency across 30 OECD and EU countries highlights Denmark as a forerunner. Denmark’s core executive appears better equipped than most other countries to anticipate and respond to future policy challenges. However, at least 15 countries exhibit shortcomings in one or two of the criteria used to measure a government’s sensemaking capacities (see figure 32).

The comparatively low average score of 6.0 for sensemaking, compared to 6.8 for coordination mechanisms and 6.7 for consensus-building, highlights the greater challenges faced by OECD and EU countries in developing effective institutional learning processes. The need to enhance strategic foresight and analytical competencies appears to be particularly urgent in Poland, Hungary, Portugal, Italy and Ireland.

Preparedness: Strategic foresight routines are still in the early stages of development

It is essential to acknowledge that the integration of a strategic foresight perspective into routine ministerial operations remains underdeveloped in most, if not all, of the 30 OECD and EU countries reviewed. Only a few governments have established dedicated central units for strategic foresight and anticipatory innovation. These units, where they exist, typically operate independently, exploring various ideas and scenarios, providing tools and guidance, coordinating and monitoring activities, and offering training, coaching and events. Even advanced nations such as Denmark and Finland have only recently begun to implement some

FIGURE 32 Sensemaking

Rank	Country	Preparedness	Analytical Competence	Ø
1	Denmark	9.0	8.3	8.7
2	Finland	9.0	7.3	8.2
3	Sweden	8.0	7.7	7.8
4	Estonia	8.0	7.0	7.5
	New Zealand	8.0	7.0	7.5
6	United Kingdom	8.0	6.7	7.3
7	Canada	7.0	7.3	7.2
	United States	7.0	7.3	7.2
9	Norway	7.0	7.0	7.0
10	Germany	6.0	7.3	6.7
11	Austria	6.0	6.7	6.3
	Spain	7.0	5.7	6.3
13	Netherlands	6.0	6.3	6.2
14	Australia	6.0	6.0	6.0
	Czechia	6.0	6.0	6.0
	Switzerland	5.0	7.0	6.0
—	Average	6.2	5.7	6.0
17	Lithuania	7.0	4.0	5.5
18	Belgium	6.0	4.7	5.3
	France	6.0	4.7	5.3
	Greece	6.0	4.7	5.3
	Slovenia	6.0	4.7	5.3
22	Slovakia	6.0	4.3	5.2
23	Ireland	5.0	5.0	5.0
	Latvia	5.0	5.0	5.0
25	Japan	5.0	4.3	4.7
26	Italy	4.0	5.0	4.5
	Portugal	5.0	4.0	4.5
28	Israel	5.0	3.7	4.3
29	Hungary	4.0	3.3	3.7
30	Poland	4.0	3.0	3.5

Unit: Score.

Source and metadata:
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Governance
Indicators

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of the institutional frameworks necessary for fostering anticipatory innovation.

In contrast, Hungary under Viktor Orbán and Poland under Mateusz Morawiecki have restructured strategic planning bodies primarily to influence public opinion and consolidate their political base rather than addressing policy challenges through strategic foresight and planning.

While **Finland** hosts a foresight unit within the PMO, its strategic planning processes reveal limited integration of scenario analysis or consideration of multiple futures. Planning often remains linear, focusing on singular trajectories rather than preparing for diverse potential outcomes. Experimental techniques are rarely employed prior to the implementation of policy measures. Projects impacting government operations, such as those related to open government, knowledge management and digital transformation, often fall short of their goals due to execution challenges and misaligned strategies. Moreover, securing sufficient financial resources to sustain these activities over the long term remains a challenge, affecting their viability and longevity (see Hiilamo et al. 2024).

Analytical competence

An analysis of the indicators used to evaluate the effectiveness of tools and methodologies for analytical competence reveals that at least 19 of the 30 OECD and EU governments assessed could benefit from strategies aimed at improving both ex ante and ex post policy evaluations.

In **Denmark**, public policy adjustments are frequently guided by policy evaluations and sustainability assessments. In line with the long-standing tradition of transparency in the public sector, regulatory impact assessments are made publicly available. When these assessments indicate that a particular policy is not achieving the anticipated outcomes, amendments are typically introduced. However, the speed of these adjustments

often depends on the level of public attention and scrutiny the issue garners (see Klemmensen et al. 2024).

Governing with foresight

The performance across the three SGI categories – coordination, consensus-building and sensemaking – highlights a critical need for OECD and EU countries to invest more in assessing whether their political-administrative tools, structures and procedures effectively promote efficiency, effectiveness transparency and long-term strategic thinking. Denmark and Finland have made notable progress in strengthening anticipatory governing arrangements (see figure 33).

FIGURE 33 Governing with foresight

Rank	Country	Coordination	Consensus-Building	Sensemaking	Ø
1	Denmark	8.2	8.1	8.7	8.3
	Finland	8.4	8.2	8.2	8.3
3	Sweden	7.5	8.2	7.8	7.9
4	New Zealand	8.3	7.6	7.5	7.8
5	Norway	8.0	8.0	7.0	7.7
6	Germany	7.5	8.0	6.7	7.4
7	Estonia	7.5	6.7	7.5	7.2
8	Switzerland	7.3	8.1	6.0	7.1
	United Kingdom	6.4	7.4	7.3	7.1
10	Canada	6.3	7.6	7.2	7.0
11	Australia	7.8	7.0	6.0	6.9
	Spain	7.3	7.1	6.3	6.9
	United States	5.3	8.2	7.2	6.9
14	Lithuania	7.5	7.4	5.5	6.8
15	Slovenia	7.4	7.4	5.3	6.7
16	Czechia	7.3	6.7	6.0	6.6
17	Austria	6.8	6.6	6.3	6.5
–	Average	6.8	6.7	6.0	6.5
18	Netherlands	5.8	7.3	6.2	6.4
19	Belgium	6.8	6.8	5.3	6.3
	France	7.3	6.1	5.3	6.3
	Latvia	7.5	6.4	5.0	6.3
22	Greece	6.5	5.9	5.3	5.9
	Ireland	5.6	7.0	5.0	5.9
	Japan	7.1	6.0	4.7	5.9
25	Portugal	7.0	6.0	4.5	5.8
26	Israel	5.6	6.4	4.3	5.5
27	Italy	6.5	4.8	4.5	5.3
28	Poland	5.3	4.1	3.5	4.3
29	Hungary	5.9	2.9	3.7	4.2
	Slovakia	3.3	4.1	5.2	4.2

Unit: Score.

Source and metadata:
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However, the following priorities remain high on the agenda for most OECD and EU countries surveyed:

- Overcoming silo thinking: Addressing fragmented approaches within individual governmental departments to improve coherence and collaboration.
- Strengthening multilevel governance: Fostering effective collaboration between national decision-makers and regional and local governments to enhance public service delivery.
- Encouraging stakeholder participation: Creating a political environment that actively promotes the involvement of civil society organizations and academia in policymaking processes.
- Promoting government transparency: Publishing official data and information in ways that empower citizens to hold governments accountable.
- Integrating strategic foresight: Embedding long-term, evidence-based foresight into routine ministerial operations.
- Improving policy evaluations: Enhancing executive capacities for conducting high-quality ex-post and ex-ante evaluations of policy effectiveness.

The quality of the governing process is essential for establishing legitimacy and public trust. Equally important is the degree to which economic, social, and environmental policies address sustainability challenges – an area that will be the focus of the next section.

Sustainable policymaking: overall trends

Through our “Sustainable Policymaking” dimension, we examine governments’ tangible policy performance, analyzing the extent to which key areas of economic, social and environmental policy address the collective challenges of sustainability. In assessing policy performance, we employ a dual approach: quantitative metrics are used to track historical policy outcomes, identifying both progress and areas in need of reform. Simultaneously, qualitative metrics – derived from context-specific assessments by SGI country experts – evaluate the ambition and policy direction of governments’ reform efforts in addressing economic, social and environmental sustainability challenges.

1. Economic sustainability

Through our “economic sustainability” category, we assess the extent to which governments succeed in aligning various aspects of economic policy with the principles of sustainability. We use eight SGI criteria to assess the sustainability of policy solutions:

1. **Circular economy:** To what extent does the government establish effective conditions and regulations for transitioning to resource-efficient and carbon-neutral production methods?
2. **Viable critical infrastructure:** To what extent does economic policy support the development and maintenance of viable and resilient critical infrastructures?
3. **Decarbonized energy system:** To what extent does the government create the conditions conducive to achieving a fully decarbonized energy system by 2050?
4. **Adaptive labor markets:** To what extent do labor market institutions succeed in creating inclusive and adaptive labor markets while mitigating labor market risks?

5. **Sustainable taxation:** How effective are tax institutions and procedures in supporting adequate tax revenue flows, considering equity, minimizing compliance and collection costs, and internalizing externalities?
6. **Sustainable budgeting:** How effectively do budgetary institutions and procedures ensure fiscal resilience and set priorities that promote long-term well-being?
7. **Sustainability-oriented research and innovation:** To what extent do research and innovation policies facilitate the transition to a sustainable economy and society?
8. **Stable global financial system:** How do financial regulations and the government’s international activities contribute to the effective oversight and regulation of the global financial system?

1.1 Economic sustainability: past policy outcomes

An analysis of historical policy outcomes shows that even the most advanced wealthy democracies do not demonstrate consistent progress across all examined areas of economic sustainability. For instance, pioneering countries such as Denmark, Finland and Switzerland still need to establish more favorable conditions for transitioning to a circular economy. Furthermore, a total of 27 countries exhibit significant deficiencies in at least one of the eight criteria for economic sustainability, as reflected in scores of 5.5 or lower. Greece and Italy, in particular, face substantial challenges in transforming their economic models toward greater sustainability (see figure 34).

Average scores across all criteria indicate substantial progress in maintaining a stable and transparent global financial system. Additionally, countries have made significant advancements in developing adaptive and inclusive labor markets that are resilient to shocks and risks (see figure 34).

FIGURE 34 Economic sustainability: past policy outcomes

Rank	Country	Circular Economy	Critical Infrastructure	Decarbonized Energy System	Adaptive Labor Markets	Sustainable Taxation	Sustainable Budgeting	Research & Innovation	Stable Global Financial System	Ø
1	Denmark	6.1	7.7	8.0	8.0	6.6	7.6	10	8.4	7.8
2	Finland	5.3	7.8	7.5	7.3	6.7	5.7	10	7.0	7.2
3	Switzerland	6.2	8.6	6.8	8.1	5.3	7.6	6.4	7.8	7.1
4	Germany	7.6	7.0	5.6	8.0	5.4	5.9	9.0	7.5	7.0
	Sweden	6.4	6.9	6.7	7.4	6.0	8.0	6.7	8.2	7.0
6	Netherlands	5.9	8.2	5.8	8.6	5.6	6.8	6.2	7.2	6.8
7	Estonia	5.5	7.0	6.4	7.2	5.6	8.9	3.8	8.6	6.6
	Norway	5.5	6.3	6.9	8.2	4.7	7.2	5.6	8.3	6.6
9	Austria	6.4	6.4	6.4	7.6	5.9	5.2	6.6	7.4	6.5
	Japan	6.6	8.0	5.0	8.0	4.5	4.6	8.8	6.6	6.5
11	Czechia	6.6	6.1	5.5	7.4	5.4	7.8	2.4	8.5	6.2
	Ireland	5.3	5.9	6.0	7.5	8.0	6.9	2.3	8.0	6.2
	United Kingdom	6.8	6.6	6.1	7.5	6.4	4.8	5.2	6.0	6.2
—	Average	6.1	6.4	6.0	7.2	5.7	6.1	4.6	7.4	6.2
14	Slovenia	6.7	5.5	6.1	7.7	6.0	6.6	2.5	8.1	6.1
15	Australia	4.6	5.9	4.4	7.6	6.8	7.3	4.6	7.2	6.0
	France	7.3	7.5	5.5	6.9	5.2	4.5	5.3	6.1	6.0
	Latvia	5.8	5.6	7.7	6.8	5.0	7.4	1.7	7.8	6.0
	Lithuania	5.0	6.8	6.1	7.0	5.3	7.9	1.3	8.6	6.0
	Poland	6.9	5.2	6.0	7.4	5.6	7.3	1.7	8.0	6.0
20	Israel	3.6	5.9	5.2	7.8	5.0	6.7	5.4	7.5	5.9
21	New Zealand	3.6	4.6	5.8	8.1	6.6	7.1	3.6	6.9	5.8
	Portugal	7.4	6.3	7.4	6.6	5.6	4.7	1.7	7.0	5.8
	Slovakia	6.8	5.0	6.6	6.5	5.2	7.0	1.3	8.1	5.8
24	Hungary	7.3	4.6	5.7	7.0	5.2	5.8	3.1	7.3	5.7
25	Belgium	5.6	5.8	5.2	6.9	5.4	4.0	4.5	7.5	5.6
	Spain	7.5	7.1	6.4	4.8	5.6	4.3	2.7	6.3	5.6
	United States	4.6	7.4	3.6	7.5	5.0	3.9	7.3	5.8	5.6
28	Canada	4.3	7.0	3.5	7.5	6.3	4.8	3.2	7.2	5.5
29	Italy	7.7	4.6	6.0	4.9	3.7	3.6	3.9	6.9	5.2
30	Greece	6.8	4.4	6.1	4.2	6.1	2.7	1.4	5.2	4.6

Unit: Score.

Source and metadata:
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Conversely, historical policy outcomes suggest that many countries have yet to develop an innovation system that effectively leverages research and technological advancements as drivers of a sustainable economy.

A review of the G7 countries reveals varied outcomes from past policies. Germany and Japan have made notable progress in creating adaptive and inclusive labor markets and in developing innovation systems geared toward sustainability. However, both countries continue to face challenges in decarbonizing their energy systems and strengthening budgetary and fiscal institutions to ensure long-term sustainability. Similarly, the United Kingdom, France, the United States, Canada, and Italy must address the climate-neutral transformation of their energy systems and enhance budgetary

institutions and procedures to ensure fiscal resilience, as indicated by persistently high levels of government debt.

1.2 Economic sustainability: policy ambition and direction

A comparative analysis of ambition levels and policy coherence in national economic policy frameworks, based on SGI country reports, indicates that even the most advanced wealthy democracies do not consistently exhibit strong ambition across all examined areas of economic sustainability. Based on their average scores across the eight criteria, Denmark, Finland, Sweden, Norway, Germany, Spain and Switzerland have demonstrated the strongest alignment of economic

policies with sustainability objectives during the review period. Conversely, Hungary, Israel, Poland, and Slovakia have shown the lowest level of commitment to transforming their economic policies (see figure 35).

Among the states lagging in policy outcomes, only a few have demonstrated a clear commitment to improving their performance. This underscores the critical role of leading nations in continuing their reform efforts and setting a benchmark for others. Notably, during the review period, the governments of Spain and the United States have exhibited significant ambition in closing the gap between their policy outcomes and those of pioneering countries (see figure 35).

Critical infrastructure: Switzerland sets the standard

Updating and protecting critical infrastructure are essential for maintaining vital economic and societal functions. While updating involves modernizing and adapting infrastructure to ensure long-term functionality, protection focuses on identifying vulnerabilities in critical infrastructure and enhancing its resilience, recovery, and restoration capacity to guard against disruptions or destruction caused by natural disasters, criminal activity or terrorism.

Israel and Slovakia have significant untapped potential in developing policy strategies for updating and protecting critical infrastructure. In contrast, countries such as Switzerland and Finland have undertaken sub-

FIGURE 35 Economic sustainability: policy ambition and direction

Rank	Country	Circular Economy	Critical Infrastructure	Decarbonized Energy System	Adaptive Labor Markets	Sustainable Taxation	Sustainable Budgeting	Research & Innovation	Stable Global Financial System	Ø
1	Denmark	7.0	8.0	8.0	9.0	8.0	9.0	8.0	9.0	8.3
2	Finland	9.0	9.0	9.0	8.0	7.8	7.0	8.0	8.0	8.2
3	Sweden	9.0	7.0	8.0	7.7	8.3	9.0	7.0	9.0	8.1
4	Norway	6.0	6.0	7.0	8.7	8.5	9.0	9.0	9.0	7.9
5	Germany	7.0	8.0	8.0	8.0	6.5	8.0	9.0	8.0	7.8
6	Spain	7.0	8.0	9.0	7.3	6.5	8.0	8.0	7.0	7.6
	Switzerland	5.0	10	8.0	8.7	6.3	9.0	7.0	7.0	7.6
8	Estonia	8.0	7.0	7.0	7.3	6.5	7.0	8.0	8.0	7.4
	United Kingdom	8.0	6.0	8.0	7.0	7.0	6.0	9.0	8.0	7.4
10	Lithuania	6.0	8.0	8.0	7.0	6.5	8.0	7.0	8.0	7.3
11	Austria	7.0	7.0	7.0	7.3	7.3	7.0	9.0	6.0	7.2
	France	7.0	8.0	9.0	6.3	7.3	4.0	7.0	9.0	7.2
13	Slovenia	7.0	6.0	8.0	8.0	6.8	7.0	6.0	8.0	7.1
14	United States	7.0	8.0	8.0	5.7	5.0	5.0	9.0	8.0	7.0
15	Czechia	7.0	7.0	6.0	7.3	6.8	6.0	7.0	8.0	6.9
	Latvia	8.0	7.0	8.0	6.3	5.8	7.0	5.0	8.0	6.9
17	New Zealand	6.0	6.0	7.0	6.7	7.5	8.0	6.0	7.0	6.8
—	Average	6.3	7.0	6.9	6.8	6.4	6.5	6.6	7.1	6.7
18	Netherlands	5.0	7.0	8.0	6.7	5.8	7.0	7.0	6.0	6.6
19	Belgium	8.0	7.0	5.0	7.0	5.5	5.0	7.0	7.0	6.4
	Portugal	5.0	7.0	8.0	6.7	5.5	7.0	5.0	7.0	6.4
21	Ireland	5.0	7.0	6.0	6.7	7.0	6.0	6.0	6.0	6.2
22	Canada	4.0	7.0	5.0	6.7	6.8	7.0	4.0	8.0	6.1
23	Australia	4.0	6.0	6.0	7.0	5.5	6.0	4.0	8.0	5.8
	Greece	6.0	7.0	8.0	4.7	5.5	6.0	4.0	5.0	5.8
	Italy	8.0	6.0	5.0	5.3	5.0	6.0	6.0	5.0	5.8
	Japan	7.0	8.0	4.0	5.7	5.5	3.0	7.0	6.0	5.8
27	Slovakia	5.0	5.0	5.0	6.3	4.5	4.0	5.0	7.0	5.2
28	Poland	5.0	6.0	4.0	6.3	5.8	5.0	4.0	5.0	5.1
29	Israel	3.0	5.0	4.0	5.3	6.8	5.0	5.0	6.0	5.0
30	Hungary	4.0	6.0	5.0	4.7	5.3	4.0	4.0	3.0	4.5

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

stantial measures to enhance the resilience of their critical infrastructure.

In **Switzerland**, the Federal Council adopted a revised version of the National Strategy for Critical Infrastructure Protection in 2023, defining overarching goals and principles of action for all relevant stakeholders. The strategy outlines eight measures to improve the resilience of critical infrastructure, including requiring supervisory and regulatory authorities to assess all sectors for the risk of major supply disruptions and implement mitigation measures. The implementation of the strategy is monitored by the Federal Council's Energy, Environment and Infrastructure Delegation. The Federal Office for Civil Protection is responsible for coordinating the strategy's execution in collaboration with critical infrastructure operators, supervisory and regulatory authorities across various sectors, and the cantons (see Sager et al. 2024).

Adaptive labor markets: the Danish example

Preparing labor markets for future challenges requires the establishment of institutions that (1) balance supply and demand in the labor market and prepare it for evolving challenges in a rapidly changing economy, (2) prevent labor market exclusion, and (3) protect individuals against labor market risks.

Hungary, Greece, Italy, and Israel still have significant progress to make in formulating and implementing labor market policies that promote adaptability, inclusivity, and risk mitigation. In contrast, labor market policies in Denmark, Norway and Switzerland appear to be more effectively aligned with the challenges of the future labor market.

Denmark's flexicurity model combines flexible hiring and firing regulations with a strong social safety net and active labor market policies to facilitate the reintegration of unemployed individuals into the workforce. The Danish labor market emphasizes job-relevant education, requiring unemployed individuals to either apply for jobs or participate in educational programs, with noncompliance resulting in sanctions. Educational initiatives are negotiated among labor unions, employer associations and the state, with a particular focus on skills related to the green transition and IT sector demands. Recent reforms aim to improve access to university education for non-traditional students and

restructure 10% of master's degree programs, reducing their duration from two years to one year and three months. Additionally, new part-time master's programs will integrate employment and academic studies to better align with labor market needs.

Sustainable taxation: Nordic countries lead the way

Sustainable taxation requires effective institutions and procedures that (1) support adequate tax revenue flows, (2) target tax equity, (3) minimize compliance costs, and (4) internalize both negative and positive externalities.

Countries such as Slovakia, the United States and Hungary could take further steps to align their national tax systems with sustainability requirements. Italy's tax policies would also benefit from improved alignment with all four fiscal sustainability goals. Specifically, the country must address persistent challenges such as high levels of tax evasion, the size of the informal economy, and the unequal distribution of the tax burden (see Capano et al. 2024). Considering all four sustainable taxation criteria, Norway has made notable progress in aligning its tax system with sustainability principles during the review period. However, Norway benefits from particularly favorable conditions for tax policy transformation. Taxes on income and consumption account for only half of total public sector revenue, with the remaining half derived from taxes on natural resource extraction (oil and gas) and returns from global financial investments through the Government Pension Fund Global (see Hagen et al.). Nonetheless, the other Nordic nations – Sweden, Denmark and Finland – have also made considerable progress in reforming their tax systems during the review period.

Sweden's tax system is highly efficient and digitalized, with tax matters managed by the Swedish Tax Agency and the Swedish Economic Crime Authority. Corporate taxes in Sweden remain relatively low compared to those in other countries (see Petridou et al. 2024). A distinguishing feature of **Denmark's** tax system is its highly redistributive and progressive structure, making Denmark one of the most equal countries in the world. However, a series of tax reforms over the years have aimed to reduce tax distortions by broadening the tax base and lowering marginal tax rates. Recent initiatives include earned-income tax incentives and preferential taxation – along with subsidies – for individuals who postpone retirement. A recent reform designed to

strengthen work incentives also introduced a higher marginal tax rate for the wealthiest individuals (see Klemmensen et al. 2024). Additionally, the **Finnish** government has addressed disincentives within the tax system that may discourage individuals from seeking employment and companies from making investments during the review period (see Hiilamo et al. 2024).

Sustainable budgeting: Denmark, Sweden, Norway and Switzerland at the forefront

Sustainable budgeting entails three primary components: (1) establishing budgetary rules that ensure fiscal resilience, (2) implementing budgetary procedures that promote transparency, and (3) setting budgetary priorities that reflect long-term well-being. During the review period, aligning budgetary institutions and policies with the principles of sustainable budgeting was not a key policy priority in Japan, Slovakia, Hungary, France, the United States, Poland, Israel and Belgium. In contrast, Denmark, Norway, Sweden and Switzerland have made significant progress in this area.

In **Denmark**, governments regularly present 10-year plans to assess budgetary sustainability. Reforms aimed at increasing the employment rate and raising the retirement age have contributed to stabilizing public finances. The structural budget deficit is capped at 1% of GDP under the 2014 budgetary law, with exceptions permitted during crises to ensure the government's fiscal capacity to act. The law requires the minister of finance to negotiate and set expenditure ceilings with representatives of the regions and municipalities, with sanctions imposed for exceeding these limits. Compliance with budgetary rules is reviewed annually by an independent economic council, which evaluates whether government spending remains within the designated limits and assesses its impact on medium- and long-term debt sustainability. Furthermore, the council determines the extent to which government spending can be justified under "exceptional circumstances," such as economic crises (see Klemmensen et al. 2024).

Sustainability-oriented research and innovation: Germany and Norway

During the review period, the governments of Norway, Germany, the United Kingdom, Austria, and the United States demonstrated a clear commitment to leveraging research and innovation as key drivers of the transition

to a sustainable economy and society. In contrast, the efforts of Latvia, Portugal, Canada, Australia, Greece, Slovakia, Poland, Israel and Hungary were less focused on utilizing their national research and innovation systems for a sustainable transition.

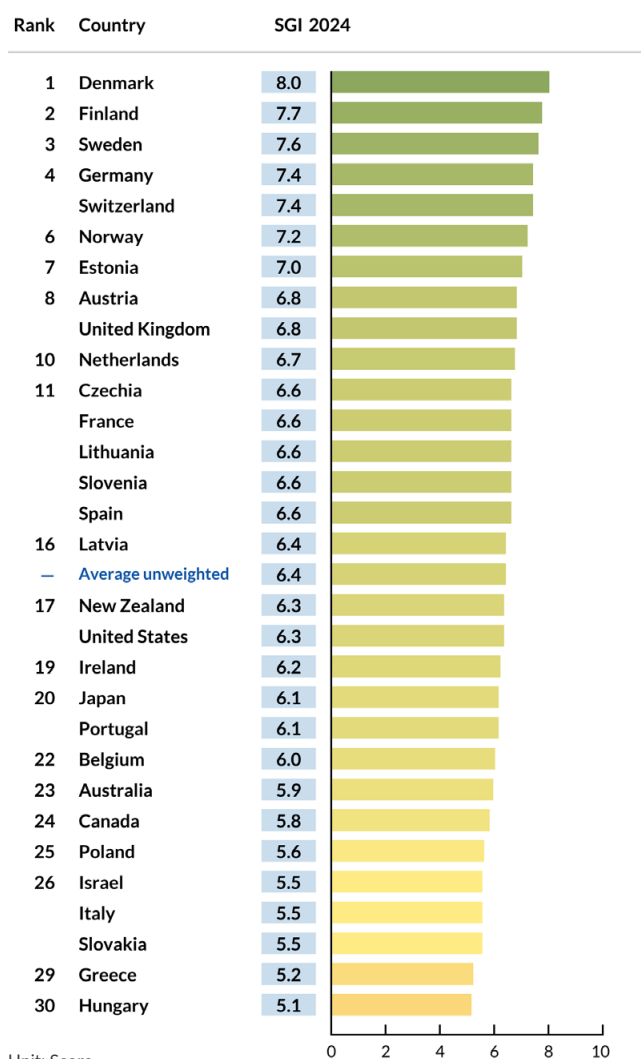
As part of the Strategy for Research and Sustainability, published at the end of 2020, **Germany's** Federal Ministry of Education and Research (BMBF) aligned funding for climate protection and sustainability with the United Nations 2030 Agenda. The strategy outlines three strategic goals and eight priority fields of action, with specific measures to achieve these objectives, including the introduction of green hydrogen. To further promote research and development, the government launched a tax incentive for R&D activities in 2020. R&D personnel expenditures are subsidized with a 25% tax allowance, which can be claimed up to a maximum of two million euros and is paid out if the company is operating at a deficit. Although responsibility for funding science and research is shared between the federal government and the federal states, two coordinating and advisory bodies – the Joint Science Conference and the Science Council – ensure strategic alignment. Progress in research and innovation policy and its outcomes are continuously monitored by the federal government and summarized in a federal report. Additionally, an annual evaluation is conducted by the independent Expert Commission for Research and Innovation. Agencies and research associations receiving public research funding are also subject to continuous oversight through audits by the state and federal audit offices, as well as performance-related reporting obligations to their funders (see Heinemann et al. 2024).

Norway's long-term plan for research and higher education (2023 – 2032) aims to allocate 4% of GDP to research and development. The plan is built around three main goals designed to support the transformation toward an ecologically sustainable welfare society: enhancing national competitiveness and innovation, ensuring sustainability and maintaining high-quality, accessible education. Six priority areas have been identified: ocean-related ecosystems and food production; health and quality of life; climate and energy; sustainable new technologies; security and crisis preparedness; and social trust and cohesion (see Hagen et al. 2024).

1.3 Economic sustainability: overall policy performance

Considering both historical achievements and current policy strategies, Denmark, Finland and Sweden have made significant progress in driving economic transformation. In contrast, Hungary and Greece must substantially strengthen their efforts to align economic policies with sustainability requirements.

FIGURE 36 Economic sustainability: overall policy performance



Source and metadata:
www.sgi-network.org/2024/
 Survey_Structure.

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2. Social sustainability

Through our “social sustainability” category, we assess the extent to which governments succeed in aligning various areas of social policy with sustainability require-

ments. Eight SGI criteria are used to evaluate the sustainability of policy solutions:

- Sustainable education system:** To what extent do education policies facilitate high-quality education and training while promoting equitable access to the education system?
- Sustainable institutions supporting basic human needs:** To what extent do existing policies and institutions ensure equal access to essential public services and basic income support to meet fundamental human needs?
- Sustainable healthcare system:** To what extent does health policy succeed in delivering high-quality healthcare and ensuring equitable access to the health system?
- Gender equality:** How effectively do policies and regulations promote gender equality in all respects?
- Strong families:** To what extent does the current system effectively recognize and value unpaid family work to assist individuals in achieving their desired work-life balance?
- Sustainable pension system:** How effectively does the current policy framework prevent poverty among senior citizens and promote intergenerational equity?
- Sustainable inclusion of migrants:** How effectively do political measures and initiatives facilitate the integration of migrants into society and the labor market?
- Effective capacity-building for global poverty reduction:** To what extent does national development cooperation effectively contribute to capacity-building for poverty reduction and the provision of social benefits in low- and middle-income countries?

2.1 Social sustainability: policy outcomes

An analysis of historical policy outcomes indicates that even the most advanced wealthy democracies have not demonstrated consistent progress across all examined areas of social sustainability. This highlights the chal-

allenges associated with transforming economic and social policies in advanced welfare states, given their institutional rigidity. Furthermore, a total of 27 countries exhibit significant deficiencies in at least one of the eight criteria for social sustainability, as reflected in scores of 5.5 or lower.

The welfare states of Denmark and Norway have shown notable progress in past policy outcomes. In contrast, Slovakia, the United States, Latvia, Hungary, Israel, Greece, and Estonia continue to face significant challenges in transforming their welfare state models into more sustainable systems (see figure 37).

An analysis of average score values and the distribution of scores for policy outcomes across all social sustainability criteria reveals notable progress in integrating migrants into society and the labor market. However, historical policy outcomes suggest that most countries have yet to develop sustainable policy solutions to ensure equal access to essential public services and basic income support to meet fundamental human needs, as well as to contribute effectively to global poverty reduction (see figure 37).

FIGURE 37 Social sustainability: past policy outcomes

Rank	Country	Education System	Safeguarding Basic Human Needs	Sustainable Health System	Gender Equality	Strong Families	Sustainable Pension System	Migrant Inclusion	Global Poverty Reduction	Ø
1	Denmark	6.5	7.5	6.4	7.8	8.5	8.3	8.0	7.6	7.6
	Norway	6.2	5.3	7.4	8.2	8.2	8.5	6.8	10	7.6
3	Ireland	7.2	6.4	6.6	7.2	6.5	7.7	8.1	6.9	7.1
	Netherlands	5.7	7.8	6.4	7.9	8.4	7.7	6.5	6.8	7.1
	Sweden	6.3	5.3	7.0	7.9	7.5	7.7	5.9	9.1	7.1
6	Belgium	5.2	7.5	6.5	8.6	8.2	6.9	6.7	4.9	6.8
7	Finland	6.5	6.2	6.5	6.6	7.6	8.0	6.1	5.6	6.6
8	Germany	5.3	5.2	7.1	7.5	5.9	7.0	5.6	8.0	6.5
	United Kingdom	6.4	4.9	5.8	7.7	7.2	5.6	7.9	6.1	6.5
10	France	4.8	5.8	6.3	7.7	7.4	6.9	6.9	5.4	6.4
11	Austria	5.5	6.0	7.3	8.4	5.8	6.1	6.8	4.4	6.3
12	New Zealand	5.9	6.4	6.5	8.5	6.0	5.8	7.1	3.7	6.2
	Spain	5.3	6.1	6.3	8.4	6.6	6.2	7.6	3.1	6.2
	Switzerland	6.0	5.8	7.0	7.9	4.1	5.6	7.0	6.3	6.2
15	Japan	7.5	5.3	6.5	5.6	6.8	5.3	7.1	4.9	6.1
	Slovenia	5.9	5.7	6.1	6.1	8.0	6.1	7.3	3.1	6.1
—	Average	5.8	5.4	6.1	7.0	6.3	6.3	7.5	4.6	6.1
17	Australia	6.5	6.2	7.0	7.4	6.0	4.2	8.2	2.7	6.0
	Canada	7.6	5.1	6.1	6.6	3.8	5.5	9.0	4.4	6.0
19	Italy	4.6	5.4	6.5	7.3	6.3	6.1	7.3	3.4	5.8
20	Czechia	5.5	4.7	5.8	6.3	4.8	8.0	7.8	3.1	5.7
21	Lithuania	5.7	5.1	4.4	6.2	5.8	4.9	9.4	3.5	5.6
	Poland	6.2	4.3	5.3	6.3	4.5	6.5	7.7	4.0	5.6
	Portugal	4.7	4.3	5.8	7.2	6.5	6.8	6.5	2.7	5.6
24	Estonia	7.1	4.2	4.9	4.2	6.8	4.4	8.1	3.5	5.4
	Greece	4.3	4.5	5.8	7.1	5.5	6.2	7.2	2.2	5.4
26	Israel	4.5	5.9	6.0	5.8	6.5	4.9	7.6	1.6	5.3
27	Hungary	4.6	3.4	4.3	5.2	6.0	7.3	8.4	2.3	5.2
	Latvia	6.3	3.7	3.6	4.5	6.7	4.2	9.0	3.9	5.2
29	United States	6.2	3.9	5.6	6.7	3.0	3.9	8.2	3.1	5.1
30	Slovakia	3.9	3.5	5.1	5.8	3.0	7.6	8.0	2.2	4.9

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

FIGURE 38 Social sustainability: policy ambition and direction

Rank	Country	Education System	Safeguarding Basic Human Needs	Sustainable Health System	Gender Equality	Strong Families	Sustainable Pension System	Migrant Inclusion	Global Poverty Reduction	Ø
1	Norway	8.5	9.0	7.7	9.0	9.0	9.0	8.0	9.0	8.6
2	Denmark	8.5	9.0	7.7	9.0	9.0	9.0	8.0	8.0	8.5
3	Sweden	8.0	8.5	8.0	9.0	9.0	8.0	7.0	9.0	8.3
4	Finland	8.0	8.5	7.3	9.0	9.0	9.0	6.0	8.0	8.1
5	Germany	7.0	7.5	8.3	8.0	8.0	6.5	7.0	9.0	7.7
6	Canada	9.5	5.5	7.7	7.0	7.0	8.0	7.0	8.0	7.5
	Spain	7.0	7.0	7.0	9.0	8.0	7.0	8.0	7.0	7.5
8	France	6.5	7.0	7.3	9.0	9.0	7.0	6.0	7.0	7.4
	Slovenia	8.0	8.5	5.7	8.0	9.0	7.0	6.0	7.0	7.4
10	Belgium	7.0	8.5	7.3	9.0	8.0	7.0	5.0	5.0	7.1
11	Lithuania	7.0	6.5	6.0	8.0	7.0	6.0	7.0	8.0	6.9
	United Kingdom	7.0	6.0	6.0	8.0	6.0	7.0	7.0	8.0	6.9
13	Australia	5.5	6.0	6.7	7.0	7.0	8.0	8.0	6.0	6.8
	Czechia	7.5	7.5	7.3	6.0	6.0	7.0	8.0	5.0	6.8
15	Latvia	7.0	5.5	5.3	8.0	8.0	6.0	7.0	7.0	6.7
	New Zealand	6.5	6.5	6.7	8.0	6.0	7.0	8.0	5.0	6.7
	Portugal	5.5	6.0	6.7	7.0	7.0	6.5	9.0	6.0	6.7
18	Estonia	7.5	6.5	6.0	6.0	7.0	5.0	7.0	8.0	6.6
—	Average	6.8	6.5	6.5	6.8	6.9	6.5	6.2	6.7	6.6
19	Austria	7.0	8.5	6.3	7.0	7.0	6.0	5.0	5.0	6.5
20	Ireland	7.0	7.0	6.3	6.0	7.0	5.5	5.0	7.0	6.4
	Switzerland	7.0	7.0	7.3	6.0	4.0	7.0	6.0	7.0	6.4
22	Netherlands	7.0	5.5	6.3	6.0	6.0	7.0	5.0	6.0	6.1
23	Japan	7.5	5.5	7.3	5.0	5.0	5.5	3.0	7.0	5.7
24	Italy	6.0	5.5	6.7	6.0	5.0	5.0	5.0	6.0	5.6
25	Greece	5.0	5.5	5.3	6.0	6.0	5.0	5.0	5.0	5.4
26	Israel	5.5	4.0	7.3	3.0	6.0	4.5	7.0	5.0	5.3
27	Poland	6.0	6.0	4.3	3.0	6.0	5.5	4.0	7.0	5.2
	United States	5.0	3.5	4.3	6.0	5.0	5.5	6.0	6.0	5.2
29	Slovakia	4.0	4.0	5.0	3.0	6.0	4.5	4.0	4.0	4.3
30	Hungary	4.0	4.0	3.3	3.0	5.0	4.5	2.0	5.0	3.9

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

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2.2 Social sustainability: policy ambition and direction

A comparative analysis of ambition levels and policy coherence in national social policy frameworks, based on SGI country reports, indicates that even the most advanced wealthy democracies do not consistently exhibit high ambition across all areas of social sustainability. For example, leading countries such as Norway and Denmark have shown varying levels of policy effort in ensuring high-quality healthcare and equitable access to the health system (see figure 38).

Future-oriented welfare states capable of implementing social policies that integrate and balance sustain-

ability, empowerment and protection are essential for a successful economic transformation. During the review period, the governments of Hungary, Slovakia, the United States, Poland, Israel and Greece made only limited progress in aligning their social policies with sustainability requirements.

Sustainable education: the cases of Norway and Denmark

Slovakia, Hungary, the United States, and Greece have significant untapped potential in aligning their education policies and regulations with the goal of ensuring high-quality education and training while providing equal access to the education system. In contrast,

Canada, Norway and Denmark have made substantial progress in this area.

In **Norway**, skill needs in the economy are regularly assessed, and colleges and universities are incentivized to align their programs with private and public sector demands. The Norwegian Agency for Quality Assurance in Education (NOKUT) has been responsible for monitoring higher education quality since 2003. The 2023 White Paper “Utsynsmeldingen” outlines four key goals: ensuring skills for a competitive economy, supporting the green transition, maintaining welfare services, and reducing workforce exclusion (Hagen et al. 2024).

Denmark’s education system is undergoing structural changes in response to concerns over the high number of students entering university programs. A recent reform shortens the duration of some master’s programs from two years to 1.25 years and introduces stricter admissions criteria. Additionally, a newly established MA council will monitor labor market demands and recommend adjustments to student enrollment in various fields. Savings from reduced university expenditures will be redirected toward vocational training, nursing education, and other welfare state professions (Klemmensen et al. 2024).

Meeting basic human needs: the cases of Belgium and Denmark

A sustainable system of essential public services and basic income support should guarantee support levels that enable everyone in society to meet their basic needs. In the United States, Slovakia, Israel and Hungary, existing public services and basic income support systems are largely incompatible with this goal. In contrast, the governments of Denmark and Belgium have made significant progress in ensuring equal access to high-quality services and providing basic income support for those in need. However, these cases also highlight potential tensions between safeguarding basic human needs and maintaining incentives to work.

In **Belgium**, universal access to public goods is a key component of public policy. Public goods are provided either free of charge or at reduced costs for low-income populations, with substantial social transfers in kind (STiKs) allocated to retirees. Electricity providers are required to offer a “social tariff,” and public trans-

portation is heavily subsidized for schoolchildren and retirees or provided free of charge to the most vulnerable populations. Additionally, the government allocates significant funding to higher education to ensure it remains relatively accessible and affordable for all citizens. However, these means-tested STiKs and social assistance programs have raised concerns about potential work disincentives (see Castanheira et al. 2024).

Denmark’s welfare state offers a robust social safety net, resulting in low poverty and income inequality. Social assistance is needs- and means-tested, including basic transfers and supplements such as housing aid. The system also provides free education, healthcare and elder care. Recent reforms emphasize employment and work incentives, prioritizing the development of individuals’ work capabilities. Eligibility requires nine of the last ten years of residence and 2.5 years of full-time work within the past decade. There is a cap on total support, which includes social assistance, housing and child supplements. Immigrants who do not meet the residence requirement receive the lower introduction benefit. Moreover, municipalities are legally required to inform citizens of their rights to access essential services and basic income support. This information is easily accessible, and citizens can apply for assistance via online systems. Furthermore, municipalities and other public institutions provide assistance to elderly citizens in navigating digital access to municipal and public services through the online platform MitID (Klemmensen et al. 2024).

Sustainable health system: the German example

Hungary, Poland, the United States, Slovakia, Greece and Latvia possess significant untapped potential to align their health policies and regulations with the objective of establishing a resilient healthcare system that ensures high-quality care and equitable access to services. Conversely, Germany and Sweden have made noteworthy progress in this area.

To improve hospital treatment quality and ensure nationwide access to healthcare services despite shortages of medical and nursing staff, the **German** government implemented the Hospital Care Improvement Law in 2024. A key aspect of the reform is the restructuring of hospital financing. While hospital funding was previously based on the number of patients treated, a signif-

icant portion of future funding will be allocated based on the provision of specific services. The reform aims to ensure that hospitals remain economically viable even with lower-than-anticipated patient numbers and that treatment decisions are driven by medical rather than financial considerations (Heinemann et al. 2024).

Promoting gender equality: Spain and Sweden lead the way

During the review period, the governments of Hungary, Israel, Poland and Slovakia made limited progress in promoting gender equality. In contrast, the Nordic countries, Spain, France and Belgium have demonstrated a strong commitment to developing policy strategies and regulatory frameworks aimed at advancing gender equality across various aspects of private and public life. These countries have also established effective mechanisms and institutions to coordinate policies, with progress toward gender equality objectives regularly monitored using key performance indicators.

The **Spanish** government's gender equality efforts are based on the III Strategic Plan for Effective Equality between Women and Men 2022–2025, adopted in March 2022. The plan aligns with the 2030 Agenda, the relevant Council of Europe conventions and the European Strategy for Equality between Women and Men 2020–2025. It is structured around four key action areas, and progress toward its strategic and specific goals is tracked through a comprehensive indicator system comprising 78 key metrics (see Kölling et al. 2024).

In **Sweden**, gender equality policy is structured around several key objectives: equal division of power and influence, economic gender equality, equal education, equal distribution of unpaid housework and caregiving, equal health and the elimination of men's violence against women. Gender equality efforts are coordinated by the Swedish Gender Equality Agency and mainstreamed across all government agencies, social institutions, county boards, regions, municipalities and universities. To combat men's violence against women, a ten-year national strategy was implemented in 2017, focusing on four key areas: expanded and more effective preventive measures against violence, improved detection of violence and stronger protection for women and children experiencing violence, more

effective crime prevention and enhanced knowledge and methodologies (see Petridou et al. 2024).

Strengthening families: insights from the Nordic countries, France and Slovenia

Hungary, Italy, Japan, the United States and Switzerland have significant untapped potential in fostering environments conducive to family well-being. In contrast, the Nordic countries and France have demonstrated a strong commitment during the review period to supporting individuals' decisions to start families by providing affordable childcare services, implementing parental leave policies that encourage shared household responsibilities, and providing various forms of financial assistance. In these countries, family support systems are characterized by generous maternity leave arrangements, paid leave for the care of sick children, universal access to affordable childcare, and regulatory measures designed to maintain families' economic stability.

In **Sweden**, in addition to the basic entitlement to maternity leave following childbirth, employees also have the right to maternity leave for breastfeeding. Each parent is entitled to 240 days of paid leave, with the first 195 days compensated at 77.6% of salary. A total of 90 days is reserved for each parent and cannot generally be transferred to the other parent. The family support system also includes paid leave to care for sick children and relatives. Employees further have the right to care for a close relative or friend with a significant health impairment for up to 100 days, with compensation amounting to approximately 80% of their salary (see Petridou et al. 2024).

In **France**, nursery schooling is mandatory from the age of three, and families who use home-based childcare pay reduced social contributions. Income tax calculations based on the family unit provide additional advantages, as non-working or lower-paid spouses and children reduce taxable income per capita. These policies have contributed to France maintaining one of the highest birth rates in Europe alongside a high employment rate for women (see Grossman et al. 2024).

In **Norway**, parental leave regulations are structured to encourage shared household responsibilities. Fathers are entitled to four months of parental leave with full pay, and the right to stay at home with a sick child is equally divided between both parents (see Hagen et al. 2024).

Sustainable pension system: Norway, Denmark and Finland lead the way

A sustainable pension system is defined by its ability to adequately protect older citizens from poverty, while ensuring that the financial contributions and benefits are equitably distributed across generations. The pension systems in Slovakia, Israel, Hungary, Italy and Estonia currently seemed to be neither aligned with the goal of poverty prevention nor with the goal of intergenerational equity. In contrast, Norway, Denmark and Finland appear to be better positioned to meet the requirements of old-age poverty prevention and intergenerational fairness.

To provide citizens with adequate income in old age, these three countries have adopted different approaches. While Denmark's pension system follows the World Bank's three-pillar model, occupational and private pensions play only a minor role in Finland. However, all three systems share the characteristic of providing individuals with interrupted or atypical employment histories with an income that generally protects them from poverty. In **Norway**, for example, the statutory minimum pension amounts to 60% of the median income of all full-time employees, and those in need can receive additional support through a means-tested benefit system (see Hagen et al. 2024). In addition to the state-guaranteed minimum pension, support benefits in **Finland** include a special housing benefit scheme for the elderly (see Hiilamo et al. 2024).

The pension systems in these three Nordic countries also ensure that individuals with health problems who are unable to work until the statutory retirement age receive adequate income support in old age. In Norway, for example, a disability pension provides approximately two-thirds of an individual's former income, regardless of years of employment (see Hagen et al. 2024). In Denmark, the pension system offers three options for individuals with health restrictions: a contributory early retirement scheme allowing beneficiaries to retire within a three-year window before the statutory retirement age, an old-age pension contingent on an assessment of work capacity, and a recently introduced early retirement scheme enabling individuals with long working careers to retire one to three years earlier (see Klemmensen et al. 2024).

To ensure the long-term financial stability of their pension systems despite aging populations, the governments of Norway, Denmark and Finland have implemented structural safeguards. In **Denmark**, the early retirement period has been reduced from five to three years, and the statutory retirement age has been linked to life expectancy at age 60, thereby reducing the average length of pension entitlement. Additionally, the statutory retirement age increases every five years with a lead time of 15 years. To incentivize later retirement, tax system reforms have been introduced, including a senior premium for individuals working beyond the statutory retirement age, revisions to means-testing for pensions to reduce dependence on a partner's income, and an earned-income tax credit for seniors (see Klemmensen et al. 2024).

Sustainable inclusion of migrants: Portugal sets the standard

Effective inclusion of migrants into society and the labor market requires policies that ensure equal access to employment, education, healthcare, housing, social security and support services. Additionally, opportunities for family reunification and political participation, the right to long-term residence, and clear pathways to nationality are essential. During the review period, policies and initiatives in Austria, Belgium, Greece, Ireland, Italy, the Netherlands and Poland have been less clearly focused on the sustainable inclusion of migrants in society. In Hungary, integration policies remain more restrictive and less developed compared to most OECD countries. In contrast, Portugal has implemented significant policy measures to promote the sustainable inclusion of migrants into society and the labor market.

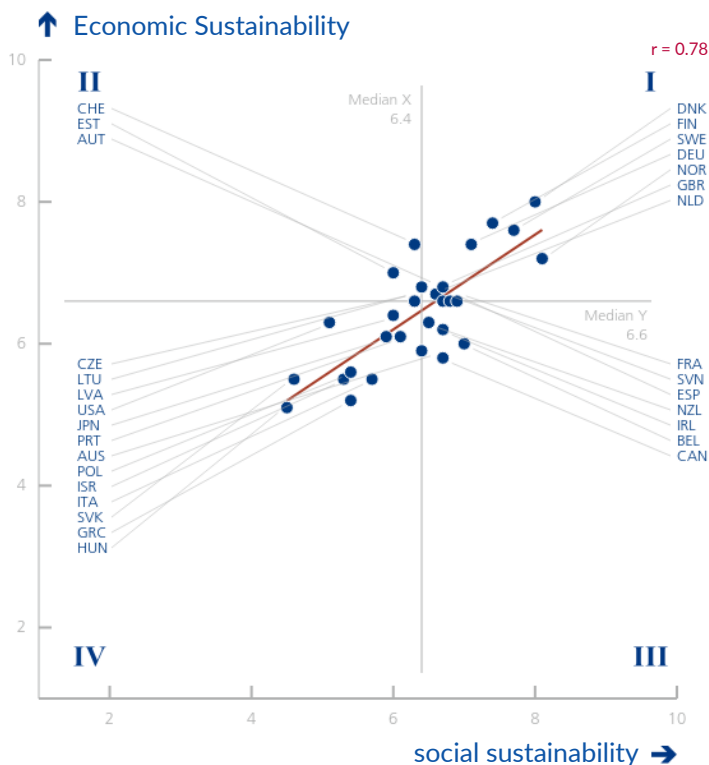
Portugal ensures equal rights, opportunities and security for immigrants through comprehensive policies. The National Immigrant Support Centers, local integration centers and multilingual telephone services play a key role in this strategy. Legal immigrants enjoy the same rights as citizens, including access to employment and education for their children. Complaints of discrimination can be filed with the Commission for Equality Against Racial Discrimination. Amendments to the Nationality Law in 2018 and 2020 have facilitated naturalization, leading to an increase in the number of naturalized citizens. Additionally, access to healthcare and culturally responsive education has improved (see Serra da Silva 2024 et al.).

2.3 Social sustainability: overall performance

Progress toward economic sustainability is often linked to a forward-looking welfare state capable of implementing effective policies that integrate sustainability, empowerment and protection (see figure 39). Social policies that ensure income security, safeguard fundamental human needs, provide opportunities for skill development throughout the lifecycle, and promote intergenerational equity are essential components of any transition strategy. These policies play a crucial role in managing and mitigating the disruptions that inevitably arise when entire economies shift toward a new economic model.

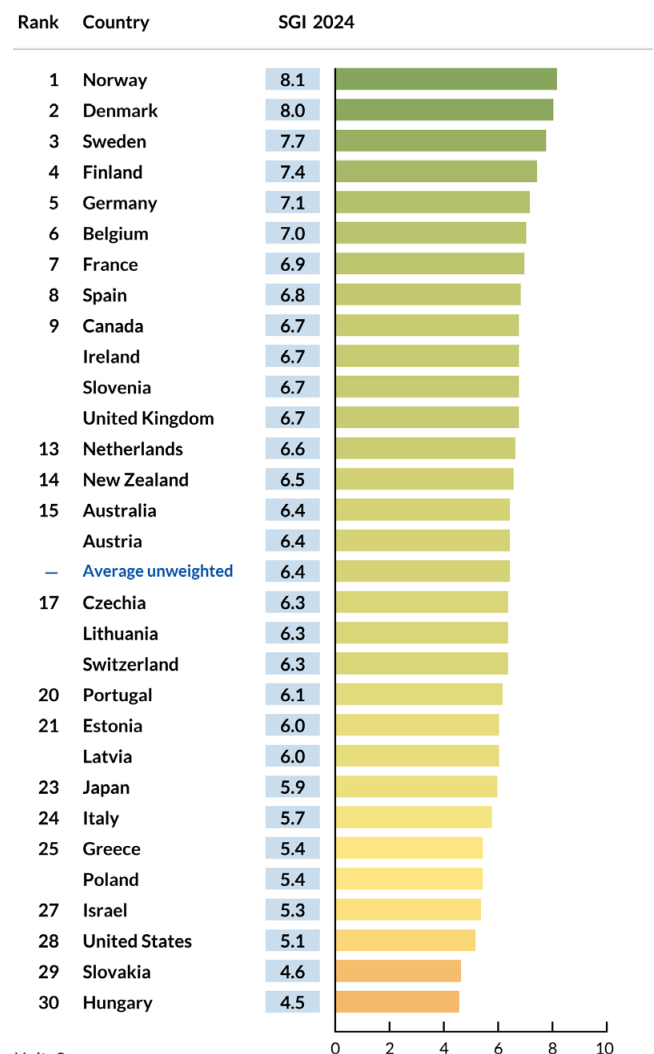
Based on historical achievements and current policy strategies, Norway and Sweden have made significant progress in advancing social sustainability. In contrast, Hungary, Slovakia, the United States, Israel, Poland and Greece could strengthen their efforts to address social sustainability challenges, as reflected in recent policy directions and historical performance (see figure 40).

FIGURE 39 Correlation between economic sustainability and social sustainability



Source and metadata: www.sgi-network.org/2024/Survey_Structure. SGI Sustainable Governance Indicators | BertelsmannStiftung

FIGURE 40 Social sustainability: overall performance



Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

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3. Environmental sustainability

Through our environmental sustainability category, we assess the extent to which governments succeed in aligning various areas of environmental policy with sustainability requirements. Four SGI criteria are used to evaluate the degree of national environmental policy alignment:

- 1. Effective climate protection measures:** To what extent does environmental policy create effective conditions and regulations to achieve climate neutrality by 2050?

2. **Effective protection of the environment and health:** To what extent does environmental policy create effective conditions and regulations to prevent environmental pollution and minimize environmental health risks?
3. **Effective protection of ecosystems and biodiversity:** To what extent does environmental policy create effective conditions and regulations for the conservation, protection and enhancement of ecosystems and biodiversity?
4. **Effective contributions to global environmental protection:** To what extent do the policies and international activities of the government contribute to effective global environmental protection?

3.1 Environmental sustainability: policy outcomes

An assessment of each country's past policy outcomes based on key environmental metrics indicates that Sweden has made significant progress and has established a solid foundation for achieving environmental sustainability objectives. In contrast, previous policy approaches in Poland, Hungary, New Zealand, Latvia, Israel, Lithuania, Czechia, Slovenia, Canada and Ireland have been less effective in supporting the implementation of goals related to climate neutrality, environmental and health protection, ecosystem conservation, and global environmental protection (see figure 41).

In general terms, relative differences in policy outcomes between countries are more pronounced in the area of environmental sustainability than in social or economic sustainability. Notable disparities in outcome levels are particularly evident in the criteria of effective protection of the environment and health and contributions to global environmental protection. While countries lagging in economic and social sustainability have made greater efforts in the past to prevent the gap from widening further, this appears to be less true in the area of environmental sustainability.

3.2 Environmental sustainability: policy ambition and direction

A comparative analysis of ambition levels and policy coherence in national environmental policy frameworks, based on SGI country reports, suggests that Sweden's current government is clearly committed

to protecting environmental health, protecting ecosystems and biodiversity, and fully aligning national efforts with global environmental sustainability goals. The country also has a long history of stringent climate policies and regulations. However, as previously noted, since the election of a right-wing alliance in 2022, environmental regulations have been relaxed to a degree that makes it unlikely Sweden will meet its ambitious climate targets within the proposed timeframe (see Petridou et al. 2024).

At the other end of the spectrum, the ambition levels and policy coherence within the national environmental policy frameworks of Poland and Hungary indicate that the gap in policy performance between leading and lagging countries is unlikely to narrow in the foreseeable future. Throughout the review period, the Polish government demonstrated limited commitment to biodiversity preservation, despite having a relatively strong initial position in this area compared to its weaker standing in climate action, environmental health and global environmental protection. A similar pattern is evident in Hungary, where low ambition levels in biodiversity protection may lead to even less favorable policy outcomes in the near future. Stagnation in policy ambition and coherence is also evident in Israel.

Governments in countries such as Canada, Slovenia, Lithuania, Latvia, and New Zealand have demonstrated commitment in certain policy areas to address disparities in environmental policy performance during the review period (see figure 42). For instance, Canada has developed biodiversity strategies and action plans, including the 2030 National Biodiversity Strategy and the Canadian Biodiversity Action Plan (2022), to guide conservation initiatives and mitigate threats to biodiversity. Additionally, Canada is a signatory to various international agreements and conventions, such as the Convention on Biological Diversity, and has committed to achieving global biodiversity targets outlined in these agreements (see Howlett et al. 2024).

However, it is essential to emphasize that policy efforts in lagging countries must be more consistent and clearly defined across all four policy areas to close the gap with pioneering nations. For instance, while Canada has focused on biodiversity preservation and environmental protection, its policy efforts in climate action and contributions to global environmental protection have lacked sufficient ambition and direction.

FIGURE 41 Environmental sustainability: past policy outcomes

Rank	Country	Climate Action	Environmental Health	Biodiversity Preservation	Global Environmental Protection	Ø
1	Sweden	8.7	9.0	6.8	10	8.6
2	Norway	6.6	9.1	7.0	10	8.2
3	United Kingdom	8.4	8.7	7.7	6.8	7.9
4	Finland	7.5	9.2	6.9	7.0	7.7
5	Germany	7.1	8.6	8.4	4.7	7.2
6	France	7.7	7.8	6.7	5.8	7.0
7	Switzerland	8.0	8.5	6.6	4.7	6.9
8	Denmark	7.8	8.4	6.0	4.9	6.8
9	Belgium	6.5	8.2	7.5	2.9	6.3
	Netherlands	6.7	8.1	7.0	3.4	6.3
11	Austria	6.6	8.4	7.5	2.2	6.2
12	Spain	7.5	8.2	6.9	2.0	6.1
13	Italy	7.0	7.9	6.5	2.6	6.0
	Portugal	7.7	8.4	6.7	1.1	6.0
—	Average	6.7	7.4	6.8	3.2	6.0
15	Estonia	7.8	5.6	8.9	1.3	5.9
	Greece	8.1	8.2	6.4	1.0	5.9
17	Slovakia	6.8	7.0	8.4	1.1	5.8
18	Japan	7.1	5.9	5.2	4.6	5.7
19	United States	4.2	8.9	5.5	3.7	5.6
20	Australia	3.7	9.2	5.8	3.4	5.5
21	Ireland	5.0	8.9	6.3	1.5	5.4
22	Canada	3.3	8.9	5.8	3.3	5.3
	Slovenia	6.9	6.2	7.0	1.0	5.3
24	Czechia	5.8	5.2	8.4	1.2	5.1
	Lithuania	7.1	4.9	7.5	1.0	5.1
26	Israel	6.0	7.7	4.0	1.0	4.7
	Latvia	6.5	4.0	7.2	1.1	4.7
28	New Zealand	5.1	8.3	4.0	1.2	4.6
29	Hungary	6.5	2.5	7.3	1.1	4.4
30	Poland	5.8	2.7	7.8	1.0	4.3

Unit: Score.

Source and metadata:
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Committed to preventing pollution and reducing health risks: the Swedish Case

Hungary, Slovakia, Poland, the Netherlands, and France have significant untapped potential to develop effective regulations and implement policy measures aimed at preventing environmental pollution and minimizing environmental health risks. In contrast, countries such as Canada, Finland, and Sweden have undertaken substantial measures to improve environmental health.

Sweden's strategic approach to monitoring environmental health risks is embedded in several of its 16 environmental targets, which include objectives such as achieving clean air, maintaining an environment

free of toxins, preventing overfertilization, ensuring good-quality groundwater and creating healthy living environments. Progress toward these targets is assessed using 20 different indicators, which measure variables such as nitrogen dioxide emissions, travel habits, polluted areas and environmental toxins found in breast milk and blood. In its 2023 evaluation of environmental targets, the Swedish Environmental Protection Agency assessed both the targets and the policy measures designed to achieve them. The agency concluded that the goals for clean air and an environment free of toxins will be partially met, or that the necessary preconditions, including policy instruments and measures, will be established by 2030 (see Petridou et al. 2024).

FIGURE 42 Environmental sustainability: policy ambition and direction

Rank	Country	Climate Action	Environmental Health	Biodiversity Preservation	Global Environmental Protection	Ø
1	Sweden	8.0	9.0	9.0	10	9.0
2	Finland	8.0	9.0	9.0	7.0	8.3
	Germany	8.0	8.0	8.0	9.0	8.3
4	Norway	7.0	8.0	7.0	10	8.0
	United Kingdom	7.0	7.0	9.0	9.0	8.0
6	Canada	6.0	10	10	5.0	7.8
	Denmark	8.0	8.0	7.0	8.0	7.8
	Spain	8.0	7.0	8.0	8.0	7.8
9	Slovenia	7.0	7.0	8.0	8.0	7.5
10	Lithuania	7.0	7.0	8.0	7.0	7.3
11	Latvia	7.0	7.0	7.0	7.0	7.0
	Portugal	8.0	6.0	7.0	7.0	7.0
	United States	8.0	6.0	7.0	7.0	7.0
14	Austria	7.0	7.0	6.0	7.0	6.8
	Estonia	7.0	7.0	7.0	6.0	6.8
	New Zealand	6.0	7.0	8.0	6.0	6.8
—	Average	6.5	6.8	6.9	6.5	6.7
17	Belgium	7.0	7.0	7.0	5.0	6.5
	Italy	7.0	7.0	6.0	6.0	6.5
	Switzerland	6.0	7.0	7.0	6.0	6.5
20	France	7.0	5.0	6.0	7.0	6.3
	Greece	7.0	6.0	6.0	6.0	6.3
22	Australia	5.0	7.0	7.0	5.0	6.0
	Czechia	6.0	8.0	6.0	4.0	6.0
	Netherlands	7.0	5.0	6.0	6.0	6.0
25	Ireland	6.0	6.0	5.0	6.0	5.8
	Japan	4.0	7.0	7.0	5.0	5.8
27	Slovakia	5.0	5.0	6.0	6.0	5.5
28	Israel	5.0	6.0	4.0	4.0	4.8
29	Hungary	4.0	3.0	5.0	4.0	4.0
30	Poland	3.0	5.0	4.0	3.0	3.8

Unit: Score.

Source and metadata:
www.sgi-network.org/2024/Survey_Structure.

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Commitment to ecosystems and biodiversity protections: Finland

Countries such as Poland, Israel, Ireland and Hungary still have considerable progress to make in formulating and implementing a clear, systemic approach to protecting national ecosystems and biodiversity (see figure 42). In contrast, Canada, Finland, Sweden and the UK have demonstrated a more proactive and adaptive approach during the review period, continuously refining their policy strategies, action plans and monitoring systems.

Finland's previous National Action Plan for the Conservation and Sustainable Use of Biodiversity (2013–2020)

aimed to halt biodiversity loss by 2020. Although numerous measures were implemented, only a few resulted in noticeable improvements, often due to a lack of clarity or insufficient ambition. Currently, Finland is developing a new biodiversity strategy informed by lessons learned from the previous plan. This initiative incorporates domestic objectives while aligning with the UN Convention on Biological Diversity and the EU Biodiversity Strategy (see Hiilamo et al. 2024).

Contributions to global environmental protections: Norway, Sweden, Germany and the United Kingdom are prominent contributors

The governments of Poland, Israel, Hungary, Czechia, Japan, Canada, Belgium and Australia did not proactively support the advancement of international environmental cooperation during the

review period. These countries also lacked a distinct policy strategy or effective institutional mechanisms for preparing future cooperation in this area. Conversely, the governments of Norway, Sweden, Germany and the UK have been active in advancing international initiatives to address global challenges such as the climate and biodiversity crises.

In 2023, **Germany** introduced its first environmental cooperation strategy, the Strategy on Climate Foreign Policy (KAP), alongside the UN Climate Change Conference. Although not legally binding, the strategy outlines specific actions in six areas, including reducing global greenhouse gas emissions by 2030, ensuring climate justice and promoting sustainable ecosystems. The

KAP aims to triple renewable energy capacity and double energy efficiency rates, working in partnership with other countries to achieve these goals. An evaluation of bilateral cooperation is scheduled for the end of 2024, using indicators to assess implementation.

The German Institute for Development Evaluations, mandated by the Federal Ministry for Economic Cooperation and Development, will analyze development cooperation activities related to global environmental sustainability. Additionally, through the German International Climate Initiative (IKI), the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), the Federal Ministry for Economic Affairs and Climate Action (BMWK), and the Federal Foreign Office support initiatives that assist partner countries in adapting to climate change and restoring natural carbon sinks. Between 2008 and 2022, the IKI allocated nearly €6 billion in funding, approving over 950 climate and biodiversity projects worldwide across more than 150 countries (see Heine- mann et al. 2024).

3.3 Environmental sustainability: overall policy performance

Considering both historical achievements and current policy strategies, Sweden has made the most substantial progress in environmental protection. Similarly, Norway, Finland, the United Kingdom and Germany have established strong foundations for effectively promoting ecosystem protection. Conversely, based on recent policy directions and historical performance, Poland, Hungary, and Israel will need to significantly accelerate their efforts to improve their environmental policy records (see figure 43).

FIGURE 43 Environmental sustainability: overall performance



Unit: Score.

Source and metadata:
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Overall performance in sustainable policymaking

The Nordic countries have made notable advancements in sustainable policymaking, as evidenced by their historical achievements and current policy strategies across economic, social and environmental sectors. However, even in these countries, there remains a need for coherent policy solutions that fully align with sustainable development goals and the Paris Agreement. Conversely, in Hungary, Poland, Israel and Slovakia, policymaking has often relied on short-term solutions and ad hoc measures.

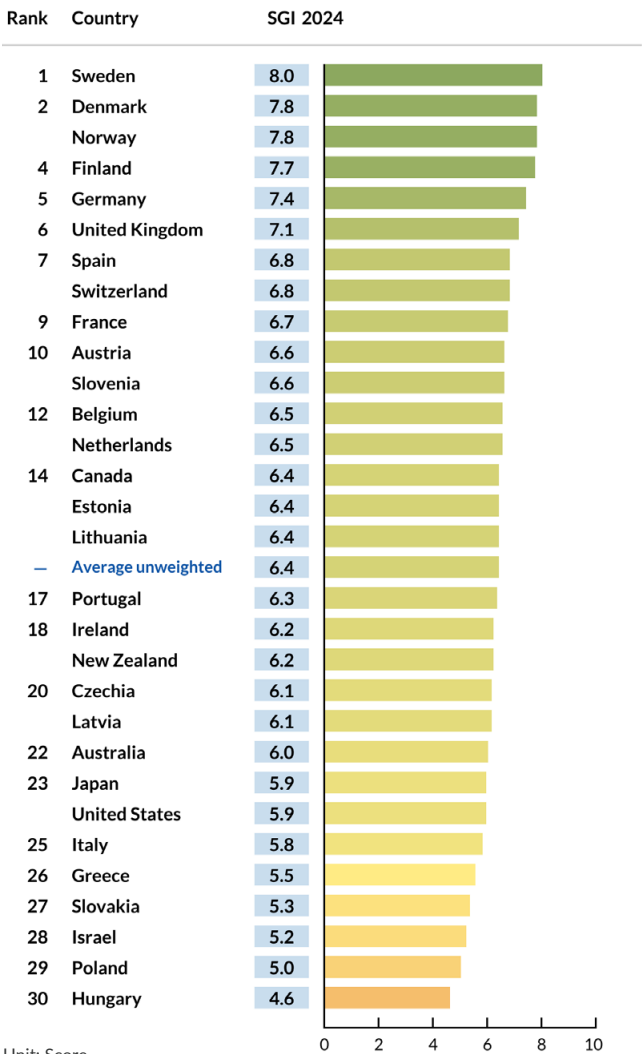
While G7 countries possess substantial economic power and share a collective responsibility to advance sustainable development, their overall performance in sustainable policymaking remains mixed. Germany, the United Kingdom, and France have demonstrated the most significant progress in this area (see figure 44).

The following priorities remain high on the agenda for most OECD and EU countries surveyed:

- Strengthening policy coherence across key areas of economic, social and environmental sustainability
- Creating favorable conditions for the transition to a circular economy
- Developing a robust innovation system that leverages research and innovation as catalysts for transitioning to a more sustainable economy
- Transforming welfare states into forward-looking entities capable of implementing effective policies that combine aspects of sustainability, empowerment and protection
- Identifying sustainable policy solutions to ensure equal access to basic public services and basic income support to meet human needs and contribute to global poverty reduction

- Preventing excessive disparities in policy outcomes related to the effective protection of the environment and health, as well as contributions to global environmental protection

FIGURE 44 Sustainable policymaking: overall performance



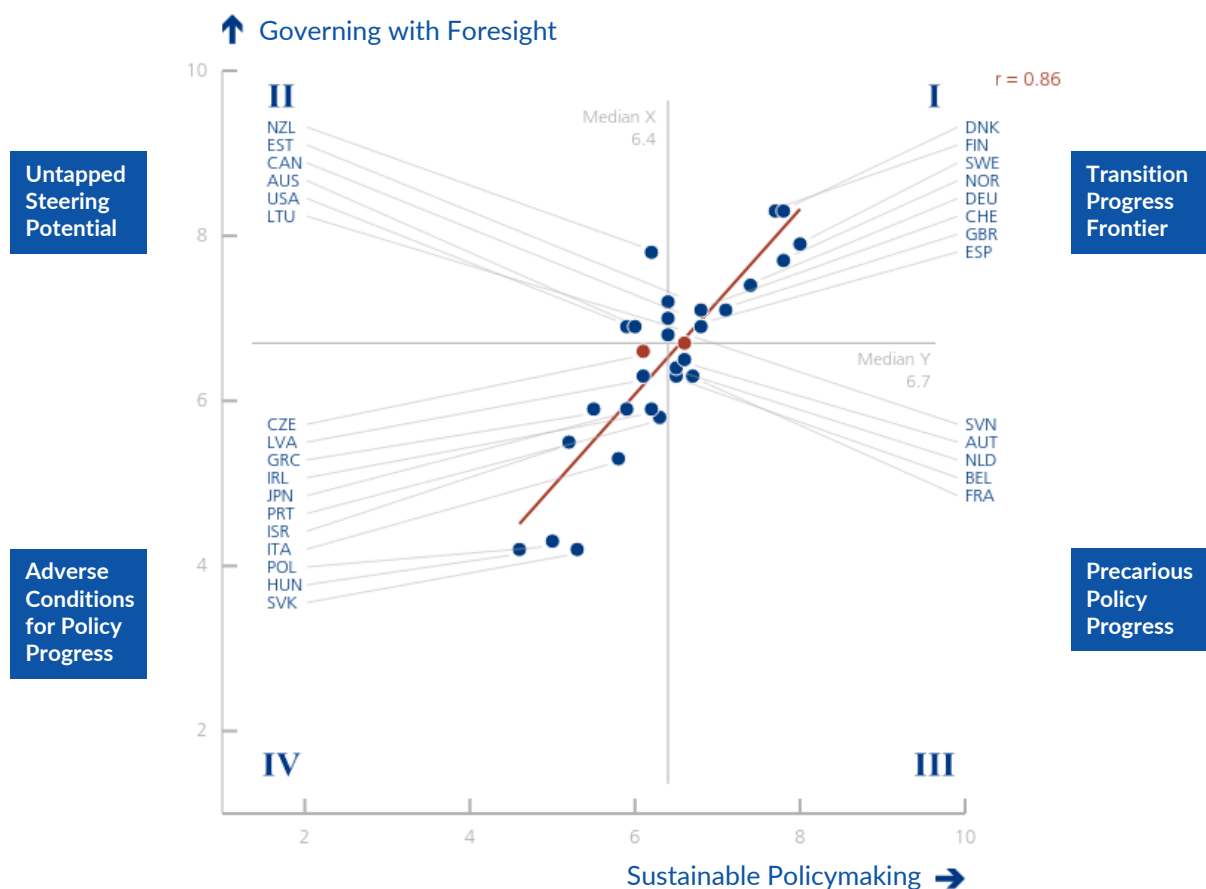
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Overall performance in sustainable governance

A future-oriented approach to policymaking should also include improvements to the machinery of government. Governments in Denmark, Finland, Sweden, and Norway regularly assess and refine their structures, procedures and tools, contributing to governmental efficiency, effectiveness and foresight. This practice has led to cohesive and sustainable policy strategies. New Zealand, Estonia, Canada, Australia, the United States and Lithuania may benefit from reassessing their policy portfolios to enhance future policy performance.

Similarly, Slovenia, Australia, the Netherlands, Belgium and France could strengthen the strategic capacity of their politico-administrative systems to sustain policy progress. To address future policy challenges, governments in Czechia, Latvia, Greece, Ireland, Japan, Portugal, Israel, Italy, Poland, Hungary, and Slovakia would benefit from greater investment in improving the coherence of their policy portfolios as well as their executive capacities (see figure 45).

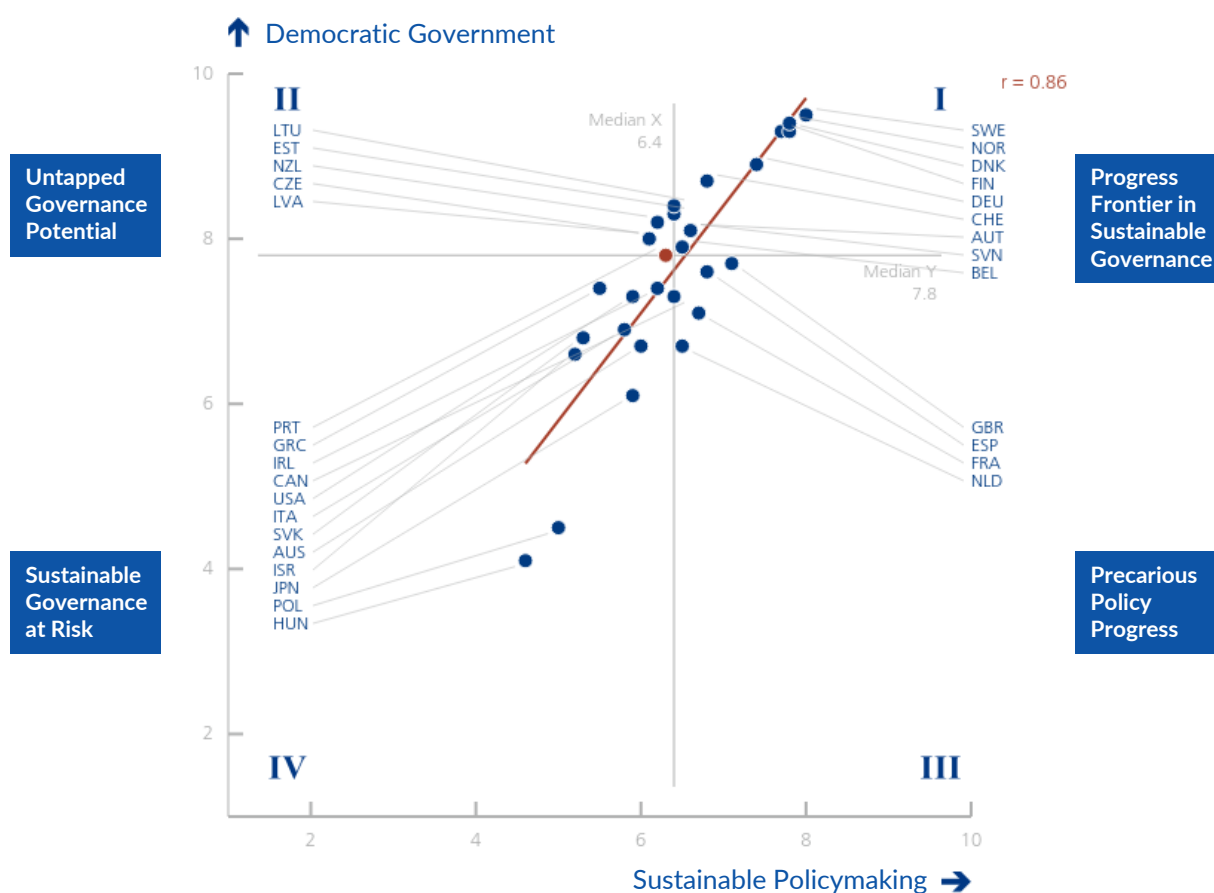
FIGURE 45 Correlation between governing with foresight and sustainable policymaking



Sustainable policymaking is most effective in environments with strong democratic oversight mechanisms that enhance citizens' trust in state institutions. The governments of Sweden, Norway, Denmark, Finland, Germany, and Switzerland have established robust accountability mechanisms between the executive branch and citizens through free and fair elections, socially rooted political parties, effective cross-party collaboration and comprehensive access to official

information. Additionally, media freedom and pluralism, a strong civil society and an effective separation of powers contribute significantly to maintaining democratic accountability in these nations. These countries exemplify the forefront of progress in sustainable governance due to both their sustainable policy strategies and their robust societal accountability mechanisms (see figure 46).

FIGURE 46 Correlation between democratic government and sustainable policymaking



Source and metadata:
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Countries such as Lithuania, Estonia, New Zealand, Czechia and Latvia might benefit from reassessing their policy portfolios and strategies to fully unlock their potential in sustainable governance. To maintain recent policy advancements, the UK, Spain, France and the Netherlands should consider reforms to safeguard and reinforce their democratic institutions.

Conversely, sustainable governance in Greece, Ireland, Canada, the United States, Italy, Slovakia, Australia, Israel, Japan, Poland and Hungary is currently at risk. These countries would benefit from increased efforts to strengthen democratic oversight mechanisms and enhance sustainable policymaking processes (see figure 47).

FIGURE 47 Overall performance in sustainable governance

Rank	Country	Democratic Government	Governing with Foresight	Sustainable Policymaking	Ø
1	Denmark	9.3	8.3	7.8	8.7
	Finland	9.3	8.3	7.7	8.7
	Sweden	9.5	7.9	8.0	8.7
4	Norway	9.4	7.7	7.8	8.6
5	Germany	8.9	7.4	7.4	8.1
6	Switzerland	8.7	7.1	6.8	7.8
7	Estonia	8.3	7.2	6.4	7.6
	New Zealand	8.2	7.8	6.2	7.6
9	Lithuania	8.4	6.8	6.4	7.5
10	Slovenia	8.1	6.7	6.6	7.4
	United Kingdom	7.7	7.1	7.1	7.4
12	Austria	8.1	6.5	6.6	7.3
13	Czechia	8.0	6.6	6.1	7.2
	Spain	7.6	6.9	6.8	7.2
15	Belgium	7.9	6.3	6.5	7.1
	Latvia	8.0	6.3	6.1	7.1
17	Canada	7.3	7.0	6.4	7.0
—	Average	7.6	6.5	6.4	7.0
18	Portugal	7.8	5.8	6.3	6.9
19	France	7.1	6.3	6.7	6.8
	United States	7.3	6.9	5.9	6.8
21	Ireland	7.4	5.9	6.2	6.7
22	Australia	6.7	6.9	6.0	6.6
	Greece	7.4	5.9	5.5	6.6
	Netherlands	6.7	6.4	6.5	6.6
25	Italy	6.9	5.3	5.8	6.2
26	Japan	6.1	5.9	5.9	6.0
27	Israel	6.6	5.5	5.2	5.9
28	Slovakia	6.8	4.2	5.3	5.8
29	Poland	4.5	4.3	5.0	4.6
30	Hungary	4.1	4.2	4.6	4.3

Unit: Score.

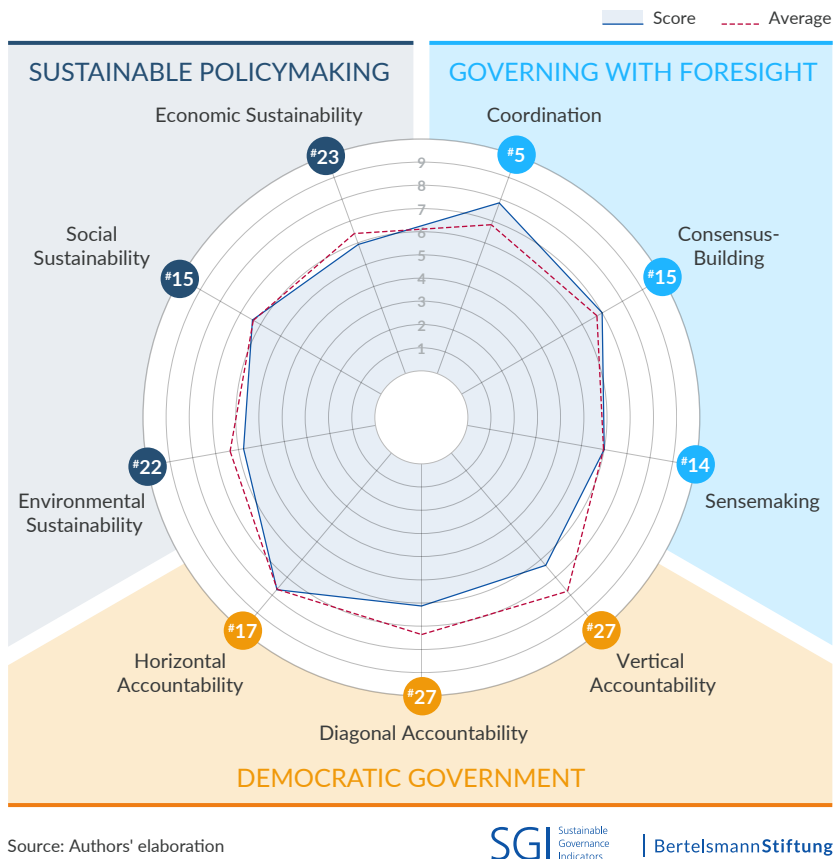
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Country insights

Australia



Australia brings significant strengths to the challenge of sustainable governance. Many of these strengths derive from its political system, which has a deep grounding in democratic processes, as reflected by invariably free and fair elections and a robust commitment to the rule of law. Australia's political parties, operating in a system of compulsory voting, have been successful in bringing the issues, concerns and problems in society into the political realm for public debate and action. A lively civil society and social movement sector has been responsible for rousing public attention on critical issues such as the environment, Indigenous affairs and gender inequality.

These political foundations provide the conditions for an active democracy in which citizens generally have opportunities to participate, and the institutions of

government are responsive (to a significant extent) to the changing requirements of good governance across a wide range of sectors. The capacity of governments is greatly enhanced by an effective bureaucracy that takes seriously its commitment to the public good and displays zero toleration of corruption. Australian governments and bureaucracies regularly show their capacity to coordinate large, complex projects, including those that have transformative effects. Furthermore, there are well-established formal and informal processes through which expertise in universities and civil society can be tapped and feed into the policy-making and implementation processes. Governments can be held to account by legislatures, though, in practice, the bigger constraints on what government leaders feel able to do comes from their perceptions of the electorate's priorities and fears and the demands from within the ranks of their political party. There are also other important checks

on the exercise of power in Australia, including independent audit and oversight mechanisms and freedom of information legislation.

The election of the center-left Labor Party to government in May 2022 represented a significant turning point after nine years of center-right Liberal-National Coalition government. Environmental sustainability, and especially the commitment to reducing carbon emissions, immediately became high priorities at the national level. Policy actions have followed, although it is not clear they are sufficient to deliver on the promised reductions. Access to health, education and housing by disadvantaged members of the community has also been given heightened priority, although materially impactful policies have to date been somewhat limited. This is, however, unsurprising in the context of an

overheating economy with excessive demand-driven inflation, which has constrained the implementation of fiscally stimulatory policies. Commitments to improve the availability of government data to researchers and to more rigorously evaluate policies are further positive developments under the Labor government.

More broadly, and over the longer term, the structures and operations of the Australian system of governance have generated significant economic dynamism, as shown by the consistently high rates of economic growth that the country has been able to maintain for decades (albeit somewhat lower in the most recent decade). However, despite these successes with the Australian model of governance, it continues to struggle with some serious challenges. These include the difficulties that the country has had in advancing the decarbonization of its energy production and the economic activity that it supports. There remain historic injustices and inequalities in relation to the Indigenous community that remain unresolved. A referendum seeking to create an Indigenous “voice” in parliament in September 2023 was unsuccessful, although it is in any case unclear it would have delivered tangible progress for Indigenous Australians. Gender and ethnic diversity inequalities highlight structural problems in the political system. Additionally, the treatment of refugees and humanitarian entrants is inconsistent with the country’s high democratic aspirations.

Key challenges and policy recommendations

The environment, encompassing issues such as pollution reduction, energy transition, and biodiversity maintenance, is a long-standing concern that is becoming increasingly urgent. Australian governments have shown a reluctance to consider policy changes in this area that might jeopardize the economy in any way, even when environmental management dividends would be significant. Equally problematic is their unwillingness to commit substantial effort to developing sustainable growth mechanisms. At the heart of the challenge is the country’s economically large and politically powerful resources industry. Energy and mining are major components of the economy, and these sectors have been politically active to the extent that campaigns by the energy industry have been critical to the removal and replacement of Australian prime ministers who dared to propose what were construed as “radical” environmental measures. Somewhat ironically, Australia is rich in

renewable resources and is well-positioned to benefit from a global shift to clean energy. However, the lack of a sufficiently powerful incumbent renewable energy industry to counter the arguments of fossil fuel industry lobbyists has likely been a barrier to progress.

Recent years have seen a significant shift in the Australian government’s approach to environmental issues. Climate and the environment were prominent topics in the 2022 election, and the new Labor government has expressed much stronger commitments to environmental concerns, adopting a range of new measures to improve Australia’s environmental sustainability. However, this remains an area of relative weakness in the country’s overall sustainable governance performance. Decarbonization continues to be a politically challenging issue due to the political strength of the energy industry. This challenge underscores the need for measures to create a more favorable climate for environmental policymaking. Such measures might include reforms to political finance and lobbying to shield policymakers from the influence of energy sector agents, or the development of new, more collaborative mechanisms for establishing and maintaining stronger environmental commitments.

While Australia’s systems of governance perform strongly in many respects and generally retain high legitimacy, these social resources cannot be taken for granted. Steadily declining trust in political elites and institutions indicates that many Australians have diminishing faith in their governance processes as a means of representation and achieving meaningful policy reform. The strong evidence of marginalization and inequality based on geography (urban versus rural), gender, and ethnic/racial identity further illustrates a political system that is not delivering satisfaction across the board. Addressing these democratic deficits will require new modes of inclusion, activism, and deliberation to enable established institutions to listen and respond more effectively to groups of citizens – and non-citizens – whose interests have generally been neglected in Australian political discourse. Additionally, there is an urgent need for policies to materially improve the lives of those at the margins, including policies to boost housing affordability and facilitate economic opportunities beyond major cities.

Another pressing challenge facing Australia, like many other democracies, is the rise of disinformation, fueled

by the internet and social media. Disinformation prominently featured in the recent constitutional referendum campaign for a Voice to Parliament, influencing many Australians' perceptions of the likely effects of creating the new body. This episode demonstrated the potential for disinformation to impact major political events, in this case, the most significant debate in decades about the future of Indigenous affairs in the country. Two Australian subnational jurisdictions – South Australia and the Australian Capital Territory – have introduced truth in political advertising regulations. The government is currently developing a set of rules in this area to apply to political communication at the federal level, a move which current polling suggests would be welcomed by most citizens (Karp 2023).

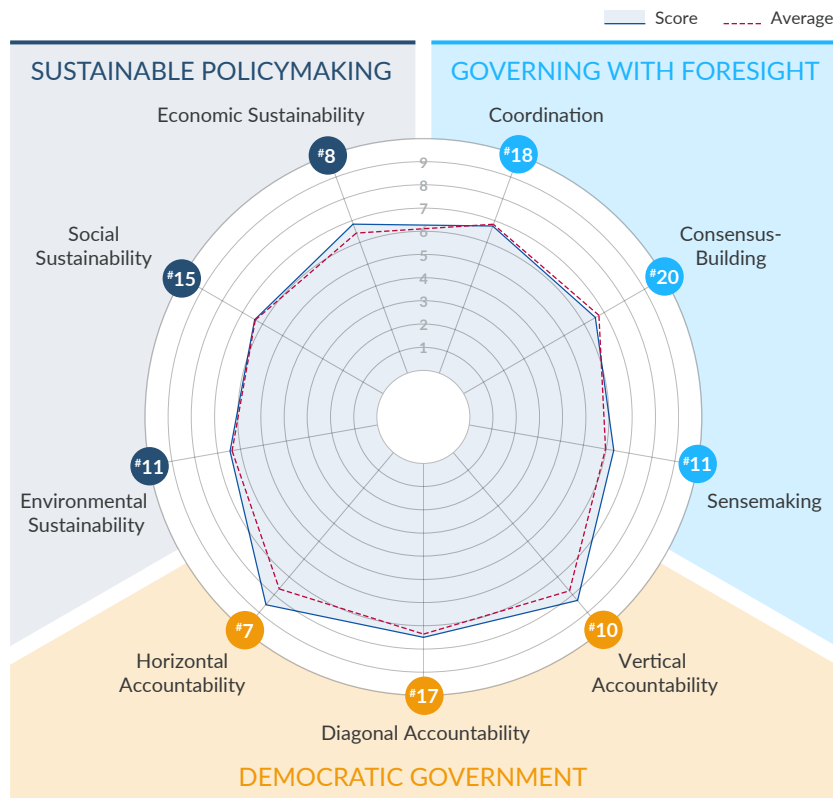
Australia also faces significant uncertainties in its geopolitical context. Its relations with China – the country's biggest economic trading partner but also a geopolitical competitor – have become increasingly complex. Navigating Australia's dependence on Chinese markets alongside the oftentimes sharp differences between the countries' political values is, and will continue to be, a major diplomatic challenge that will shape the geopolitical landscape for Australia and influence the dynamics of the Asia-Pacific region. Connected with the Australia-China relationship is Australia's relationship with the United States and traditional European allies, especially Britain, which it has historically relied on for security. Increasingly, Australia is having to engage more closely with countries in its region (e.g., India) and interpret its interests in line with the requirements of its geography. Therefore, Australia's priorities may not always align with those of the United States and Britain, even if they often will.

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Full country report available at www.sgi-network.org

Austria



Source: Authors' elaboration

SGI Sustainable Governance Indicators

| BertelsmannStiftung

After a period of unprecedented turbulence in Austrian politics – including several major scandals and the creation of an all-technocrat government – Austria has more recently found its way back to the calmer waters of stable democratic party governance. However, the exceptionally high turnover rate among chancellors has also marked the years of the current ÖVP-Green government, formed in early 2020, with three chancellors: Sebastian Kurz, 2020 – 2021; Alexander Schallenberg, October – December 2021; and Karl Nehammer, since December 2021.

The first participation of the Greens in a federal government stands out as a genuinely new feature of Austrian party governance. This change in the party composition of the Austrian federal government, and the persistence of the ÖVP-Green government into 2024, has had a more substantive effect on Austria's public policies and its performance in sustainable governance than the transitions from Kurz to Schallenberg and Nehammer in the chancellery. This can be explained by the compartmentalized structure of the Austrian political executive,

in which individual ministers, especially those not belonging to the chancellor's party, enjoy considerable leeway.

Still, the changes in the chancellery had some discernible effects as well. In particular, the handling of executive-media relations and the overall leadership rhetoric have changed significantly under Chancellor Nehammer and, previously, Schallenberg, both of whom have been much less extroverted than Kurz.

Except for a few issues, such as access to official information or media pluralism, Austria has maintained high, or even very high, standards of good democratic governance across the three levels of vertical, diagonal, and horizontal accountability.

In contrast, the wider field of "governing with foresight" features several less impressive scores. Specifically, the central government has fostered strategic foresight and anticipatory innovation within its organization only to a limited extent. Additionally, the involvement

of various civil society actors in public policymaking leaves room for improvement. Although the Austrian social partnership has largely lost its former centrality in Austrian politics, the social partners continue to play a more prominent role than many social welfare groups, particularly environmental groups. Despite a dense network of formal rules and regulations, there remains a strong element of informality in Austrian politics. However, this informality is not necessarily negative. Many unwritten rules have facilitated the emergence of a reasonably smooth and effective governing process, despite numerous centrifugal dynamics.

Regarding "sustainable policymaking," Austria's public policies toward migrants – reflecting a widespread latent xenophobia that cuts across different quarters of society – stand out as one of the country's key weaknesses and challenges. Austria remains at the top of European countries where many migrants feel considerably less happy than the native population. In other areas, such as advancing gender equality and providing state-of-the-art digital infrastructure, the situation has

improved in recent years, though there is still room for further enhancement.

As in many other countries, some of the most serious and enduring challenges in Austrian politics and society concern climate change and biodiversity issues. While the wider population is increasingly recognizing the importance of climate change, understanding the centrality of biodiversity to the overall cause of sustainability remains a key task for Austrian governments in the coming years.

Key challenges and policy recommendations

Any future Austrian government must implement institutional reforms to adapt the country to ongoing and emerging challenges, expectations, and demands. Several key areas stand out: The first area, central to the governance structure, involves creating more effective planning units and additional interministerial decision-making structures. These are necessary to address complex and cross-cutting “wicked” issues that transcend traditional policy boundaries.

Second, sorting out the intra-power structure of the Austrian federation to facilitate more coherent policies and increased political accountability stands out as a case for institutional reform.

Third, safeguarding the sustainability and high standards of old-age pensions and health policies – particularly in terms of the population’s access to publicly financed treatment – will be another set of challenges for future Austrian governments.

Fourth, civic education, aimed at improving political knowledge and “democratic competence” to meet digital-age standards, stands out as another area in need of reform. Notably, the change in the minimum voting age from 18 to 16 years in 2007 was not followed by any significant reforms in civic education. Furthermore, the integration of migrant or second-generation migrant students into the regular school system poses an additional educational challenge.

Fifth, guaranteeing a reasonable level of media pluralism and defending “critical journalism” against “infotainment” and populist agitation will need to be high on the agenda of future governments and other decision-makers. Despite the well-known difficulties involved, this

will also need to include attempts to establish a viable regime for controlling violations of human dignity in social media.

At the top of future governments’ priority lists will have to be the complex challenges of climate policy. More ambitious measures are needed to meet the self-set standards of climate and biodiversity policy.

Similarly, the fight against populism that threatens to erode democracy must figure prominently in the future. As is the case in many mature democracies today, populism, fueled by vague but widespread forms of discontent, is on the rise in Austria as well, shaking the decades-old pillars of liberal democracy.

Lastly, combating inflation remains a significant issue for Austria. Inflation in Austria has been considerably higher than in most other European Union member states. Early in 2023, Austria’s inflation rate exceeded 11%, and projections for late 2024 still show the country well above the EU average.

Beyond potential institutional reform in the narrow sense, a key factor determining the fate of sustainable policies in Austria will be effective government communication – effective less in terms of securing and maintaining power, and more in terms of generating genuine trust and legitimacy for possibly unpopular decisions. In terms of content, a stronger focus should be placed on issues of sustainability. There continues to be widespread confusion in Austria between a love of nature and extended outdoor activities, such as hiking and skiing, on the one hand, and nature and climate preservation, including all the sacrifices this may imply, on the other hand.

Several challenges are unlikely to be solved by sweeping institutional reform or simple changes in strategy. At this level, arguably the most important issue concerns the idea of democracy among Austrians, which remains strikingly exclusive. A large majority of Austrian citizens favor keeping the acquisition of Austrian nationality – a prerequisite for full political participation rights – difficult and demanding. Additionally, a majority of Austrians strongly oppose granting equal political rights to long-term residents from other EU member states.

Given the changing patterns of the overall population living in Austria, it seems timely to expand the politi-

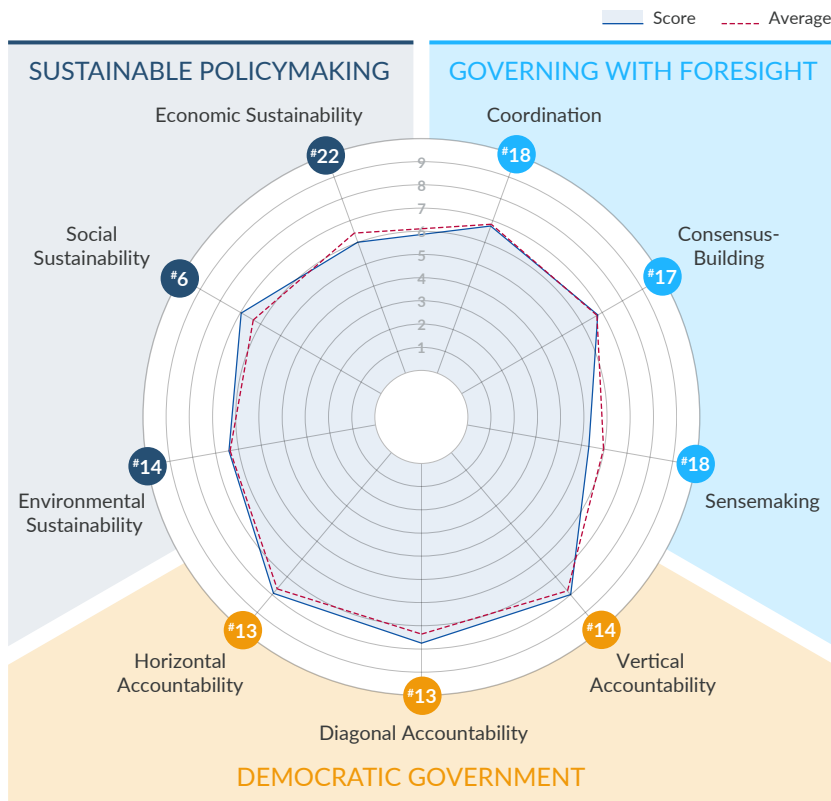
cal rights of Austria's non-Austrian resident population. Relatedly, Austria's continued economic success will largely depend on its ability to attract young, qualified people and retain those who are already here. Among many other factors, achieving this would require overcoming Austria's latently xenophobic image among future potential migrants.

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Full country report available at www.sgi-network.org

Belgium



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

Belgium, a country of 30,689 km² located in north-western Europe, is densely populated with 11.7 million inhabitants and is very open to the rest of the world. Belgium continuously works to make this openness its strongest asset.

As a result, Belgium's economy is generally healthy and its quality-of-life indicators are very good, although with a few sticking points discussed in this report. In 2022, the country's GDP reached €554 billion (NBB data). GDP per capita is the sixth highest in the EU (Eurostat data), ahead of France and Germany but below the Netherlands, Denmark, and Switzerland. In real terms, GDP in 2023 was 41% above its 2000 level, compared to about 39% for the Netherlands, 30% for France, 27% for Germany, and 6% for Italy (IMF data). The unemployment rate was 5.6% in Q3 2023, a strong performance by recent historical standards and below the euro area's 6.4%.

Belgium's openness is not only an economic but an institutional matter. The country is home to several supranational institutions, including the European Commission, the European Parliament, the European

Council, and NATO, as well as many multinational corporations and interest groups. Belgium also has a history of migration, with Brussels now home to people from 179 nationalities; about a third of its population is not Belgian.

Belgium is characterized by resilience and a pragmatic approach to problem-solving, particularly for socioeconomic issues. As a small open economy, it must constantly adapt to external competition, a trait ingrained in its socioeconomic fabric. However, this adaptability can also expose Belgium's weaknesses during times of turbulence, such as the COVID and energy crises. The flip side of this pragmatic approach is a tendency toward protracted compromises that rarely provide clear directions or unlock hard decisions. This leads to strong hysteresis and a complex layer of rules, rather than reversing ineffective policies. Belgium's overly complex institutional system often frustrates large swathes

of the population, with the best way forward far from clear or consensual.

The COVID crisis provided many examples: the economy resisted well and recovery was prompt, but Belgians discovered they had seven health ministers with overlapping competencies. Coordination across different levels of power proved difficult, leading to anomalies and inconsistencies before urgency forced collaboration. Eventually, pragmatism prevailed, science was heard, and the social safety net performed well, but it took a government change, endless negotiations, and immense pressure to avert collapse. The current government coalition includes seven political parties with differing ideologies, making decision-making complex. The COVID crisis forced coalition partners from different ideologies to collaborate, and the government is now reaching the end of its tenure. Despite some successes, it leaves many unsolved problems: a lack of foresight capacity, retroactive problem-solving, a failed tax reform, unsustainable judiciary amid growing violence, corruption, and financial fraud, and barely started energy and digital transition systems. Belgium now has one of the highest public deficits in the euro area.

The next elections are in June 2024, and opinion polls predict a highly fractionalized, probably polarized, outcome. Increasing support for far-left (PTB-PVDA) and far-right (Vlaams Belang) parties could make forming a federal government coalition even more difficult. This may pose significant challenges for the next stages of reform when the pragmatic, slow compromise approach might need to be set aside.

Key challenges and policy recommendations

Belgium is often considered a deeply divided society. Flanders is more affluent and productive than Wallonia, and the economic and political gap between Dutch-speaking and French-speaking Belgians keeps widening. This creates significant tension and may lead to the disintegration of the country – not through war, but through the dismantling of social security links, growing disparities in public service provision, and increasing barriers to mobility. Elections will be held in 2024, and it is worth noting that traditional parties representing the historical segments of society (Liberals, Christian Democrats, and Social-Democrats) are losing ground to far-right (Vlaams Belang), far-left (PTB-PVDA), and regionalist (N-VA) parties. The far-right might win the election in Flanders and become the largest party in the Chamber of Representatives, while the far-left is making significant gains in Wallonia and Brussels. This ideological polarization between the regions will make coalition-building increasingly difficult, and finding common ground will be a key challenge for Belgium.

Another challenge is to improve the socioeconomic performance of the country as a whole. This requires a systematic evaluation of each policy and taking immediate corrective, sometimes radical, measures when needed – contrary to the current practice of sluggish adaptation through compromise. The multiparty government coalition, encompassing a wide range of political ideologies, complicates decision-making and makes cohesive reforms challenging to implement. Belgium has one of the highest public deficits in the euro area, reminiscent of the 1980s when corrective measures were taken. The next government will need to replicate this success. With the second-largest government budget in Europe, expenses must be cut. This will be unpopular since a significant portion of the budget goes to social transfers, healthcare, and tax expenditures. However, freeing up resources is necessary to achieve the digital and green transformation of the country. Currently,

Belgium is a weak performer in CO₂ emissions per capita, energy efficiency, and modern infrastructure. The tax system requires comprehensive reform and simplification. The current system, riddled with exemptions, benefits those who can navigate its complexities more than those who focus on their core jobs. A simplified and equitable tax system can promote compliance, enhance revenue, and reduce distortions. The incumbent government is the third in a row to fail at comprehensive tax reform. The next one must succeed.

Given its size and central location in Europe, Belgium should not undertake these reforms alone. It should build a coalition of willing eurozone countries to align social and fiscal rules. This coalition can work toward harmonizing exemptions and tax bases to combat fiscal injustice and money laundering. At home, Belgium faces growing mismatches between the skills employers require and those possessed by workers. This weighs down on jobs and wages and hinders the greening of the economy, as new skills and different enterprises are in high demand. Resolving such mismatches requires a more adaptable education system that emphasizes problem-solving and other general skills. The education system also fails non-native speakers, who underperform in both PISA tests and the labor market. Bridging these gaps is essential to tackle political tensions, including racism, and to improve the economy's dynamism.

Clearer signals to the youth about high-demand skills can guide their educational choices, ensuring they are well-prepared for the labor market. Another important issue is ageism. Facilitating mid-career retraining can help workers adapt to changing job requirements, enhancing their employability.

Finally, the current institutional setting must mature toward efficiency. The model of federalism does not provide sufficient authority to the federal level over its federate entities. This often leads to uncoordinated, sometimes contradictory, measures being implemented in each region. Business conditions also differ across regions. For instance, emission standards for mobile phone masts differ in Brussels and its periphery. Belgium needs simpler and leaner administration, which will not materialize without some form of institutional rationalization. This can only happen through the recentralization of some devolved competencies, though regionalists will claim the opposite.

Amid the challenges posed by external factors such as geopolitical tensions and global warming and internal factors like public debt and population aging, improvements must be assessed based on their capacity to unlock resources aimed at resolving these issues. The required amounts are substantial: Belgium must reinforce public transport, modernize its car fleet, make real estate more energy-efficient, modernize its electricity grid, transform electricity generation, and provide incentives for fuel and energy economy.

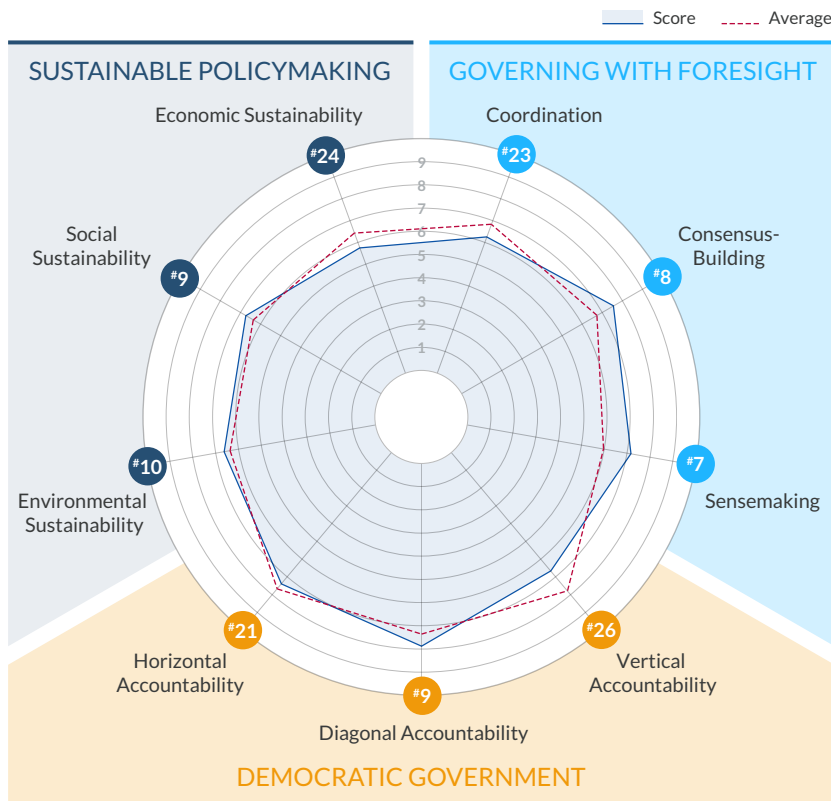
In short, Belgium has proven resilient but slow to adapt. Now, it must accelerate its efforts to become more nimble and fit for the future.

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Full country report available at www.sgi-network.org

Canada



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

The report provides an overview of Canada's governance and policymaking systems across multiple dimensions, including democratic governmental practices and institutions, governance with foresight, and various aspects of economic, social, health, and environmental sustainability. It discusses the merits and drawbacks of Canada's electoral system, political party system, access to information, media freedom, civil society, corruption prevention, judicial practices, legislative activity and capacities, and other institutions related to democratic governance.

Key economic policy areas covered include the circular economy, critical infrastructure, energy, labor markets, taxation, budgeting, and financial stability. Social and health policy domains analyzed include education, basic needs, healthcare, gender equality, families, pensions, and migration. Environmental topics include climate change, pollution and health risks, ecosystems and biodiversity, and global efforts.

The report draws on academic sources, government reports, legislation, and indicators to assess strengths and weaknesses.

In general, the report finds that Canada scores well on democratic freedoms, social programs, financial oversight, and some environmental efforts. However, it identifies shortcomings in transparency, Indigenous rights, climate action, healthcare access, and other areas. Some of these shortcomings are related to specific practices in Canada's Westminster-style government, its federal structure and conflicts over divisions of governmental powers, and its primarily resource extraction-based economy, which undermines many concerns evinced around topics like climate change and environmental protection. Climate policy lacks consistency across provinces, and heavy reliance on fossil fuel exports undermines emissions reduction efforts. Environmental and biodiversity protection is fairly robust, but more action is needed to meet conservation targets.

More specifically, Canada's electoral system is found to facilitate free and fair elections and political competition. However, party leaders control candidate nominations, limiting democratic choice, transparency, and accountability. Government transparency practices, in particular, are quite poor. Access to information laws exist but have broad exemptions. Regarding accountability, media are free, but concentrated ownership limits diversity of perspectives in traditional print and electronic communication and reporting.

Civil society groups can advocate but have limited resources and policy influence and access compared to business interests. An independent judiciary effectively upholds individual rights and freedoms, mediates constitutional disputes, and upholds the rule of law. However, rights set out in the Canadian Charter of Rights and Freedoms can be limited through the notwithstanding clause, which can also be used to uphold provincial laws by removing them from judicial scrutiny.

On the other hand, fiscal prudence and oversight of financial institutions are strong. Healthcare is universal and equitable, although plagued by long wait times for procedures.

Overall, the analysis paints a nuanced picture of policymaking in Canada, with a mix of successes and challenges across the dimensions evaluated.

Key challenges and policy recommendations

Based on the analysis in the report, some of the greatest challenges for Canadian governments involve climate action, healthcare access, housing affordability, and information transparency. Targeted efforts and policies in these key areas could help Canadian governments make progress on some of the most pressing governance and policy challenges identified in the analysis. Yet some of the limitations are built into the foundations of Canadian governments and societies and are highly resistant to change.

On climate action, for example, provincial resistance and continued fossil fuel production and exports hinder emission reduction efforts promoted by the federal government. Greater cooperation, binding reduction targets, phasing out subsidies, and transition support for affected regions could help align climate policies across jurisdictions, but achieving this is impossible without provincial agreement, which is not forthcoming.

In healthcare, access remains a significant issue. Long wait times and uneven geographical access plague the systems, which could be improved through increased funding, better infrastructure, more healthcare workers, and delivery innovations. However, healthcare is primarily a provincial responsibility, and funding is not forthcoming from this level. Efforts to add more private sector clinics and procedures to the system face provincial and federal limitations on qualifications for health insurance payments, as well as measures specifically designed to discourage the emergence of a “two-tiered” medical system, where one tier serves the well-off and the other serves everyone else.

Housing affordability is a pressing issue that has garnered significant attention recently due to a large influx of immigrants, the highest percentage intake since before World War I. Rapidly rising home prices have led to high household debt levels and have priced many out of the market, particularly young people and many of the immigrants moving to the country. Increasing supply through densification, social and affordable housing, speculation taxes, and assistance programs could im-

prove accessibility. However, this relies on private sector investment and enthusiasm, as well as the removal of numerous barriers on multi-unit and other types of dwellings imposed by local governments. Efforts to create a larger market for rental housing as a quick fix to current problems also face societal resistance. Canadians, for many generations, have valued home ownership and view extended periods of renting as counter-productive to that goal.

Reconciliation with Indigenous peoples is also an ongoing challenge. This is partly because they fall behind the general population in various socioeconomic indicators, and their quest for cultural recognition and political autonomy is increasingly prominent in contemporary Canadian society.

In terms of improving internal governmental operations and enhancing democratic practices, information transparency at all levels of Canadian governments remains poor. Broader information disclosure, more funding for access to information officials, stronger penalties for delays, and fewer exemptions would help. However, these improvements counter a system where the default for government data is secrecy, and privacy considerations are often used to offset any tendencies toward more public information disclosure.

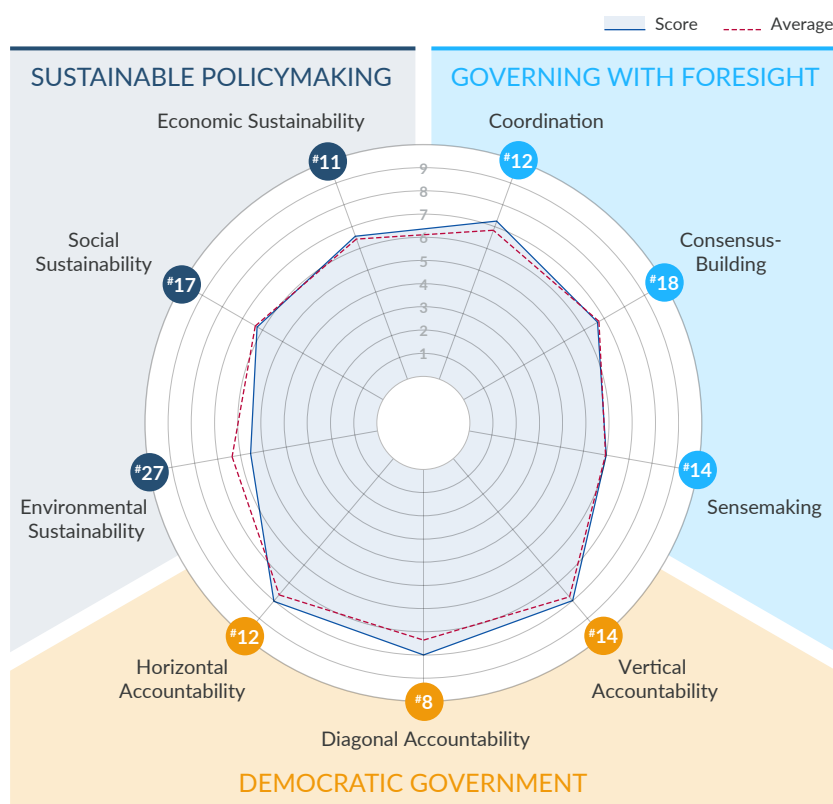
Sustained leadership, funding commitments, stakeholder collaboration, and system-level reforms are necessary to address these public policy issues, but there should be no illusion that this will be simple or speedy.

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Full country report available at www.sgi-network.org

Czechia



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

During this period, the government was a five-party coalition with a parliamentary majority. Although not always unified in its stance, the visibility of differences over EU policy, environmental, and gender issues encourages public debate. An active structure for tripartite consultation exists, involving the government, trade unions, and employers' organizations, alongside non-governmental organizations (NGOs) that advocate on various issues. Several NGO representatives are included in government advisory committees and have, in some cases, significantly influenced legislation.

The state budget has been the central issue in economic policy. Tax revenue as a share of GDP remains low by European standards, limiting the scope for investment and spending in other areas. The slow growth and increasing debt during the pandemic extended into 2023, with high inflation persisting. Slower income growth led to reduced consumption and a further GDP decline.

Developments during the review period have confirmed the successful establishment, development, and protection of basic democratic institutions. Procedures for selecting candidates and voting adhere to good international practices, and the government operates with reasonable transparency. Laws ensure freedom of information, with structures in place for parliamentary oversight, auditing by an independent office, and control by independent media. Additionally, government-wide and ministerial structures have been established for policy discussion and coordination, involving external stakeholders.

However, corruption and the close ties between political and economic power remain significant weaknesses. The media control by former Prime Minister Andrej Babiš was significantly reduced by the final approval in 2023 of amendments to the conflict-of-interest law, though these will be only partially effective. While political competition is not formally restricted, financial backing provides a substantial advantage, as seen in presidential elections where candidates heavily depend on business group support.

In response, the government introduced a 2023 package that cut spending and increased taxes, especially on businesses. Public sector employees and pensioners are the main losers, while cuts to government subsidies for enterprises threaten other objectives. Assuming economic growth recovers despite budget restrictions and excluding external shocks, there is no imminent threat of budget instability.

Long-term prospects are also threatened by a general labor shortage. Foreign workers have partially filled the gap, but the integration of foreigners remains a persistent weakness, limiting the import of skilled labor. The influx of Ukrainian refugees has brought significant changes in this area and spurred some protest actions by extra-parliamentary groups opposing government economic policies, refugee aid, and support for Ukraine's war effort.

Addressing the labor shortage domestically is hampered by inadequate early childhood care facilities, reflecting a preference for encouraging parents to stay home with

young children. Gender issues are viewed with suspicion by some political segments, concerned about perceived threats to the traditional family. Nevertheless, high employment levels have kept poverty relatively low, and the pension system has ensured adequate, though not high, pensions relative to average earnings. Social exclusion remains a serious issue for the Roma minority, who continue to face discrimination, as well as for other social groups.

Policies on infrastructure development, the environment, and climate change have aligned with EU directives, receiving strong support from some politicians and pressure groups, but evident reluctance from others. EU support has compensated for inadequate state budget resources. While this support is not permanent, the EU-funded National Recovery Plan offers assistance in various policy areas for the next few years.

Czechia has been passive in international initiatives, ranking among the poorest OECD members in efforts to combat climate change and showing weak involvement in international economic and social development. However, during the review period, significant changes occurred, particularly in aid for Ukraine and Ukrainian refugees.

Key challenges and policy recommendations

The Czech Republic faces significant challenges in adapting its economic model, managing societal changes and attitudes, defining its place in the world, and repairing its political reputation. The country's international competitiveness has relied on multinational companies manufacturing for export to other EU member states while keeping high-skill activities, such as R&D and new product development, at home. However, increasing profit repatriation has dangerously widened the current account deficit. Additionally, the continuation of many traditional industries results in high levels of pollution and carbon emissions. This sustains a lobby with a vested interest in downplaying environmental damage and climate change.

To address these issues, the Czech Republic needs to emphasize less-polluting and higher-value economic activities. Current support for R&D is inadequate; the government's last program was weak, poorly resourced, and lacked sector-specific targeting. A strategy to promote innovation from domestically owned firms, rather

than relying on lower-grade activities introduced by foreign firms, is essential.

A major barrier is the commitment to a low tax level relative to GDP. Budget deficits are kept in check with reasonable service provisions, thanks to the EU's financial help for public investment in education, research, and infrastructure. However, this support is not permanent. A critical challenge will be finding resources through additional taxation or cutting current services. The former appears feasible given the increase in company taxation in 2023, while the latter faces serious political barriers and risks breaching commitments to limit social exclusion.

A more welcoming approach to immigrants, both as a humanitarian policy and a means to combat the labor shortage, would require public resources. The assistance provided to Ukrainian refugees demonstrates that this is feasible, at least for some foreigners. An aging population pressures pensions and other public services. Gradually increasing the pension age seems sensible as a primary solution, provided adequate support is available for those less fit to work. Additional pressures include providing adequate housing for young people who cannot easily leave their parental homes. Attitudes toward family life are also contentious; relying on parental leave rather than state-supported child care for very young children hinders economic development by keeping part of the potential labor force out of employment. There is a clear need to combat persistent attitudes regarding a woman's traditional role.

These internal challenges are linked to perceptions of Czechia's place in Europe. The EU has required changes in laws and the formulation of coherent programs and policies, accompanied by help from Structural Funds. However, the government is divided over the long-delayed issue of accession to the eurozone. Reluctance partly stems from insular attitudes within various parts of the political spectrum, linked to skepticism over other aspects of the EU agenda, such as concern over climate change.

Czechia's inward-looking stance is reflected in its limited interest in global issues, leaving it primarily a recipient of outside help rather than a donor. There is little appreciation of the benefits of becoming more active on the international stage. The country stands to gain from stronger measures against tax havens and requirements

for reasonable levels of company taxation globally, both of which could bring substantial financial benefits.

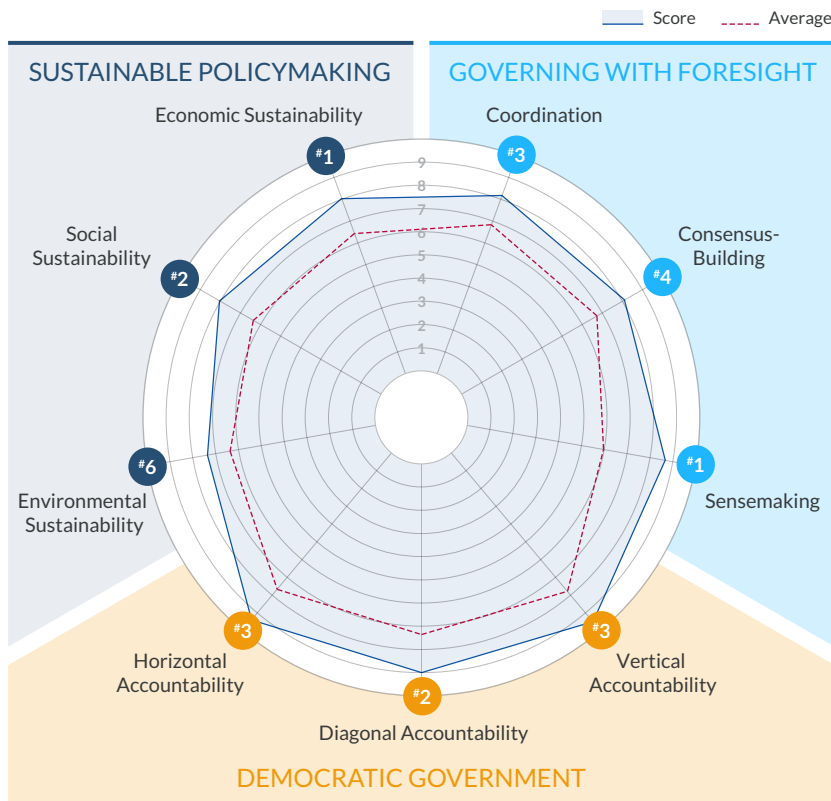
While the majority welcomed Ukrainian refugees, the rise of identity politics is an important issue. Same-sex marriage is not codified in law, and new political divides are emerging over gender rights, domestic abuse, sexual abuse, and equal rights for the LGBTQ+ community. These issues also divide generations, with younger people, especially in cities, being more supportive of these causes. Conservatives dominate the current governing coalition. However, the younger generation might produce leaders who will seek modernization, economic restructuring, and the expansion of LGBTQ+ rights, possibly bundled with environmental protection.

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Full country report available at www.sgi-network.org

Denmark



Source: Authors' elaboration

SGI Sustainable Governance Indicators

| BertelsmannStiftung

Denmark's democracy is robust and is characterized by a high level of political stability. Elections are conducted in an open and democratic manner, and anti-democratic movements remain fringe phenomena. Although political polarization has been increasing from a relatively low base, it has not yet disrupted parliamentary work. This stability is partly due to Denmark's institutional setup and its long historical tradition of consensus-driven policies and cooperation among political parties to pass legislation. While political parties maintain their ideologies, they are also pragmatic, ensuring the core objectives remain stable. Clientelism does not influence the policies enacted.

The media in Denmark are free and independent, offering a wide array of news diversity. However, a concern is the shrinking number of newspapers, which reduces media pluralism. The Danish Broadcasting Company, publicly funded but perceived as independent from the state, provides unbiased news.

Denmark is a transparent democracy. Citizens have access to information, and several independent offices audit the government and bureaucracy. Civil society

actively participates in the policymaking process, and social partners and interest organizations remain strong. Corruption cases are very rare, and the rule of law prevails.

Policymaking is horizontally coordinated through various internal government committees, the most critical being the Coordination Committee, chaired by the prime minister, and the Committee of the Economy, chaired by the minister of finance. These committees effectively function as inner cabinets. Vertical coordination also occurs in Denmark. While there is decentralization within the public sector to regions and municipalities, there is tension between promoting local autonomy and the welfare state objective of providing equal opportunities for all citizens.

Denmark has a tradition of independent commissions preparing and investigating solutions to major political issues and reforms, ensuring that scientific knowledge is part of the decision-making process. These commissions are typically chaired by prominent academics and have their own secretariats, ensuring independence from bureaucracies.

Denmark's economic performance has been strong for several years. The labor market is flexible, the exchange rate peg has strong credibility, and public finances are sound. A series of reforms have ensured that fiscal policy remains sustainable, even against the backdrop of an aging population. However, the labor force is expected to remain roughly constant in the coming years, while the public sector's need for labor is increasing due to the aging population. This is becoming a growing concern. Reforms to address the problem are being discussed, including recruiting employees from outside the EU and adopting a more liberal stance on labor migration. Denmark is also socially sustainable. The biggest current concerns are related to healthcare, as the universal healthcare system faces a double challenge: increasing public expectations and demands for welfare services, while the necessary workforce is increasingly unavailable.

The Climate Law, enacted in 2020 and updated in 2021 with a short-term emission reduction target for 2025, sets ambitious goals for environmental policy and provides a path to achieve the targets set in the Paris Agreement. According to the law, Denmark aims to reduce its emissions by 70% using 1990 emission levels as a baseline by 2030. By 2050, Denmark is expected to be climate neutral. The law formulates five-year targets for greenhouse gas emissions and requires the formation of a Climate Council, responsible for monitoring government policy and voicing concerns if targets are not being met. Currently, the Climate Council finds it very uncertain that the target for 2025 will be met, partly due to the lack of political agreement on regulating emissions from agriculture.

Key challenges and policy recommendations

Denmark is a well-functioning democracy with a comprehensive welfare state and strong economic performance. The country enjoys high average income and relatively low levels of income inequality. Looking ahead, Denmark is well-prepared to cope with its aging population, thanks to a financially robust pension system. A tradition of open dialogue, cooperation, and broad-based reform goals contributes to the country's adaptability. Trust between different actors and societal groups, often referred to as social capital, has also been an important factor. However, to remain among the leading industrialized nations, Denmark must continue to monitor its policies and institutions, necessitating additional changes and reforms.

Key challenges include:

Shifting geopolitics have affected political discourse, leading to initiatives including increased military spending and discussions on protecting supply chains and enhancing resilience to international hazards. Denmark's territory also includes the Faroe Islands and Greenland, adding developments in the Arctic to these challenges.

Climate and environmental policy frameworks are in place, but a significant gap remains between policy objectives and projected developments. While current policies are based on the assumption that targets can be met without significant changes to the country's economic structure, this ambition's feasibility is questionable, particularly concerning the relatively large agricultural sector.

Technological developments, including AI, could have wide-ranging implications for the country's economy and society. Given the ambitions of the welfare state, it is crucial to maintain high employment rates and relatively low levels of income inequality. Failure to meet these conditions could jeopardize the financial viability of the welfare state and lead to political repercussions due to societal fragmentation.

Although there have been improvements in recent years, integrating immigrants into the labor market remains a challenge. Despite significant efforts, many young adults are neither employed nor in education. A key question in this debate is whether the education system is adequately equipped to provide the type and quality of education and skills needed by employers in both the private and public sectors. Population forecasts suggest that the size of the labor force will remain relatively constant over the next couple of decades, exacerbating labor market challenges.

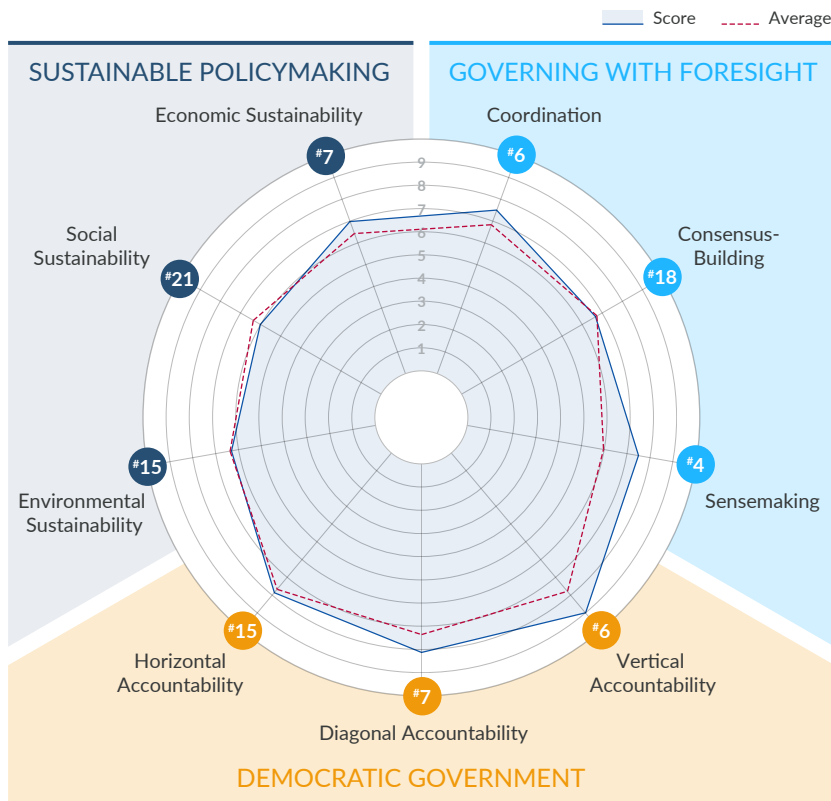
A sequence of reforms has ensured that the welfare state can cope with an aging population and that fiscal policy is sustainable. However, several challenges remain. Expectations and demands for welfare services, particularly healthcare, are likely to increase, while working hours may decrease, reducing tax revenue. Designing welfare policies requires balancing concerns for equality and social insurance with incentives for education and work. The hallmark of Danish society has been its ability to reconcile low levels of inequality and an extensive public sector with a well-functioning and sound economy that supports high income levels. Balancing these objectives remains an ongoing challenge.

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Full country report available at www.sgi-network.org

Estonia



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

In many respects, Estonia has successfully established a sustainable democracy. Civil rights and the rule of law are strong, the plurality of opinion in politics and civil society is effective, and both national and household wealth are increasing over the long term. At the same time, political polarization is increasing, leading to more volatile and less predictable policies. The tense international climate – the Russian war in Ukraine, the popularity of the radical right in Europe and the U.S. – has negatively affected the stability of the political and economic situation in Estonia.

Between January 2022 and January 2024, Estonia had three governments, all led by Kaja Kallas of the neo-liberal Reform Party. Although the coalition partners varied, the neoliberal policy orientation remained consistent. The far-right EKRE party performed worse than expected in the 2023 Riigikogu elections, but emerged as the largest opposition force in parliament. While the elections demonstrated strong voter support for openness, equality and liberal values, support for political parties fluctuated after the March 2023 elections. The conservative Pro Patria and EKRE steadily gained support. The Center Party, which had previously played a

crucial role in stabilizing the party landscape and integrating Russian-speaking voters, experienced a significant decline due to internal tensions.

The strong dominance of the coalition and the reluctance of EKRE to accept the election results have damaged parliamentary culture and legislative efficiency. Opposition obstruction has led to massive legislative delays, and the tradition of summoning ministers before parliamentary committees has been broken. To overcome obstruction, the government resorted to tying bills to a vote of confidence, which precludes parliamentary debate. Attempts by the president, the chancellor of justice and the speaker of the Riigikogu to resolve the situation have failed. As a result, democratic government is institutionally weaker than in previous decades. The confrontation in parliament has had little effect on the situation in the public sphere, which remains resilient. Independent courts and freedom

of speech continue to function; ethnic tensions are very limited, despite the war in Ukraine and the significant number of Ukrainian refugees in Estonia.

With regard to governance, the national strategy Estonia 2035 serves as a road map for strategic and coherent policymaking. However, the long-debated state reform has stalled, and the plethora of action plans that are not integrated into Estonia 2035 creates bureaucratic overload and inefficiency. The central government's cooperation with local municipalities has not improved as hoped following the 2017 municipal mergers. Municipalities are de jure responsible for providing many public services, but de facto lack the financial and human resources to do so. The division of competencies between the central and local levels of government are still blurred, municipalities' fiscal autonomy is weak, and the quality of public services and sustainability varies widely across municipalities.

The Estonian economy has been significantly affected by rising inflation rates and the weak performance of Estonia's main export partners. Despite a high employment rate, labor shortages and high taxes on labor con-

tinue to undermine economic development, especially productivity. Responsibility for employment policy has been transferred from the Ministry of Social Affairs to the Ministry of Economic Affairs to better address the needs of enterprises, particularly in the area of upskilling.

The overall orientation of active labor market policies has shifted from nudging tools to stricter obligations in training and job acceptance. In a challenging international economic environment, the government is attempting to maintain fiscal orthodoxy, though not as firmly as in previous decades. Public debt levels, although among Europe's lowest, have increased significantly, and the government lacks a clear vision on how to finance growing budgetary needs while complying with euro zone fiscal rules. This lack of strategic vision has led to erratic tax debates and some changes in the tax system. Corporate and capital taxes remain very low, while VAT increased in 2024.

In 2023, tax debates focused on the planned car tax, while areas of greater concern, such as labor taxes, were not discussed. Estonia's welfare system is largely based on the Bismarckian principle of social insurance, and faces significant sustainability challenges. Poverty among the elderly remains a concern, and the degree of health inequality is Europe's highest. The rising cost of living has increased the proportion of people living in poverty in both absolute and relative terms.

Key challenges and policy recommendations

Estonia is internationally known for its low government debt. However, that debt more than doubled between 2015 and 2023, and the government faces tough choices between borrowing, raising taxes and cutting spending. High inflation rates in 2022 – 2023 and the need to increase the military budget have exacerbated the situation.

The Estonian tax system, designed in the early 1990s, is ill-suited to today's work and lifestyle patterns. The proportional income tax and the corporate tax breaks for reinvested profits undermine equity. High taxes on labor and very low taxes on capital increase wealth inequality and motivate investment in assets rather than job creation. Therefore, a fundamental shift from labor taxes and VAT to taxes on wealth and profits is needed.

In particular, a review of social protection based on regular employment is urgently needed to provide adequate protection for those in nonregular employment and to ensure the generation of sufficient revenues to finance the welfare system. In addition to creating a legal environment that prevents wage dumping – and thus inadequate social security contributions – the government must be prepared to make larger transfers to social security funds. Borrowing to cover the debts of social security funds, as has been done in the recent past, is not sustainable, and needs to be replaced by increased tax revenues.

Overall, a comprehensive tax reform to make the system fiscally and socially sustainable remains crucial, especially in view of growing regional disparities and an increasing share of people at risk of poverty.

The Estonian economy recovered quickly from the Great Recession and the COVID-19 pandemic, but has since contracted for three consecutive years. The recession “will last longer, mainly because Estonia's export markets are in a poor position and competitiveness has been lost” (EP 2023). Labor markets have remained resilient, but a sharp fall in productivity suggests that workers are underemployed. The government should put more effort into finding new export markets to avoid rising unemployment and bankruptcies in sectors heavily dependent on exports (such as the wood industry and construction). Programs to support the transfer of knowledge to enterprises need to be continued and prolonged to facilitate the development of more sophisticated products.

The institutional framework for governance is well established, allowing policymakers to focus on improving implementation and accountability. Strategic planning and foresight capacity have improved, as evidenced by long-term sectoral strategies and a significant amount of commissioned policy analysis. However, this can lead to overproduction and underutilization. To fully capitalize on knowledge-based governance, all strategies and development plans need to be clearly linked to the Estonia 2035 development strategy, and the results of commissioned analyses need to be integrated into policymaking.

Given the volatile international and domestic environment, 15-year strategies may not adequately reflect real opportunities and future challenges. As a result, ad-

opted indicators and targets are neglected by the government, and strategic documents (e.g., the seven-year budget strategy) are revised annually. The government should adhere to a stable set of key indicators or principles in order to keep policy development predictable, and to facilitate investment planning in both the public and private sectors.

Trimming the bureaucracy has long been a declared goal of all political forces, including the government. The government has responded by merging various ministries and agencies and calling for cuts in ministerial budgets. While the latter seems largely unrealistic due to the entrenched “minimal state” approach, the former approach has failed to reduce bureaucracy. To overcome problems of bureaucratic overload, all state institutions must improve coordination among and between ministries and their administrative agencies. The executive branch must avoid excessive reporting requirements, and the parliament must strive to make legal texts (and explanatory notes) less bureaucratic and easier to understand. Digital e-governance tools – an area in which Estonia is a well-known pioneer – need to be designed to reduce bureaucratic overload and prioritize large-scale usability.

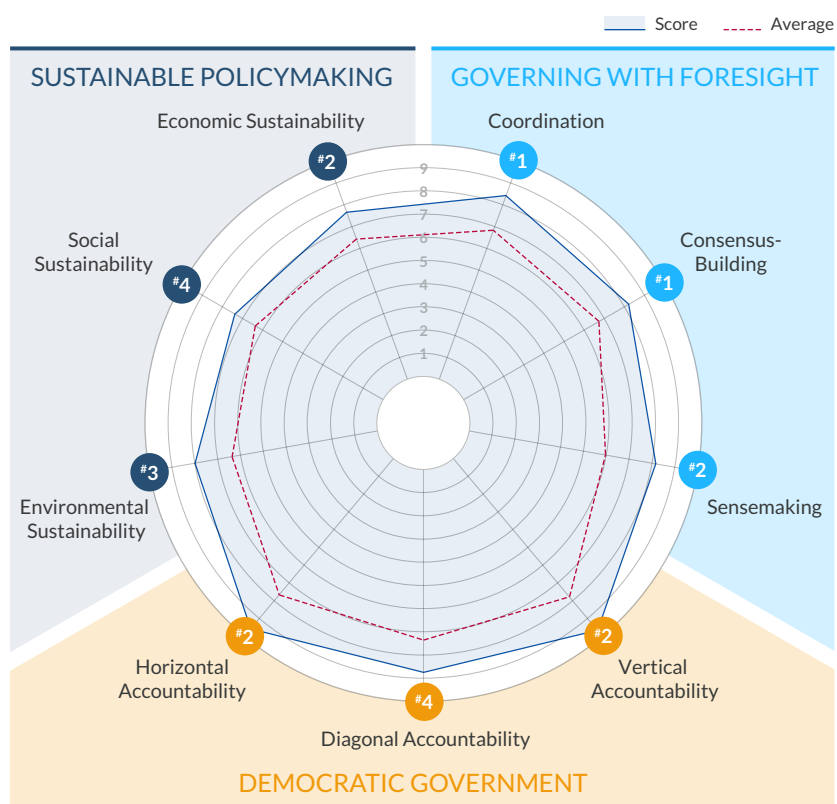
The review period saw a further increase in the dominance of the executive over the legislature. This was caused by the destructive conflict between the opposition and the government and by the growing practice of regulating policy through strategies, development plans and government decrees rather than through parliamentary acts. Constant attention must be paid to ensuring that all constitutional powers remain autonomous and legitimate. This includes regulations to curb the executive agencies’ growing practice of classifying documents and draft proposals for internal use without substantive justification.

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Full country report available at www.sgi-network.org

Finland



Source: Authors' elaboration

SGI Sustainable Governance Indicators

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Promoting sustainable governance in Finland remains a key focus, as the country ranks among the wealthiest and happiest globally. The government of Finland acknowledges that sustainable development aims to secure a high-quality living environment for both current and future generations. The National Commission on Sustainable Development, led by the prime minister, is responsible for incorporating international sustainable development goals into national policies. In its upcoming tenure, the Commission will focus on expediting the implementation of the Global 2030 Agenda for Sustainable Development and actively monitoring and evaluating the progress of Agenda 2030 within Finland.

Finland aims to play a prominent role in climate policy, emphasizing the importance of preserving the country's clean and natural environment. Priorities include addressing biodiversity loss and ensuring the availability of clean and affordable energy. However, the means to

A significant shift in sustainable governance occurred in Finland when Sanna Marin's center-left government was replaced by Petteri Orpo's right-wing government in June 2023. Marin's government was known for placing a strong emphasis on ecological and social sustainability, while Orpo's government primarily focuses on a sustainable economy.

According to the Orpo government program, the foundation of prosperity lies in fostering a sustainable economy. The government aims to narrow the disparity between overall government revenue and expenditure and reverse the trend of escalating public debt in Finland. However, the program also emphasizes that the primary objective of economic policy is to achieve growth that is environmentally and socially responsible.

The government recognizes that the transition to clean energy and technologies presents Finland with opportunities to generate employment, boost exports, foster economic growth and enhance overall prosperity.

attain these goals are less ambitious than those of the previous government. The Orpo government states that a resilient and dedicated Finland is characterized by stability, reliability, and a commitment to democratic principles and the rule of law. Previous achievements demonstrate that Finland values equality, especially gender equality.

Despite cuts in public spending, primarily in social security income transfers, the welfare state remains a crucial factor in citizens' contentment. This robust foundation positioned Finland favorably with regard to tackling pandemic challenges, with fewer vulnerabilities compared to other nations. In managing the COVID-19 crisis, Finland experienced relatively low death rates but faced substantial economic repercussions and elevated unemployment rates. The government successfully alleviated these challenges by implementing measures to support businesses, safeguard workers against income loss and compensate for revenue declines, thus maintaining essential services. The Finnish COVID-19 strategy leveraged a well-functioning healthcare system and an extended welfare state, which contributed to the mitigation of economic impacts.

Since Russia's full-scale attack on Ukraine, the security landscape in Finland has transformed. A few months after the invasion, Finland became a NATO member. Domestic political debates now center mostly on military security issues. In late 2023, Russia launched a hybrid attack against Finland by sending refugees over the border. Finland responded by closing all border access points with Russia. The ongoing crisis with Russia has consumed media space and resources, diverting attention from other sustainable governance topics. The change in government has also resulted in a major shift in migration policy, as the new government is clearly less welcoming to migrants than its predecessor. The influence of the True Finns party is also evident in the development aid policy, with Finland showing less dedication to expressing global solidarity.

Key challenges and policy recommendations

The key challenges relate to the fact that Finland recently underwent a significant shift in sustainable governance as Sanna Marin's center-left government was replaced by Petteri Orpo's right-wing administration in June 2023.

The shift in governance priorities represents a notable departure from the ecological and social sustainability emphasized by Marin's government. Orpo's administration primarily focuses on fostering a sustainable economy, raising questions about balancing economic growth with environmental and social responsibility. Striking a balance between fostering a sustainable economy for prosperity and ensuring that economic growth aligns with environmental and social responsibility has become a central challenge for the Orpo government. Additionally, the ongoing crisis with Russia has diverted attention and resources from sustainable governance topics, highlighting the challenge of maintaining focus on environmental and social sustainability amid immediate security concerns.

The means proposed by the Orpo government to address climate-related goals have raised concerns regarding their ambition, particularly when compared to the initiatives undertaken by the previous administration led by Sanna Marin. Climate-friendly policies are integral to combating biodiversity loss, a critical environmental issue that threatens ecosystems and the delicate balance of the planet's biodiversity. The reduced ambition in the Orpo government's climate approach

raises questions about the adequacy of measures to protect and preserve diverse ecosystems, which are essential for the health of the environment and the countless species dependent on them. The Orpo government's approach – with climate goals perceived as being less ambitious – raises concerns about Finland's ability to fully realize the potential benefits associated with a proactive stance on climate-friendly policies.

A less welcoming approach to migrants under the new government – reflecting the political agenda of the True Finns party in particular – introduces challenges in managing immigration and raises questions about potential impacts on societal diversity and the economic progress of the country. With a declining birth rate and an aging population, work-based migration is of paramount importance for the sustainability of pension schemes, for example. The influence of the True Finns party is also visible in the development aid policy, pointing to potential challenges in maintaining a commitment to global solidarity amid shifting political landscapes.

The government's social security cuts are poised to have widespread implications, potentially affecting various sectors of the population. Notably, these cuts are anticipated to disproportionately impact service sector workers, particularly those engaged in part-time employment. The reduction in social security benefits is expected to result in a substantial decrease in the monthly income of low-income people, raising concerns about the rise of poverty and social exclusion.

The government's justification for these cuts – aimed at increasing the number of full-time jobs – has been met with skepticism. Critics argue such measures may inadvertently undermine incentives to work and the flexibility of working life across various professions. Amid these challenges, there are calls for a more nuanced and comprehensive approach to social security that addresses the diverse needs of the workforce while ensuring economic stability.

The government faces the challenge of maintaining a high level of citizen contentment, underscoring the delicate balance between fiscal responsibility and social welfare measures. Reversing the negative trends in educational outcomes and mental well-being of the youth is essential for the social and financial sustainability of Finnish society.

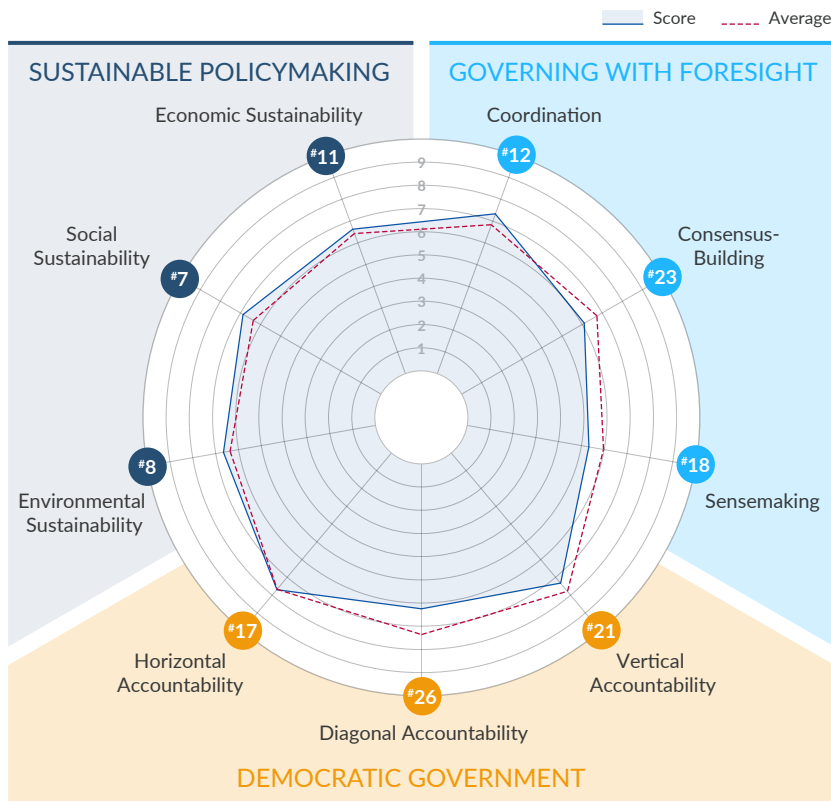
Finland's recent governance transition brings a host of challenges, from policy ambiguities to shifts in priorities and potential impacts on societal well-being. Navigating these challenges will be crucial for Finland as it seeks to redefine its approach to sustainable governance and balance economic growth with environmental and social responsibility.

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Full country report available at www.sgi-network.org

France



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

of the capacity to coordinate with other actors, be it local governments or civil society organizations. Critical of the “deep state” structuring government actions, President Macron has sought to reform the elitist school training of high-ranking civil servants. This has had modest effects other than the explicit and loud resistance from the elitist corps of civil servants (*grands corps*). The rapid digitalization of governmental processes and resources has not led to more effective government in many regards. Furthermore, the traditional political and bureaucratic practices have had difficulty adapting to more evidence-based approaches. Despite the creation of a new scientific advisory board under the president, scientific approaches to policy design and policy evaluation still do not play a central role in the country's governance.

France is an average country in Europe with respect to its sustainable governance performance.

Despite the continuing rise of the extreme-right party National Rally and continuous debates about the leadership style of President Emmanuel Macron, democratic institutions are solid and provide an effective context for discussion and the exercise of rights. This is complemented by a strong bureaucracy and a substantial devolution of power to local governments and regulatory agencies. Nonetheless, the overall climate is extremely pessimistic. All political actors play the game of ideological polarization rather than building well-articulated party organizations and policy programs. This makes coalition building extremely difficult. In the short term, the introduction of a minority government since 2022 has accentuated the tension between the overarching majority logic of the institutions and the limited room for maneuver of a government that has been largely unable to pass legislation by creating effective majorities.

The strong bureaucratic tradition provides for solid coordination at the government level, but at the expense

The government's performance in shaping and promoting sustainable policies is average in most areas, falling at a level comparable with the performance of other large continental European nations. Recently, the overall agenda of the government has turned toward a more conservative policy style. The government performs best with regard to its capacity to deliver a low-carbon economy, thanks to intensive use of nuclear energy. This orientation has been reaffirmed in recent years, with the state turning away from the reduction in the use of nuclear energy planned in the previous decade. Meanwhile, renewable energies remain at the margins of the political agenda, especially since they are contested by the population, particularly with regard to wind turbines. What was once a key feature for France – its egalitarian ambition within the country and across the world – is now being increasingly neglected.

The key decisions of the past year include retrenchments in pensions and unemployment benefits in order to meet the welfare system's growing financial deficits. Yet these cuts have not markedly changed the negative dynamics of the public deficit, which has been expanding steadily over the past 50 years. COVID-19 and the war in Ukraine have provisionally suspended this burden on public finances, as the European rules on deficits

were suspended. The return to normal leaves France in an in-between situation. Deficits are still huge, with no clear path toward their limitation despite the need for it. This more generally reflects the government's difficulties engaging in long-range planning. If plans are made, their overall consistency generally remains limited, and their effective implementation a matter of considerable uncertainty.

Key challenges and policy recommendations

France has a comparatively positive record in sustainable governance. Its CO₂-weak energy mix and its leading role in international climate negotiations make it a critical actor in global action against climate change. This being said, France faces considerable challenges and is not always well equipped to respond to them.

The main challenge concerns public acceptance of climate and environmental policies. The Yellow Vest Movement of 2018 – 2019 is still on everyone's mind. Even if the French public is generally supportive of environmental protection, the willingness to accept income losses or competitive declines is limited. Especially in the context of higher inflation since the Russian invasion of Ukraine, purchasing power has become a highly sensitive political issue.

Climate change denial is not very prominent in the French public sphere. However, arguments that effectively serve to delay the climate transition are being aired more regularly. Right-wing movements and even elements of the government party have sometimes been tempted to resort to these types of arguments. The right and especially the far right are downplaying climate change, possibly creating electoral pressure on government parties.

In an exceedingly majoritarian political system, even small voter movements may have a strong impact on electoral outcomes. This has created a strong majoritarian culture in French politics that makes cooperation unlikely. Governmental offers of cooperation are usually seen as a synonym for complying with the government's preferred policy position. On the side of the opposition, this tends to produce a wholesale rejection of anything coming from the government, and a self-confinement to systematic opposition, even on issues where agreement would be possible or desirable.

Another problem linked to the majoritarian culture is that intermediate powers (i.e., local or regional actors, interest groups, professional organizations, civil society associations) are seldom involved in the policymaking process. This has led to a "top down" decision-making and government style, with only limited amounts of social concertation. In turn, the fact that civil society and socioeconomic organizations have little voice in the process leads to staunch opposition, regularly produces huge mobilization movements in the streets, and alienates large parts of the population from the political class. This problem of insufficient social concertation has been discussed for a long time. Although various attempts to adopt a more inclusive decision-making style have been made, they have typically been tactical or half-hearted rather than sustained.

A more structural problem concerns the lack of transparency. The existence of numerous privileges and exceptions to existing rules – including the absence of regulations on private jets or the watering of golf fields – creates frustration and even resentment. It tends to undermine public trust and makes it more difficult to achieve sustainable outcomes. Ultimately, much of this relates to the way the financial burden of climate transition will be distributed. Environmental policies can have a disproportionately negative impact on certain groups of people, such as low-income communities and marginalized groups. This can exacerbate social inequalities, which may in turn fuel political resentment.

Several directions should be explored to improve sustainable governance. These all rely on the assumption that most obstacles to sustainable governance are due to the country's excessively majoritarian politics.

A more proportional electoral system:

This would essentially entail a reform of the electoral system in the direction of more proportional representation. In time, this would help reduce the systematic rejection of government proposals by the opposition and vice versa. This would also reduce the temptation by presidents to unilaterally announce and force through their political agenda. The exact details of this reform would require discussion, as the two-round electoral system is deeply anchored in French politics. A good blueprint could be the electoral system for the European Parliament election, which relies on regional proportional-representation lists, even if the variance in

regional populations will influence the degree of proportionality.

A modified electoral calendar:

An additional reform to achieve the same goal could consist of making the presidential and legislative elections coincide. Currently, legislative elections take place six to eight weeks after the second round for the presidential contest. This change would put the two elections on an equal footing, thus increasing the relative value of legislative elections and avoiding a situation in which legislative elections simply confirm the results of presidential elections.

Better impact assessment and policy evaluation:

The majoritarian character of French politics often results in a situation in which the executive disregards expert opinions and scientific evidence. Similarly, erratic changes, such as the temporary elimination of mathematics as a compulsory subject in the baccalauréat, can be costly both in the short and long run. A more professionalized policy-evaluation process – possibly by a state-funded independent national evaluation institute – would help shield policymaking from short-term electoral influences. This seems particularly important with regard to climate change and the environment in general.

Stronger and more regular integration of civil society organizations in the policymaking process:

A general commitment to the systematic consultation of concerned CSOs when launching new legislative projects could also help to repair the negative effects of solitary top-down executive policymaking processes and would help lend legitimacy to the results of legislation. There have been promising attempts in the past, such as the “Larcher bill” calling for the systematic integration of employers’ organizations and trade unions in social and labor policy processes, but these have largely been disregarded by the Macron administration since 2017.

All these directions proposed are based on the assumption that changing the rules would trigger behavioral changes among all actors concerned, including the government, administration, political parties and CSOs – and that this in turn would lead to less confrontation

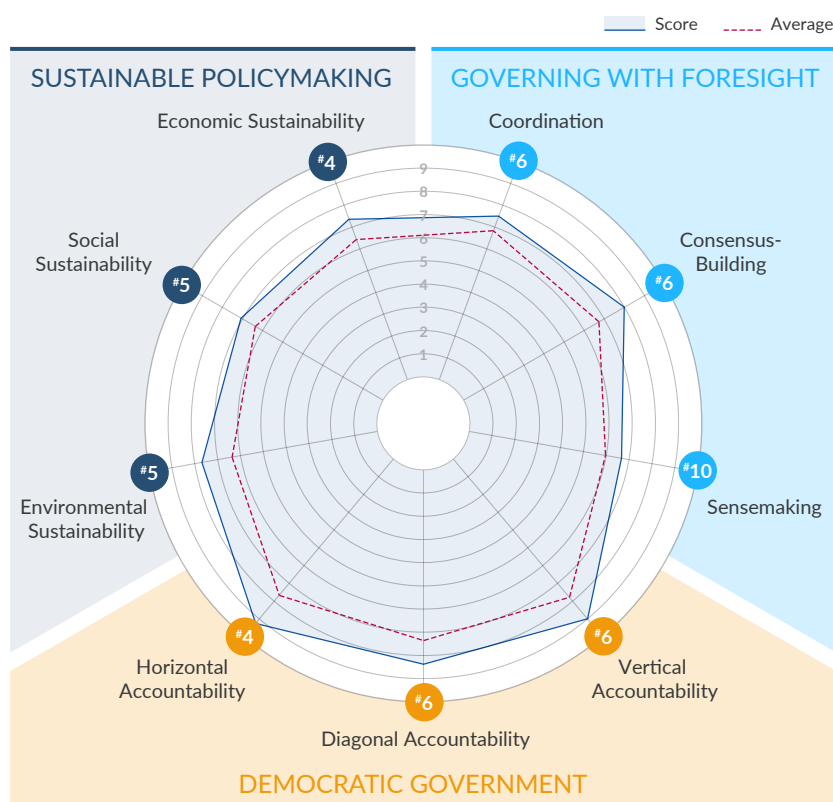
and polarization, and more dialogue, negotiation and readiness for compromise. Yet this effect is far from guaranteed; any change will require an ongoing process of social learning, and progress will take time.

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Full country report available at www.sgi-network.org

Germany



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

Germany's political system is strengthened by robust and resilient democratic institutions. All public entities are effectively constrained by reliable checks and balances and adherence to the rule of law. A pluralistic media environment promotes open debates and disseminates high-quality information, including critical evaluations of governmental performance. Additionally, democratic principles, human rights, and the rule of law enjoy considerable support from political and economic elites, as well as from the general public. A vibrant civil society significantly contributes to public discourse and inspires the younger generation to value democracy and open exchange.

However, the resilience of democratic principles in Germany faces significant challenges amid increasing polarization, particularly evidenced by the rise of support for the far-right party AfD. While not all AfD supporters reject democratic principles, many prominent

party representatives openly espouse nationalistic and homophobic views. Issues such as immigration and the management of refugee inflows – considered the most pressing problem by survey respondents at the end of the observation period (Forschungsgruppe Wahlen 2024) – have contributed to the radicalization of certain segments of the population.

A troubling trend in policy debates is the tendency to dismiss opposing views as malevolent rather than legitimate differences. This polarization first appeared during the 2015 refugee crisis and has persisted through subsequent controversies, including government policies during the pandemic, attitudes toward Russia, and support for Ukraine.

Moreover, democratic values have not firmly taken root in certain migrant communities. In Turkish communities, for instance, a majority aligns with Turkey's autocratic leadership. Similarly, within Arab communities, the Gaza conflict has incited open anti-Semitic outbursts. This indicates that despite residing in democratic societies, some

migrant population segments do not resonate with fundamental democratic principles.

Despite these challenges, a significant majority of Germans continue to vote for democratic parties, and populist movements – unlike in some other European countries – have yet to attain political power. Nonetheless, the future remains uncertain, especially in the eastern states, where the AfD has gained substantial support in polls.

One drawback of Germany's rules-based approach and its deep trust in an ever-expanding set of regulations is the escalating bureaucratic burden. Companies view red tape and increasingly detailed regulations as major impediments to entrepreneurial efforts. Researchers also criticize stringent constraints, citing issues such as data protection and bans on certain technologies, which they argue drive cutting-edge research out of Germany.

Governing with foresight

German governments typically make well-informed decisions, closely collaborating with scientific communities, particularly during crises with inherent knowledge limitations. Despite programmatic differences, coalitions like the current “Traffic Light” coalition (comprising the SPD, FDP, and Green parties) manage to agree on programs through comprehensive coalition agreements over the legislative term. The current government’s agenda, as outlined in its coalition agreement, is forward-looking, placing a strong emphasis on climate protection and digitalization.

However, weaknesses emerge in the realm of strategic foresight. Firstly, there is a notable lack of strategic planning for potential crisis scenarios, as evidenced by the lack of preparedness for the pandemic and the Russian war against Ukraine. Secondly, communication often devolves into cacophony, especially under crisis conditions. The government struggles to establish a unifying narrative shared by all coalition partners, hindering its ability to provide clear guidance and orientation to the country. This problem may, to some extent, reflect a lack of charisma among leading politicians, but the issue has persisted from the chancellorship of Angela Merkel to the current leadership under Chancellor Olaf Scholz.

Sustainable policymaking

Germany’s policy approach must grapple with two notable deficiencies. First, there is a reluctance to prepare the welfare state for demographic aging. Support for the bold Hartz reforms of the 2000s has waned, and some of these reforms have even been reversed. Rather than preparing for future challenges, the welfare state agenda focuses on further expanding and completing social protection. With the end of the peace dividend, rising energy prices, deglobalization, and risks to the German industrial economic model, the financial sustainability of the welfare state is now at risk. High corporate and income tax rates have become obstacles to investment and employment, undermining the economic foundation of the German model. Second, the Federal Constitutional Court’s Debt Brake ruling imposes a stringent budget constraint, further limiting available policy space. Debates on reforming the German Debt Brake often overlook the inherent fiscal constraints arising from lower growth and an aging population, which are not artificial constraints created by constitutional fiscal rules.

Key challenges and policy recommendations

Germany is confronted with the following key challenges.

Strengthening resilient democracy:

German political elites must create a unified strategy to address both external and internal threats to democracy. Externally, this involves enhancing European and German leadership in a world where the reliability of the United States as a defender of democracy and peace is uncertain. Internally, it requires engaging with AfD voters and those migrant communities that hold autocratic and illiberal views from their countries of origin instead of embracing the human rights and democratic values of their current home.

Building a consensus on the energy transition:

While there is broad consensus on Germany’s responsibility for global climate policies and widespread support for ambitious measures, recent debates on increasing the CO₂ price and technological constraints in home heating have exposed limits to this acceptance. An unfair and overly costly climate policy plays into the hands of populists, promoting unscientific narratives and climate change denial.

German energy policy must strive for more efficient and socially balanced climate prescriptions. The government’s failure to offset the rising CO₂ price for vulnerable households through a “Klimageld” (Climate Allowance) and its adoption of excessively costly regulations for homeowners signal a misdirection. Environmental economists advocate for a more stringent pricing approach and increased technology neutrality to achieve a cost-effective and impactful climate policy.

Migration and integration policy challenges:

Germany’s commendable efforts to provide refuge to refugees face challenges as reception capacities approach their limits, according to local politicians in the municipalities where real integration issues materialize. Integration difficulties are particularly evident in Arab communities that openly reject Western values and hold anti-Israel stances. Additionally, the poor performance of students with migrant backgrounds in the education system underscores the constraints on integra-

tion capacity. These circumstances provide ammunition to right-wing groups like the AfD, which exploit them as signs of a loss of control.

Moreover, the labor market integration of Ukrainian refugees in Germany lags behind other European countries. Collaborative efforts with European partners to update asylum rules are underway, but further adjustments may be necessary to counter far-right populist sentiments and demonstrate political control.

Welfare state reforms:

Recent reforms in pension, old-age, unemployment insurance, and the health system have predominantly expanded welfare protection. Some Hartz measures were rolled back through the Bürgergeld, and certain pension reforms were countered by initiatives like “Rente mit 63” (entering retirement at 63) and guarantees for minimum pensions. While the social motivation behind these steps is commendable, financing constraints are increasingly evident. The pension and health systems are ill-prepared for the imminent demographic upheaval caused by the retirement wave of the baby boomer generation. Necessary reforms, such as raising the pension age or initiatives to increase working hours, face political resistance. Pension committees or reform templates provided by the German Council of Economic Experts have been blatantly rebuffed by leading politicians, creating a political taboo around the inevitable reforms.

Addressing the financial sustainability of the social security system is crucial for mobilizing resources for the impending transition needs. There is a legitimate debate about whether the constitutional Debt Brake needs to be reformed to allow for deficit-financed investment. However, if welfare spending continues to crowd out future-oriented spending in public budgets, new debt will not be the solution.

Comprehensive tax reform:

Germany needs comprehensive tax reform. The tax system still suffers from numerous unjustified exemptions, particularly in the VAT system. By OECD standards, high effective corporate tax rates and significantly elevated marginal tax rates for average earners discourage economic activities, ranging from investment to employment. The growing preference for leisure among Ger-

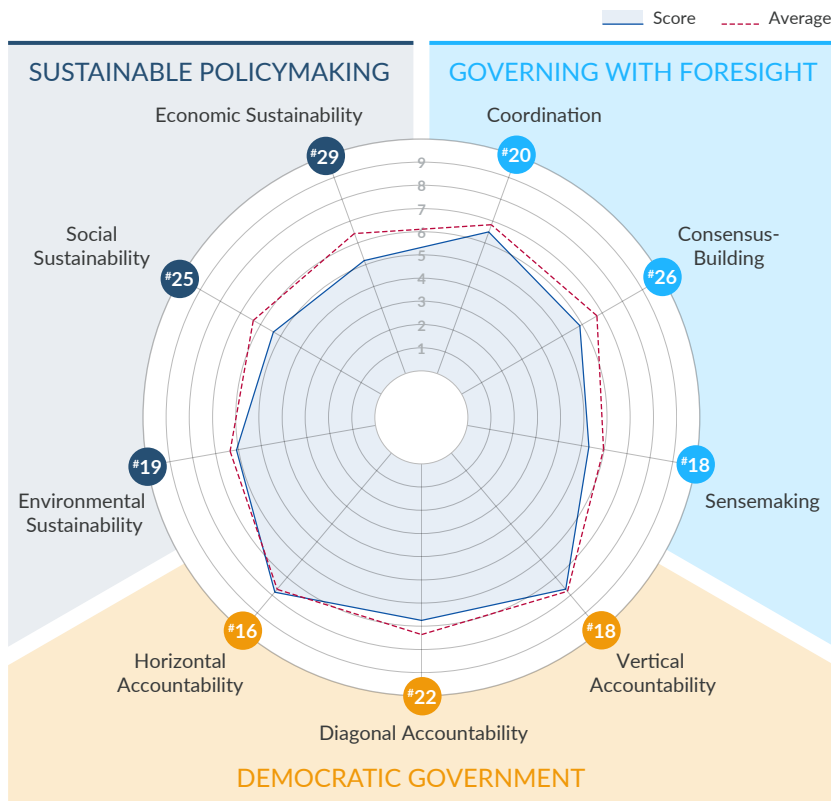
man workers correlates with these strong disincentives. A reform aimed at revenue neutrality, while designing a more efficient tax structure, is imperative. Although the process is anticipated to be conflict-ridden, it is clear that the current tax system places an unnecessary burden on Germany’s economic activities.

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Full country report available at www.sgi-network.org

Greece



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

decade's crisis, diminished. This stability was further consolidated following the parliamentary elections of May–June 2023, in which the New Democracy party, having governed alone from 2019 to 2023, was reelected and once again formed a single-party majority government.

The government continued its reform agenda from its previous term, focusing on creating a more investment-friendly institutional environment. It also introduced cash transfers and tax breaks to support vulnerable households and economic groups affected by the pandemic. Further modernization efforts were undertaken in education, pensions, social care, and digital governance, alongside the introduction of sustainable development policies. However, concerns persisted about the government's ability to sustain its commitment to such an extensive range of reforms.

During the period under review, Greece's political and economic landscape showed notable improvement. As the effects of the COVID-19 pandemic diminished, the economy experienced growth, largely driven by increased domestic consumption and a resurgence in tourism. This economic recovery was further bolstered by heightened private direct investment and substantial contributions from the EU's Recovery and Resilience Facility. The government also implemented measures to mitigate the surge in energy and consumer goods prices following the onset of the war in Ukraine.

Despite this progress, inflation remained a pressing issue in 2023, particularly affecting salaried workers. Although the economy improved, Greece continued to face significant challenges, including the highest public debt in the European Union, necessitating a cautious approach to fiscal expansion. Moreover, Greece had the second-highest unemployment rate among EU Member States, and a large proportion of the population remained at risk of poverty or social exclusion.

Political stability in Greece improved as domestic tensions, which had periodically flared during the previous

Democratic institutions in Greece remained strong, with the government avoiding interference in the judiciary and state media. Media pluralism was maintained, civil and political liberties were upheld, and the rights to strike and protest were frequently exercised by discontented groups. Nevertheless, the private media sector remained oligopolistic, and investigations revealed instances of surveillance of select journalists and politicians from both the ruling party and the opposition, which were unresolved during this period. Additionally, bureaucratic obstacles and chronic inefficiencies in the justice system raised concerns about Greece's capacity to swiftly address violations of the rule of law.

While the government successfully managed the economy and helped society recover from the pandemic's impact, it faced criticism for inefficiencies in other areas. The response to the wildfires and floods of 2022 and 2023 in central Greece and the Greek islands was rapid, yet the restoration of devastated nature and local economic activities proved insufficient. Furthermore, long-standing issues within the country's railway system were starkly exposed by a major fatal accident at the beginning of 2023.

During this period, Greece effectively addressed several challenges, including managing a reduced inflow of migrants and refugees. While there were still significant shortcomings in the social integration of these groups, the conditions of their reception and accommodation improved. Additionally, Greece successfully navigated tensions with Turkey to maintain peace.

Looking ahead, the government will need to maintain a delicate balance between promoting further economic recovery, resolving long-standing issues in public infrastructure, public administration, and the justice system, and safeguarding the living standards of social groups at risk of being left behind.

Key challenges and policy recommendations

Greece has resumed its economic recovery following the twin crises of the economy and the COVID-19 pandemic. This resurgence has been supported by rising tourism revenues, which constitute a significant portion of the country's GDP, the strategic use of the European Union's Recovery and Resilience Facility funds, directed toward infrastructure and regional development projects, and increasing domestic demand for goods and services.

However, sustaining this economic momentum while managing macroeconomic and fiscal vulnerabilities presents a considerable challenge. Greece faces substantial public debt, the highest in the EU, and although unemployment has declined, it remains among the highest in the Union. Inflation, driven by international factors beyond the government's control, continues to affect energy and food prices. Additionally, the current account deficit has worsened over time, and while private investment is on the rise, it still lags behind other EU member states.

Addressing these vulnerabilities, particularly the public debt, remains crucial in the medium term. Greece has a window of opportunity to better manage its debt until 2032, when EU institutions will review the country's Gross Financing Needs. Simultaneously, policies aimed at boosting exports are necessary to reduce the current account deficit, which has been exacerbated by high domestic consumption of imported goods.

To meet these challenges, Greece must enhance its economic competitiveness, which hinges on address-

ing two chronic issues: low labor productivity and below-average investment compared to the EU. Upskilling the labor force and increasing private sector research and development are essential for boosting productivity. Although EU funds have helped narrow Greece's investment gap, attracting more foreign direct investment is crucial. To achieve this, the government must lift remaining restrictions on access to certain business sectors and overcome bureaucratic obstacles that are hampered by a slow-responding public administration.

In the short term, the government must also implement additional measures to mitigate the impact of soaring energy and food prices on the most vulnerable households. Long-standing regional inequalities require attention as well, particularly in the northwest and northeast, where some of the poorest regions in the EU are located.

These economic challenges are interlinked with the persistent issues of poverty, unemployment, and income inequality in Greece. A significant proportion of Greeks remain at risk of poverty or social exclusion, and unemployment among the youth is still high. Income disparities are also stark, particularly between salaried workers and business owners or professionals who evade taxes. No Greek government will be able to adequately fund social policies to combat poverty and economic inequality without first addressing the issue of untaxed income and wealth. The ongoing digitalization of economic transactions, which the government is actively promoting, is a step in the right direction.

To tackle low labor productivity, unemployment, and poverty, it is crucial to align employment needs with education and training trends. The Greek labor market demands unskilled workers for agriculture and construction, as well as skilled technicians for the industrial and IT sectors. However, educational institutions primarily train students for traditional professions, such as civil service and the liberal professions (lawyers, doctors, civil engineers, and architects).

While Greece has made strides in environmental sustainability, significant challenges remain. Meeting the UN's Sustainable Development Goals for 2030 will be difficult. Despite the economic and environmental costs, oil and natural gas continue to be widely used for transportation and heating. Nevertheless, Greece has significantly reduced greenhouse gas emissions com-

pared to previous decades. Further progress requires a stronger shift toward renewable energy sources and the provision of affordable, green energy to the population.

Achieving these economic, fiscal, labor, social, and environmental goals will necessitate substantial improvements in Greece's public administration, which currently falls short in steering the economy and society. The recent digitalization of numerous public services has improved citizen-administration relations, but more needs to be done. Short-term priorities include further integrating IT into government work processes, upskilling and ensuring accountability among civil servants, conducting meaningful performance reviews, and providing incentives for productive employees while addressing inefficiencies, particularly in regional and local governments.

To address public administration challenges, the government must pursue reforms planned with EU assistance. These include the digital transformation of the public sector and the establishment of a comprehensive Human Resources Management system, both of which are underway but require close monitoring. The strategy to disseminate digital and modern management skills among civil servants must be intensified, and greater care must be taken to ensure the interoperability of digital systems within public administration.

Additionally, there is a misallocation of tasks among central, regional, and local public administrations, and an uneven use of evidence-based policymaking. These issues are still in the planning stage and require streamlining.

In the long term, challenges in the justice and education systems continue to hinder economic performance and public administration reforms. Although new judicial personnel have been hired and digital systems introduced, case processing remains slow, the rule of law is inconsistently applied, and anti-corruption measures are less effective than necessary. Improving the efficiency of the justice system and the transparency of government and public administration structures will require further training for court personnel and expanded digitalization of court procedures. Education also needs urgent reform, as reflected in Greece's sub-par performance in PISA assessments. Without structural changes in education, Greece's economic progress may be impeded.

A final significant long-term challenge is the need to diversify the economy and reduce its heavy reliance on tourism. Although plans are in place, their implementation has been slow and uncertain.

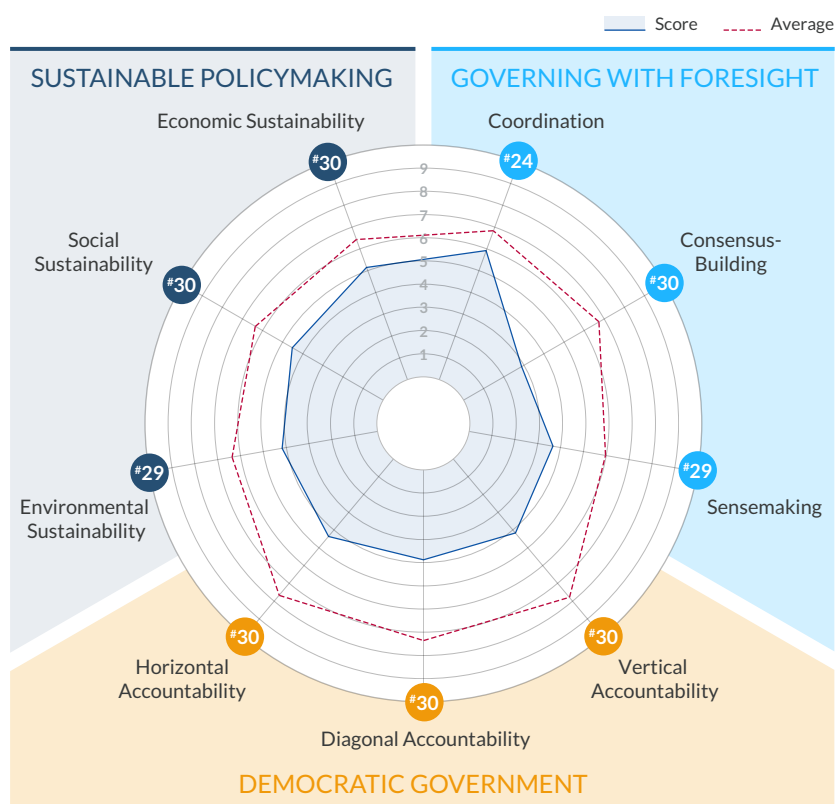
Despite these challenges, Greece enters the 2020s with two critical advantages that were absent in the previous decade: the country has overcome its most severe economic crisis of the last century, and political stability has been achieved. These factors provide a foundation for optimism that, in the short to medium term, Greece can successfully address its challenges.

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Full country report available at www.sgi-network.org

Hungary



Source: Authors' elaboration

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Under the recent Orbán governments (2010 – 2024), Hungary shifted from a fully-fledged democracy to an electoral autocracy. Democratic institutions have been undermined by the ruling party, and state capture has turned them into instruments of the political will of those in power. The political system has been centralized by the enforcement of state control over the territorial bodies of self-government, intermediate institutions and the judicial system. Overall, the system of checks and balances is dysfunctional, leading to severe consequences for the quality of democracy, the rule of law and the openness of society.

The government's control over the state media system ensures that political discourse, fueled by superficially religious-conservative but in reality nationalistic, homophobic and patriarchal narratives, induces othering within an artificially created us-and-them dichotomy. The cleavages between center and periphery and urban and rural areas are deepening. Increasingly, party competition in elections runs along the dividing line between highly educated, cosmopolitan, younger and mo-

bile urban segments of society on one side and rural, less educated, older and nationalistic groups on the other. Prime Minister Viktor Orbán and his Fidesz party have mastered the exploitation of these differences in their communication strategies, and have adapted the electoral system to this rift through gerrymandering. Unsurprisingly, in the 2022 parliamentary elections, Fidesz won most constituencies outside Budapest, the opposition stronghold, and secured a two-thirds supermajority.

The overarching issue is corruption. Corruption in Hungary is endemic, and more so than in neighboring countries, is partly accepted by some strata of society. After its electoral defeat in 2002, Fidesz built an economic empire by acquiring media outlets and companies via oligarchs close to the party. Resources were secured via public tenders administered by Fidesz mayors, with hardly any non-Fidesz-affiliated companies winning such tenders in Fidesz-dominated cities. Participants were drawn into the system as if in a

chain-letter or pyramid scheme, necessitating the circumvention of more and more control systems via the media, the judicial system, parliamentary control rights, state audits and so on. The system sustains itself, yet cannot be maintained without creating a substantial number of losers. Consequently, the current system is unreformable because any reform would threaten Fidesz's power base, with severe repercussions for the actors involved.

Against this background, European funds are highly sought after. Nevertheless, beyond domestic considerations, there is a level playing field with Brussels-based actors. The European oversight system remains indispensable, and the EU has frozen some funds allocated to Hungary. This poses an existential threat to Fidesz, prompting Prime Minister Orbán to resort to drastic measures, such as political blackmail, to achieve his objectives. The EU serves as the last serious counterbalance to Orbán and Fidesz in Hungary, leading to the characterization of Hungary as an "externally constrained hybrid regime" (Bozóki and Hegedűs 2018).

Hungarian foreign policy is irredentist and unreliable, swinging between the West and East. Attempts to develop an “Eastern Opening Policy” toward Russia and China have shown some economic success, but cannot replace the benefits of the European Single Market and the billions provided through cohesion programs. Quite the contrary. Instead of opposing EU policies, Hungary should use all the benefits of European integration and go “all-in.”

Hungary faces several challenges induced by the presence of an illiberal regime that prioritizes ideology and survival over sustainability. While some statistics may appear promising, the labor market suffers from covert unemployment, labor shortages and a brain drain, which diminishes Hungary’s attractiveness for investments. The likelihood of falling behind is greater than that of catching up. The Hungarian government’s lack of emphasis on reforming crucial sectors with state-of-the-art measures hinders the country’s long-term competitiveness. Several sectors, particularly healthcare, education and the environment, show severe shortcomings. Governance models are often dysfunctional and almost always lack civil society involvement. The distance between the government and society is growing, regardless of what election results may suggest. Some progress is visible with regard to the sustainability of the Hungarian tax system, and the labor market has some robust features. However, without major policy changes and a different attitude, Hungary is bound to lose ground vis-à-vis its neighbors in the region.

Key challenges and policy recommendations

The key challenge in Hungary is to restore full-fledged democracy. The state of democracy, the rule of law, press freedom and human rights are challenged by the very nature of the Orbán regime. Regime change is likely needed to achieve a breakthrough toward a more balanced, democratic and inclusive polity. The present government under Prime Minister Orbán and the Fidesz party is likely uninterested in implementing serious reforms aimed at such overarching objectives, and is indeed likely unable to do so. However, without addressing the meta level, reforms in sectoral policies will always be challenged by top-down intervention and deviation from good practices.

The power base of Fidesz at home is stable, but the international environment has become increasing-

ly hostile. Since China and Russia cannot replace the EU and the U.S., and such a shift in alliance remains unacceptable to the Hungarian population, the regime must find a *modus vivendi* with the European Union. This should include refraining from further blackmailing behavior and reforms to the domestic system of checks and balances to avoid further steps by Brussels in the EU Article 7 procedure. The change in government in Poland deprived Hungary of its former partner that had protected Budapest using by unanimity rules in the EU’s decision-making process, and further isolated the country in Europe. Farther east, relations with Ukraine lie in ruins due to Orbán’s pro-Russian stance.

Liabilities in the country arise from an interconnected population decrease, brain drain and labor shortage. Although environmental sustainability is progressing, it is largely driven by external factors rather than internal conviction. There is a need for mainstreaming in this area.

Another critical area requiring mainstreaming is the empowerment of women. The gender pay gap and the lack of women in politics are notable issues within the Hungarian system, necessitating urgent action. Although the business sector is showing improvement, the problem primarily lies within the government, and is related to the patriarchal and retrograde Fidesz ideology. Addressing this issue requires an ideological shift and the acceptance of more inclusive societal values.

Regarding the governance model, one key challenge is to improve horizontal interministerial coordination. Expanding the number of ministries after the 2022 parliamentary elections was a good choice, and central coordination by the Prime Minister’s Office is strong, but creating an environmental ministry would make sense. Moreover, the lack of separate ministries for education and healthcare reduces efficiency. Both are now subordinated to the Ministry of Interior, headed by an ex-police officer. Moreover, public education and healthcare funding levels (both of which are now under the OECD average) should be increased. Vertically, the territorial self-governance system should be strengthened, and the principle of subsidiarity should be enforced. This includes tackling the distribution of competencies on the local and regional levels, and upgrading the finances of municipalities.

Improving government-society relations presents a significant challenge. Several problems are apparent in this

area. Genuine public consultations and the involvement of civil society organizations in policymaking are crucial for securing the long-term acceptance of government decisions by the general public. In Hungary, such practices are weak across all policies. Furthermore, quality control mechanisms such as audits, peer reviews and scientific advice suffer from bias and neglect. As long as the government continues to target NGOs and marginalized groups with hate speech and smear campaigns, the situation will not improve, and the divide within Hungarian society will deepen even further. Additionally, the resilience of independent media actors must be strengthened in order to preserve the balance of public discourse amidst a severe disparity of material resources and advertisement income in favor of pro-government media.

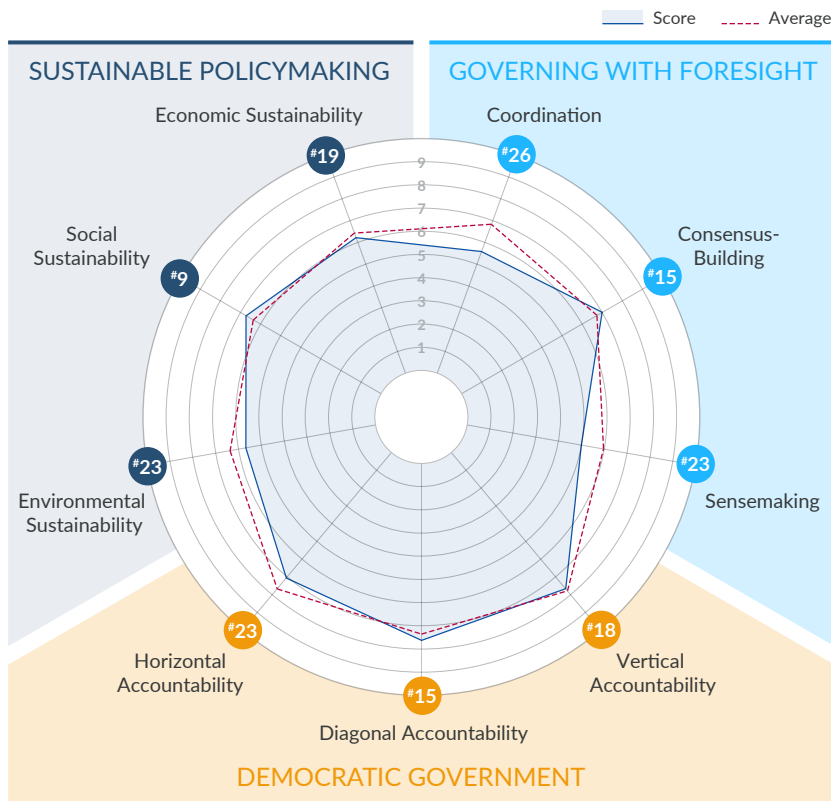
Finally, those involved in Hungarian politics should aim to prioritize policy-seeking over office-seeking. The prevalence of office-seeking behaviors is evident in the replacement of meritocracy with nepotism, the persistent high-level corruption and state capture by the Fidesz elite. If ideological, political and administrative shortcomings are not addressed, the country will fall behind compared to more dynamic and reliable nations in the region.

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Full country report available at www.sgi-network.org

Ireland



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

Ireland represents a complex and hybrid policy and political culture, depending on the area it can be described as a “laggard” or “leader.” The power of government is effectively limited by robust democratic accountability mechanisms at both societal and state levels, although local government remains weak. Vertical accountability, as well as indicators for the quality of elections, political competition, and free and fair elections, are strong. The 2023 establishment of the Electoral Commission is expected to bolster this further. However, issues of gender, ethnic, class, and other equalities remain inadequately addressed. The capacity of political parties to represent key societal interests is fragmenting, with a rise in far-right party activity, though they have yet to secure electoral success. Diagonal accountability is upheld by effective non-state actors, but the capacity for social documentation needs improvement. The media is relatively free and pluralistic, though it could benefit from more diversity in ownership and participation. Social media and disinformation pose significant challenges, although Ireland is in a unique position to lead the EU in tackling these issues. Horizontal accountability has been reinforced through independent oversight bodies, though social policy oversight remains weak. The late

2023 Judicial Appointments Act aims to strengthen confidence in the judiciary. Ireland's capacity for foresighted governance is limited, with policymaking typically focused on short- and medium-term goals, rarely employing multiple scenarios, which increases uncertainty and risks. Silo thinking is prevalent, technical capacities are often limited, and both horizontal and vertical integration face challenges. Despite these issues, Ireland has a good track record of consensus-building through social partnership.

The use of evidence in policymaking is fragmented, and the quality of evidence varies substantially. Knowledge cultures often prioritize reductive, short-term analyses over holistic, long-term ones. Monodisciplinary inquiry is common, whereas inter- and transdisciplinary approaches would be more beneficial, leading to a lack of diversity in thought and values, and excluding some life experiences from policy

dialogue. Government communication is complicated by the presence of three coalition partners. Ireland's record on sustainable policymaking reveals significant social, environmental, and economic challenges. Policies often fail to address underlying systemic issues, favoring technological and efficiency solutions, resulting in poor outcomes in climate action, biodiversity, and environmental pressures on air, water, and soil. This approach also fails to outline the social and economic benefits of transformative change.

Labor market institutions and public employment services are relatively well-developed, but there is no national service, and institutions struggle to address skills gaps and achieve inclusive and adaptive labor markets. Income taxation is progressive, but indirect taxation is not, and over-dependence on corporate tax and volatility undermines tax sustainability. Ireland's tax haven qualities in corporate tax pose significant international tax justice issues. While the Irish Fiscal Advisory Council and the Parliamentary Budget Office promote sustainable budget planning, more efforts are needed for sustainable fiscal management. The new Research and Innovation Agency (to replace IRC and SFI) must better

align with sustainability goals to increase funding and research breadth, ideally focusing on transformations. Education policy in Ireland is progressive but requires more investment and a stronger focus on equality. Human needs and well-being can be better supported through investment in services with significant deficits, such as housing, care, health, and active and public transport. Gender equality is improving, but pay and pension gaps remain, and challenges persist in relation to violence, care and political participation. More efforts are needed to integrate migrants into society and the labor market, while asylum policy and practice remain deeply problematic from an integration perspective. Ireland's record on and capacity for environmental sustainability is worrying, with serious concerns that national and sectoral targets will not be met. While progress has been made with renewables, agriculture and transport are particularly problematic. Climate action is overly reliant on technology, with no credible plan for achieving net-zero emissions by 2050. Biodiversity performance is particularly weak, with poor implementation of measures to conserve, protect, and enhance ecosystems and biodiversity, and implement relevant EU directives.

Key challenges and policy recommendations

Ireland's record for sustainable policymaking is uneven in capacity and impacts across the economy, society and the environment, with serious challenges in all areas. Significant efforts are needed to improve policy coverage and coherence, aiming for long-term sustainability and win-win outcomes. Often, sustainability policy is conceived in isolation, focusing on efficiency measures to address problems created by other policies that are frequently aimed at economic and social development. Agriculture and transport are key examples where transformative approaches are necessary to shift development priorities beyond just technology. Enhancements in foresight, technical capacities, and the evidence base for policy development would be beneficial. Improved coordination of programs with analogous or complementary policy goals is needed for effective implementation, with the legitimacy of policy decisions and trust in government depending on the quality of execution.

Ireland faces several key challenges in the next two years. The political landscape is in significant transition, with Sinn Féin, progressing unevenly, but still emerging

as a plausible contender for a government coalition party after the next election. This will test more established parties, Sinn Féin, and the maturity of the democratic system. Citizen trust is fragile, access to official information is inconsistent, and social media disinformation, along with adaptation to AI, will require enhanced measures. Local government power and capacity need substantial reform to meet new policy challenges related to sustainability, climate policy and democratic engagement.

Institutional imagination and innovation are necessary, along with organizational openness and more diverse participation in policy processes. Transitioning to a sustainable social order that ensures a viable future for future generations must also provide a viable present for current generations. While the media operates independently with a relative diversity of opinions, ownership is concentrated in monopolies. The capacity of civil society organizations for social infrastructure and documentation and active participation in shaping relevant policies needs to be resourced, especially in social policy, and key institutions need to be developed to restore the role of Combat Poverty Agency, an early victim of austerity. A civil society observatory could help fill data banks and track civil society's key role in supporting a sustainable future. Ireland's small size means it has a limited range of institutions and is culturally vulnerable to groupthink. A wider range of relevant experts and societal actors must be involved in the policy process, with support and resources for such involvement. Ireland's environmental record is poor, with serious doubts about its ability to meet national and international emissions targets. The 2022 Citizens Assembly on Biodiversity highlighted the need for greater efforts to conserve, protect and enhance ecosystems and biodiversity, also underscoring the need to implement relevant EU directives.

Infrastructure challenges are significant, with inadequate facilities due to underinvestment and new needs arising from an aging and growing population. Priority areas include housing and health, particularly addressing inequality of access. Long-overdue investment is needed to tackle social and geographic concentrations of poverty and deprivation, youth precarity and the marginalization of minorities, including travelers, migrants and international protection applicants. Gender equity issues, such as effective childcare and work-life balance policy also require attention. Investment is needed in

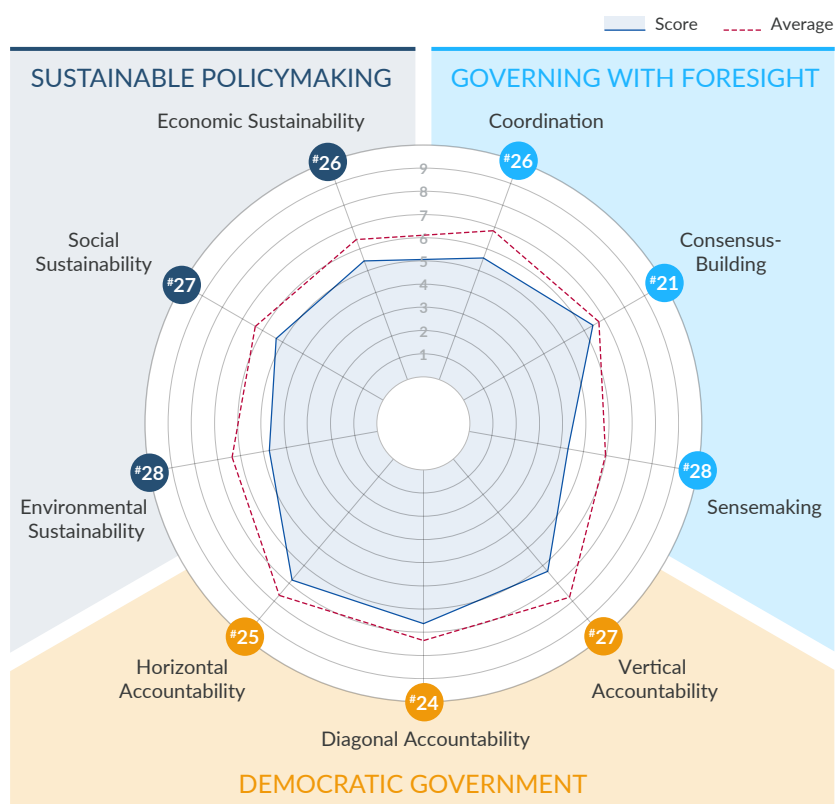
housing, transport, education, health and care. Social and political cohesion is challenged by a small but vocal and strategic far-right presence, and the government must ensure that international protection policy is not manipulated by these actors. Resourcing local communities and working in partnership with local leaders is essential. Ireland's capacity to meet these challenges depends heavily on the quality of state institutions and their capacity for social learning and "collective puzzlement on society's behalf." This includes the ability to re-frame questions, widen participation and focus on the right policy priorities rather than settling for easy solutions. Consideration should be given to different configurations of tax and spend, and alternative development policies prioritizing nationally-owned enterprise and diversified activity.

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Full country report available at www.sgi-network.org

Israel



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

The past year has been troubling, and posed many challenges to democracy and the sustainability of governance in Israel. Since January 2023, the government has been promoting a judicial overhaul, and democratic backsliding is evident in all aspects of politics and policymaking. The government has also weakened the civil service, and undermined professional and scientific knowledge. In particular, the government has decreased public investment in innovation, scientific knowledge and evidence-based policymaking.

The electoral and party systems allow for the broad representation of interests and groups. Civil society remains vibrant and has even gained significance since October 7. At the same time, party and government accountability have decreased. Many parties do not publicly communicate their agendas, and the government fails to comprehensively and transparently share its plans. Moreover, there has been a noticeable decline in press freedoms, as the media has become more reluctant to criticize the government and public trust in the media has waned.

Oversight of government activities has become less effective due to a weak legislature and the powerlessness of the state comptroller. Furthermore, the government has weakened law enforcement agencies and the court system. This endangers civil rights and liberties, which are not constitutionalized for the most part.

Israel's war with Hamas, which began on October 7, and its impact on domestic issues have highlighted the weakness of horizontal coordination between government departments. Similarly, the weakness of the Prime Minister's Office has resulted in a lack of comprehensive policy and affected services provided to those impacted by the war.

At the same time, access to government information and freedom of information has improved. The government and public services have become more open and accessible, while participation and collaboration between governmental and non-governmental

actors across all fields have improved. In addition, the analytical capacities of members of the Knesset have increased thanks to the Knesset's research center. Similarly, the regulatory impact assessment framework has improved significantly following the establishment of the Regulatory Authority. The independence of these two organizations should be maintained.

Strategic planning is frequently undertaken in fields to which Israel is committed due to its OECD membership and ratification of international treaties. However, even in areas where a strategic plan exists, there has been little progress in implementation and monitoring. For example, many other areas, such as gender equality and the circular economy, lack strategic planning and comprehensive policymaking.

Israel lacks clear sustainable governance goals. This is evident in social, economic and environmental policy issues. Nevertheless, systems in some areas function better, and more adequately address current social and economic risks. However, this is primarily due to

past policymaking and well-built systems (e.g., health-care and immigration) rather than strategic planning. In fields that lack comprehensive, resilient systems (e.g., the pension system), there is a discrepancy between social and economic risks, and the policies enacted. These discrepancies are widening, exposing more citizens to social, economic and environmental risks.

The last year has shown that many Israeli policymakers are not strongly committed to democratic values and the protection of civil liberties, and have failed to promote sustainable governance and policymaking. In contrast, civil society has demonstrated its viability and strength, as seen in the large-scale protests against the government's judicial overhaul and following October 7. Civil society has proven that Israeli citizens are dedicated to democratic values and building a more sustainable government.

Key challenges and policy recommendations

Israel has a deep-rooted history of improvisation in policymaking (Sharkansky and Zalmanovitch 2000). When it comes to long-term processes and strategic planning, Israel typically demonstrates weak policy performance. Although improvisation can be advantageous in uncertain environments, it creates challenges in addressing long-term global issues. Furthermore, this approach becomes problematic when policy responses necessitate collaboration between various national and international actors.

One mechanism that can support strategic planning and implementation is a strong central coordination agency. The Prime Minister's Office (PMO) could fulfill this role. However, over the last couple of years, the capacity of the PMO has decreased, mostly due to politicization and the level of coordination between ministries. Israel's government should invest more heavily in strengthening the PMO, especially its strategic planning and coordination departments.

These departments and the general director should play a more active role in coordinating and managing collaboration between ministries and effectively monitoring the implementation of various projects. Currently, this task is primarily conducted by the Ministry of Finance, which is responsible for fiscal and economic issues, while professional input from other perspectives is lacking. One way to strengthen the PMO is to set higher formal standards for the general director of the PMO.

The Israeli government tends to adopt strategic plans on issues seen as global problems, with specific goals and measures developed by external actors, and formalized in treaties and agreements. In addition, international actors, such as the OECD, should develop measures for domestic issues, similarly formalized in treaties and agreements. This might induce the government to act on these measures, and translate them into specific policy responses and strategies.

The second challenge is accountability. Israeli policymakers and authorities often do not see themselves as accountable to the public. This deeply affects issues placed on the agenda and policy implementation. To improve accountability, the legislature's monitoring capacity should be strengthened. Specifically, the number of members of the Knesset should be increased, so that they can effectively participate in Knesset committee meetings and provide the committees with more effective monitoring tools. Additionally, the State Comptroller's Office should be strengthened. Currently, the state comptroller has broad investigative authority; however, its reports are non-binding and often ignored by policymakers. The state comptroller's reports include important information on gaps in sustainable governance. Increasing the power of the state comptroller would contribute to the better implementation of these reports.

Although freedom of information provisions have been improved, the department of the Ministry of Justice in charge of freedom of information is very small and has little power. To further improve the provision of government information and thereby strengthen accountability, the ministerial department should be expanded and provided with the coercive authority to address deviations from the Freedom of Information Law.

A third challenge concerns vertical coordination. More formal coordination mechanisms should be implemented and greater authority delegated to local authorities. This will improve government responsiveness. At the same time, institutionalizing mechanisms of collaborative governance should be enhanced, providing more influence to various stakeholders, and contributing to the democratization and accountability of policymaking (Sher-Hadar et al. 2021).

The past year has demonstrated the power of civil society. A vibrant civil society will be crucial for sustain-

ing democracy. It can also increase responsiveness and communication between government and citizens. Both national and international actors are encouraged to strengthen Israeli civil society. However, this empowerment should enable civil society to work with the government, not replace it.

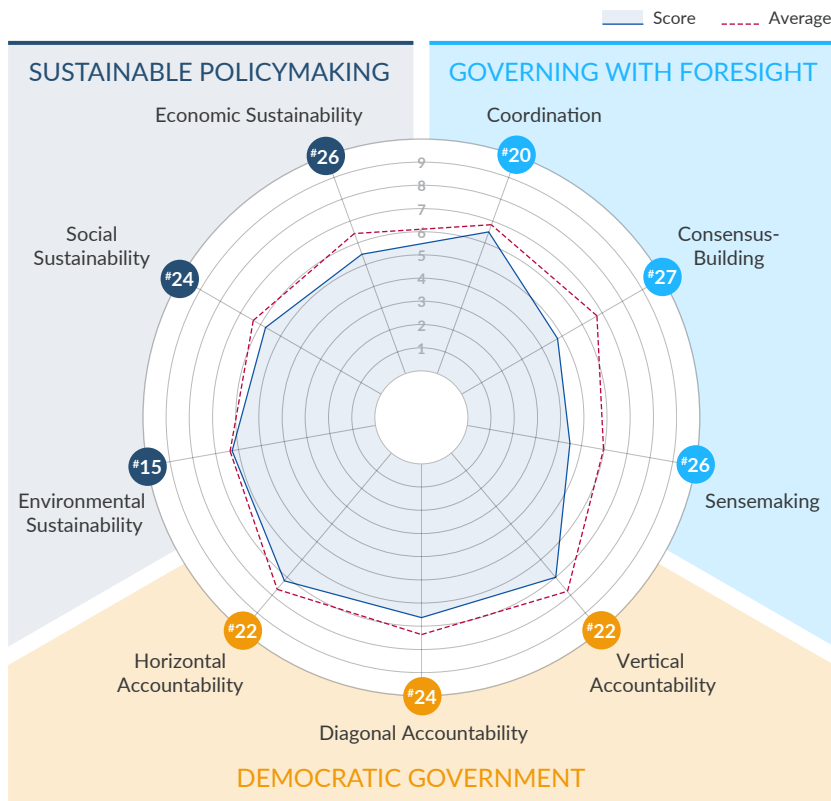
Of course, addressing these challenges greatly depends on how the war in Gaza evolves, and its national and international consequences. The political arrangements adopted following the war will significantly impact the government's willingness to promote and fulfill non-security-related strategic goals.

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Full country report available at www.sgi-network.org

Italy



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

In early 2022, Italy was led by a national unity government under Mario Draghi, a former president of the European Central Bank. This coalition, comprising parties from across the political spectrum, aimed to tackle the challenges posed by the COVID-19 pandemic and implement the EU's Recovery Fund. Despite initial successes, the government collapsed in July 2022 due to internal conflicts and some coalition parties seeking greater political visibility. The subsequent elections in September 2022 saw a victory for the right-wing coalition, with Giorgia Meloni, leader of Brothers of Italy (Fratelli d'Italia, FDI), becoming prime minister. Her government, dominated by far-right, Euroskeptic, and populist parties, represents a significant shift in Italy's political landscape, impacting the quality of governance and progress toward the Sustainable Development Goals (SDGs).

Italy has performed relatively well in terms of democratic governance, particularly regarding free and fair elections. However, the country has faced increasing ideological polarization and a rise in populist parties, challenging democratic accountability. The Meloni gov-

ernment has further eroded democratic accountability, especially concerning the freedom of public service media. Its focus on ideological alignment in filling key RAI positions has led to the departure of experienced journalists and a shift in editorial direction favoring the government's political leanings, exacerbating the close relationship between RAI and politics.

Regarding horizontal accountability, the Meloni government's decisions have raised concerns about the rights of refugees and migrants. Additionally, despite strong legislative institutions, the government has consolidated executive power, as seen during the 2024 budget process. This trend toward greater executive dominance could further weaken checks and balances in the Italian political system.

While Italy's democratic government performance remains relatively strong, there are persistent concerns about the influence of populist parties, the ero-

sion of public service media freedom, and the increasing dominance of the executive branch. Italy's performance in guiding society and the economy toward collective goals – known as the steering dimension – needs improvement in both foresight and sustainable policy-making. Although Italy has a well-established system of coordination mechanisms at the central government level, shifting responsibility for the National Recovery and Resilience Program (NRRP) from the Treasury to the Prime Minister's Office (PMO) could reduce the efficiency of the NRRP implementation process due to the PMO's limited technical and analytical capacities.

Additionally, coordination mechanisms between central and subnational levels of government could be strengthened, and Italy needs a clear policy on minimum standards for public services. This lack of clarity makes it more difficult to hold local governments accountable for service delivery, especially considering the Meloni government's proposed reform (Autonomia differenziata), which aims to increase the political power and autonomy of regions leveraging this institutional innovation.

The Meloni government's politicization of policy advice, limited involvement of civil society organizations (CSOs) in policymaking, and lack of units for strategic foresight and anticipatory innovation further undermine government efficiency, effectiveness, and long-term planning.

Italy's policy outcomes have changed under the Meloni government. Compared to the Draghi administration, Meloni's government has shown less commitment to sustainability challenges, including the circular economy and decarbonization. It has also made controversial changes to the Basic Income Law.

In an attempt to reduce taxes, the Meloni government has created an unequal tax system that favors the self-employed over employees, and it has not been successful in combating tax evasion. Regarding international cooperation, Italy has generally supported policies to improve financial market regulation and supervision. However, the Meloni government voted against the reform of the European Stability Mechanism in December 2023, which may have undermined Italy's credibility in Brussels.

The Meloni government has made efforts to adhere to the EU's fiscal rules, but its budget decisions have been criticized for potentially hindering economic growth and jeopardizing essential services like healthcare. Overall, the Meloni government's actions have raised concerns about its commitment to democratic accountability, sustainable policymaking, and effective governance. These concerns impact Italy's ability to address its challenges and achieve satisfactory levels in SDGs.

Key challenges and policy recommendations

Italy has recovered relatively well from the COVID-19 pandemic, thanks to strong family ties, high household savings rates, the resilience of small and medium-sized enterprises, and dynamic manufacturing and export-oriented sectors. Additionally, the expansionary macroeconomic policies pursued by the Conte and Draghi governments contributed significantly to this recovery. However, the process has not addressed the country's persistent weaknesses, which remain a challenge in the current political climate marked by increased polarization and the new right-wing government that took office after the September 2023 general elections.

Italy faces two main types of challenges: policy and political.

Policy challenges:

Government and administrative reform: A comprehensive overhaul of government machinery and the relationship between central government and local authorities is necessary.

Economic and social reforms: Targeted economic reforms, sustainable social policies, and continued efforts to improve the quality of education and research are essential.

Policy Implementation: Designing policies that allow for effective implementation and using evaluation as a central pillar are crucial. This includes extensive use of ex ante, in itinere, and ex post evaluations.

Public administration: Improving recruitment procedures for senior civil servants and strengthening the analytical capacity of public administrations at all levels is vital. A strong achievement orientation should characterize public administration.

Policy advice: Emphasizing strategic and innovative approaches to policymaking is needed.

Economic Intervention: Addressing financial instability with policies that promote dynamic growth, enhance competition, increase enterprise size and innovation, boost productivity, and ensure skilled employment is critical.

Immigration: Reorienting public debate on immigration to focus on effective integration and protection of immigrants' rights is necessary.

Research and education: Increased funding and strategic reorientation of research and education are required.

North-South divide: Addressing the widening North-South divide concretely is imperative.

The enormous NRRP (National Recovery and Resilience Plan) that Italy aims to implement by 2026 focuses on these challenges and more. Successful and effective implementation of the NRRP is crucial for overcoming the

country's structural socioeconomic weaknesses and achieving the SDGs. Monitoring the outcomes closely in the coming years is essential.

Political challenges:

The primary political challenge is to halt the trend toward polarization, which hinders commitment to sustainable policies. The current prime minister's ability and willingness to steer her party toward more moderate positions are crucial. Similar moderation is required from other parties like the Northern League and M5Stars.

Another significant challenge is the government's approach to two crucial institutional reforms: differentiated regionalism and the potential presidentialization of the political system, central to the prime minister's party's electoral manifesto. Poorly designed interventions could negatively impact Italy's ability to address its structural problems.

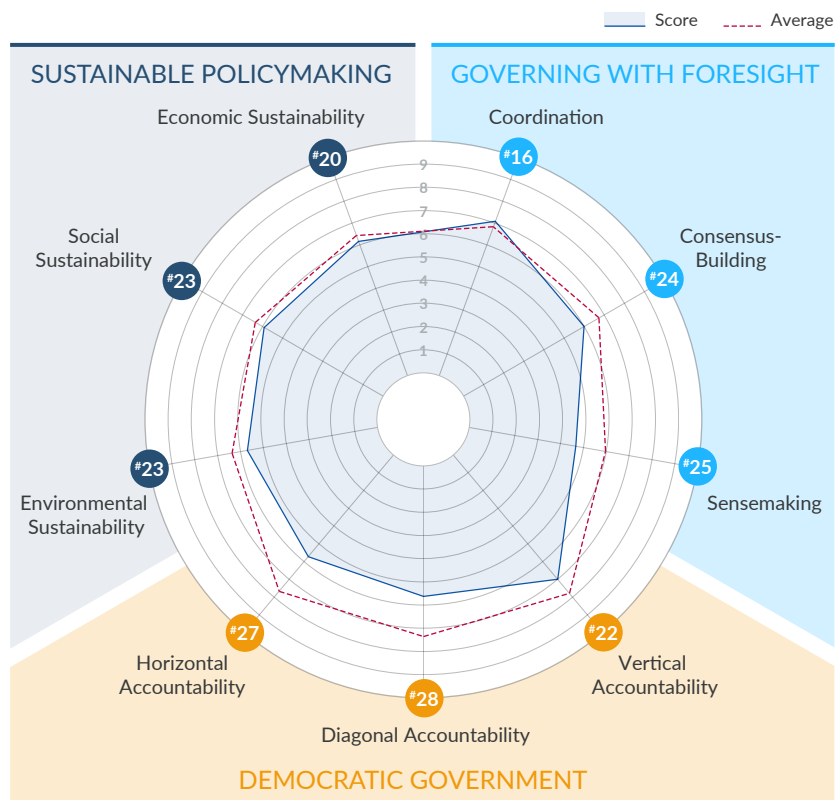
Without a shift toward a more centripetal political system, Italy will struggle to play a constructive role in the EU and meet the requirements of the new Stability and Growth Pact.

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Japan



Source: Authors' elaboration

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environmental NGOs are not as visible in policymaking and deliberations as in other countries.

Despite some progress in fighting corruption, collusive ties exist between politicians, businesspersons and bureaucrats. The transparency of decision-making is weakened further by the fact that, due to the dominant position of the Liberal Democratic Party, legislative projects are negotiated primarily within the party, while the Diet rarely performs its deliberative, oversight and investigative functions.

Governing with foresight

As a result of institutional reforms implemented since 2001, the Cabinet Secretariat and the Cabinet Office are well-equipped to conduct top-down policy coordination. Japan boasts a highly professional civil service, but the ministerial bureaucracy is characterized by strong sectionalism, and is insufficiently trained in strategic foresight and anticipatory innovation. Due to the

limited effectiveness of formal interministerial coordination, informal channels continue to center around the ruling party. As a large share of provisions are earmarked for state grants, local authorities remain largely dependent on the central government. Even though the Kishida government has intensified contacts with the Japanese Trade Union Confederation (Rengô), no permanent tripartite council has been established. Representatives of social welfare and environmental civil society groups are rarely represented in or consulted by cabinet advisory bodies. While regulatory impact analysis is reasonably effective, stakeholders are rarely involved in evaluation processes.

Sustainable policymaking

Japan is the fourth-largest economy globally, with a focus on R&D, high-quality education and healthcare. It is also one of the most generous donors of ODA to the developing world. Nevertheless, after three decades of economic stagnation, Japan has yet to find an effective strategy to bolster economic growth and sustain

Democratic government

Despite problems such as the malapportionment of constituencies, hereditary parliamentarism and clientelist practices, Japan remains one of the most advanced and stable democracies in both East Asia and the industrialized world. There are no substantial problems with respect to fundamental civil rights, such as freedom of press, assembly and association, and the current government is noticeably less willing to challenge democratic standards than some previous governments.

Nevertheless, the Supreme Court tends to be lenient toward the government and the administrative organs' discretionary powers remain strong in terms of the disclosure of documents or detention of suspects. Japan's civil society exerts influence on political decisions only in the field of economic and labor policy, with organizations such as the Japanese Business Federation (Keidanren) enjoying privileged access to and close connections with the government. Social welfare and

high living standards. The risk of poverty is prone to increase in line with population aging in Japan, not least because the proportion of persons that diverge from a standard employment career – still at the heart of the social protection system – is growing, and many persons are ill-equipped to increase personal savings and assets to compensate for inadequate pensions. Fiscal policy in Japan is also risk prone as any serious attempt at consolidation has been pushed back and the Bank of Japan, as the main buyer of Japan government bonds, is set to gradually “normalize” monetary policy. This may make it more difficult for the government to issue new bonds and may also put pressure on social cohesion, especially if controversial decisions are made without public debate and with limited policy participation.

While Japan has made substantial efforts to promote a circular economy and build resilient economic infrastructure, it has been less committed to decarbonizing its energy system and achieving carbon neutrality by 2050. The existing tax on fossil fuel consumption is very low and the carbon levy, scheduled to be introduced in 2028, is also expected to be set relatively low. The Kishida government has addressed some problems in the labor market for women and low-income families, but non-regular workers remain disadvantaged, particularly regarding social security and skills. The tax system seriously disincentivizes women from seeking better-paid employment. The current government seems aware of the challenges of demographic aging, but its focus on fertility seems questionable, as most governments so far have failed to influence fertility rates simply through targeted interventions without addressing gender roles and gender gaps more fundamentally.

Key challenges and policy recommendations

Japan needs to address a range of issues related to the accountability of political decisions, a stagnant economy, population aging, fiscal imbalance, incoherent climate change policies and slow adaptation to technological change.

Institutional reforms, which have centralized decision-making, and strengthened the prime minister and the Cabinet Secretariat, need to be accompanied by measures to strengthen accountability and democratic control. The introduction of an ombudsperson to investigate human rights abuses could lead to better protections for the rights of women, immigrants and non-regu-

lar workers. The government should also intensify efforts to empower women in all aspects of employment as well as in politics. The role of the Supreme Court, as the only organ that can issue legally binding interpretations of the constitution, should be reinvigorated. Meanwhile, the Cabinet Legislation Bureau should be better insulated from political pressure. The role of the Diet – weakened by informal decision-making, and a lack of resources for individual members of parliament to challenge the government or initiate legislation – should be strengthened through the enhancement of its deliberative, oversight and investigative functions. In addition, it would be desirable to establish a more permanent and transparent institutional framework in which civil society actors are consulted and informed on legislative projects, similar to consultative processes in EU legislation. The creation of an independent regulatory oversight body could improve policy evaluation processes. Despite its effective health-care system, Japan also needs to strengthen its resilience by improving the coordination and allocation of medical resources, collaboration between healthcare providers, as well as cross-sectional data sharing.

Japan’s strategy to counter climate change and reduce emissions is too incoherent and lacks ambition. Japan should reinforce its commitment to achieving climate neutrality by 2050 and pursue bolder, unambiguous policies to reduce reliance on fossil fuels. Moreover, Japan needs to clarify the criteria for reducing greenhouse gas emissions when distributing public funds for decarbonization, rethink its stance on “clean coal” technologies and raise the level of the planned carbon levy. In general, SDGs must play a more critical role in the evaluation of government policies.

A key challenge for Japan is how it can retain its ability to finance investments in the transition to a low-emission economy, support families with children and improve social security, while maintaining intergenerational and social equity. At the moment, the cost of additional debt remains low due to low bond yields. However, it is conceivable this could change once the Bank of Japan normalizes monetary policy and raises interest rates. In addition, at some point, the central bank may no longer be available as the main buyer of government bonds. The government should openly discuss the options for, and costs and benefits of tax increases and other measures to narrow the fiscal deficit, and invest in Japan’s future, as spending cuts will be unpopular and may negatively impact social cohesion.

The pension system needs to be refined to more effectively prevent poverty, especially regarding the growing number of irregular workers, workers earning low wages and workers with nonlinear work histories. These groups are not only ill-served at the moment, but also the recent expansion of private pension plans does little to alleviate these structural deficiencies. Prime Minister Kishida's "new capitalism" vision must take seriously its promise that Japan's growth and wealth will be distributed so that all strata of society benefit.

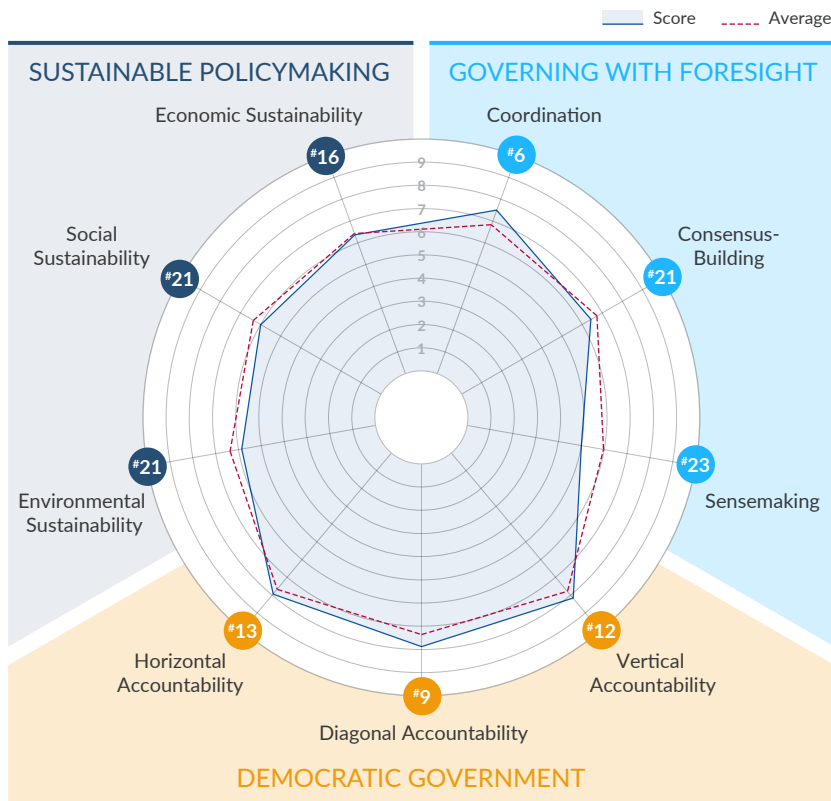
The over-representation of the older (male) generation in Japanese politics, society and the economy remains a major challenge. It is detrimental not only to the labor market but also to technological innovation. Apart from enhancing support for families, measures to address the implications of population aging should include promoting a better work-life balance for regular workers with long working hours, simplifying immigration procedures and implementing more coherent integration policies. Improved occupational mobility for foreign manual and service workers is inevitable not least because labor market participation is already high for all segments of the domestic workforce. A more comprehensive and cohesive immigration policy should be accompanied by more stringent measures against xenophobia and racism. The government also needs to put more resources into the digital transformation of Japan's economy, which would make it more competitive globally.

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Full country report available at www.sgi-network.org

Latvia



Source: Authors' elaboration

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Since the COVID-19 pandemic, Latvia has experienced significant developments across various sectors, positioning itself as a competitive player on the global stage while addressing substantial internal challenges.

Latvia has achieved significant recognition for its economic competitiveness, ranking second in the International Tax Competitiveness Index 2023. However, in innovation, it is labeled an “emerging innovator,” according to the European Innovation Scoreboard 2023. The OECD’s assessment of Latvia’s innovation framework highlighted weaknesses, particularly in R&D investment compared to GDP, signaling a need for more robust innovation strategies to drive further development.

The post-COVID era has seen a widespread adoption of remote work, highlighting the importance of employee time management skills and organizational policies in maintaining work-life balance. The government has prioritized adaptability in the labor market and higher pro-

ductivity, supported by a comprehensive training network that addresses current and future labor market needs, particularly in digital and ICT skills.

In response to geopolitical conditions and information security concerns, Latvia has banned most TV channels broadcasting from Russia due to alleged violations of Latvian laws. However, there is a recognized need for enhanced capacity in investigative journalism, particularly in business and economic issues, to ensure media integrity.

Significant reforms have been announced and are underway, including plans to unify public media under a new financing model to bolster media independence. Educational reforms, such as a new curriculum to enhance Latvian language proficiency and ongoing competency-based approaches, reflect a commitment to improving education. Institutional changes – including the integration of the financial and capital market supervisory authority into the Bank of Latvia and the establishment

of the Ministry on Climate and Energy – demonstrate proactive responses to emerging challenges.

Latvia’s environmental performance has been commendable, ranking 15th in the world according to the Environmental Performance Index 2023. However, there is a need for increased investment in green energy and more targeted climate change mitigation efforts. Regarding civil rights, Latvia’s legal and constitutional framework robustly upholds civil liberties, with restrictions on freedom of assembly during COVID-19 fully lifted since 2022.

In summary, Latvia showcases a commitment to economic competitiveness, innovation, and environmental sustainability while also addressing challenges in media integrity, education, and governance. The government’s proactive reforms and institutional changes reflect a readiness to tackle emerging issues, although trust in government remains a long-term concern. As Latvia navigates these developments, maintaining a balance

between progress and public trust will be essential for its continued growth and stability

After the COVID-19 pandemic, Latvia ranked 2nd in the International Tax Competitiveness Index 2023. However, the European Innovation Scoreboard 2023 labeled Latvia as an “emerging innovator.” In 2023, the OECD assessed Latvia’s innovation framework as weak, noting minimal government and business investments in R&D relative to GDP. Despite Latvia’s strong performance and adaptability to global conditions, further innovations are needed for continued development.

The post-COVID era has accelerated widespread remote work. Maintaining a work-life balance now largely depends on employees’ time management skills and organizational policies. At the governmental level, the focus has been on labor market adaptability and higher productivity. The comprehensive training network has responded to both current and future training needs, such as digital and ICT skills.

In response to geopolitical conditions and the need to secure the information space, most TV channels broadcasting from Russia, along with Russian propaganda, have been banned for violating Latvian laws. Meanwhile, the media needs more capacity for investigative journalism, especially in business and economic issues. Several reforms announced in 2022 and 2023 are currently being implemented. The government plans to merge public TV and radio into a unified public broadcasting company with a new financing model to strengthen media independence.

A new Latvian training curriculum has been introduced to enhance language proficiency, particularly in primary and secondary education. Ongoing education reforms include the closure of schools and the implementation of a competency-based curriculum. Education and healthcare are government priorities, with additional budget allocations planned for 2024. While a core set of education and healthcare services is available to the entire population, satisfaction with their quality and availability could be much higher.

On January 1, 2023, the financial and capital market supervisory authority was integrated into the Bank of Latvia, strengthening the central bank’s role in these markets. The new Ministry of Climate and Energy was established in 2023, and the Cross-Sectoral

Coordination Centre was integrated into the State Chancellery in March. These institutional changes reflect political aspirations to address upcoming challenges, with the strategic and policy-planning capacity remaining solid.

In the Environmental Performance Index (EPI) 2023, Latvia ranks 15th globally, showing progress in achieving environmental goals. However, Latvia needs to increase investment in green energy and design more sector-driven climate change mitigation activities. Latvia’s legal and constitutional framework robustly upholds civil rights, with the executive and judiciary committed to democratic principles. All restrictions on freedom of assembly imposed during COVID-19 have been fully lifted since 2022.

Overall, Latvia demonstrates a commitment to legal and political integrity mechanisms, providing some disincentives for public officials to abuse their positions. However, the effectiveness of these mechanisms in practice can vary. Trust in government remains low in the long term, regardless of which political parties are in power or what reforms the government implements.

Key challenges and policy recommendations

Latvia’s economic growth has been stable over the long term. Thanks to sustained efforts, Latvia has implemented a sustainable budgetary policy and maintained the lowest public debt in the EU. However, the IMF, OECD, and EU recommend that Latvia address the high inflation rate and its negative consequences and increase investments in productivity.

Public trust in the government has been low for at least the last two decades, slowing some reforms. To maintain economic growth, the government must take decisive steps to reduce social inequality, poverty risk, and the shadow economy. Latvia’s tax and benefit income distribution system is inadequate, so inequality and poverty will remain challenges for the upcoming decade.

Reforms in healthcare and education are crucial for addressing the aging population and creating an inclusive labor market. Although these areas, along with security, are politically recognized priorities, the costs of these reforms must be balanced with policy outcomes and fiscal capability.

Failure to properly address education, healthcare, and the tax burden for small businesses and low-wage earners may accelerate emigration and depopulation, especially in rural areas. The administrative burden on small businesses is a significant challenge that needs addressing to foster a better business environment, moving toward more simplified reporting and accounting.

Although Latvia has developed a solid policy-planning system, the administrative burden and level of normativism have increased. Current public administration reforms aim at digitalization, innovation, and human resources development. However, the modernization plan (2023–2027) has a limited scope and neglects a whole-of-governance approach, risking further diminishing public trust in bureaucracy.

Policy coordination within bureaucracies generally functions smoothly within formal boundaries on well-known issues. However, challenges remain for public administration to effectively address complex problems. Strengthening Latvia's resilience requires better intergovernmental policy coordination and enhanced communication with local authorities. Evidence-based policymaking also presents challenges, as external evidence producers like academia and NGO experts remain underfinanced.

After the administrative-territorial reform in 2021, local authorities continue to face challenges aligning the volume of tasks with available financial resources. More extensive dialogue between the government and local authorities is essential to improving policy implementation.

Latvia has extensive tools for public participation in decision-making; however, actual participation rates are low, limited by the capacity of individuals and NGOs. Some NGOs have accumulated experience, human resources, and financial capability, but smaller NGOs lack resources and operate within project-governed schemes, hindering their sustainability.

Latvia is committed to contributing to global environmental protection and climate change mitigation. However, decisive steps are needed to increase green energy use, energy independence, and sustainable business practices. Most habitats and species compete with extensive agriculture and the timber industry, where

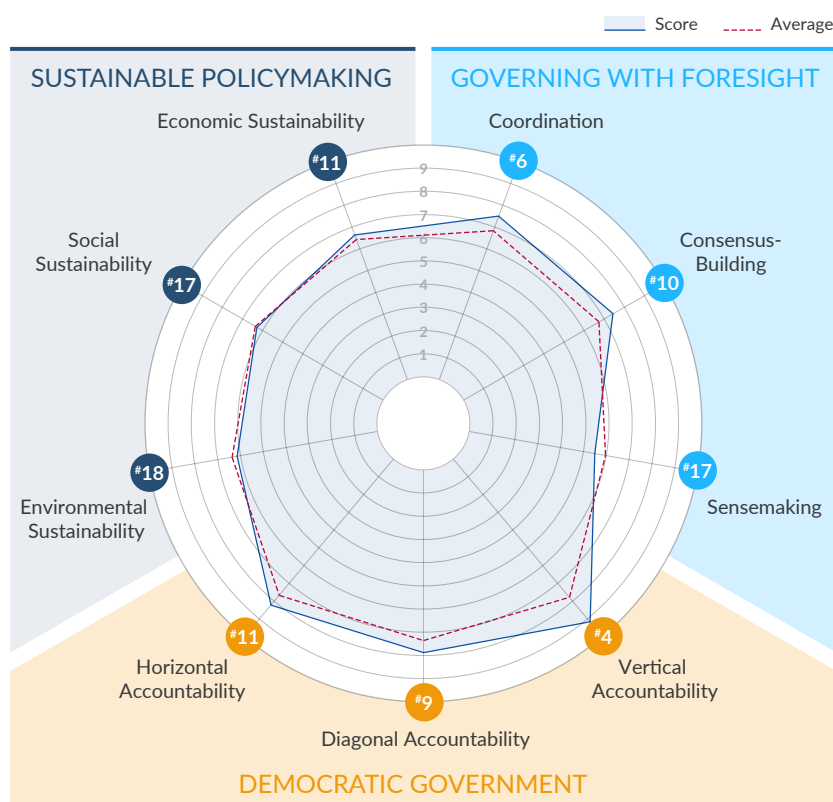
industrial interests prevail. Therefore, education and awareness of conservation farming and timber methods are essential in Latvia.

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Lithuania



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

made from 22 January 2022 to 31 October 2023, relative to donor country GDP (including the share of EU aid).

The geopolitical crisis prompted the government to accelerate defense spending and collaborate with NATO allies to bolster their military presence in Lithuania. The country faced a number of challenges simultaneously, balancing the need to raise additional funds while implementing compensatory measures to assist households and businesses during the energy and cost-of-living crisis, at the same time it was increasing spending for education, healthcare and social support. The government managed to secure resources to cover most public sector needs, but some funding sources, such as the temporary increase in profit tax for banks, are not sustainable. Meanwhile, an attempt to agree on and adopt tax reform was largely unsuccessful due to disagreements among coalition partners and a lack of support from opposition parties.

Lithuania's coalition government faced a challenging environment in 2022 – 2024. After coming into power in late 2020, it had to deal immediately with the ongoing COVID-19 pandemic crisis. Notably, the relatively good performance of the Lithuanian economy during the pandemic somewhat eased the challenges faced by the government. In mid-2021, it was confronted with an irregular migration crisis initiated by Belarus, followed by another crisis involving undeclared economic sanctions applied to exports from Lithuania by Chinese authorities in response to Lithuania's government having allowed Taiwan to open a Taiwanese representative office in Vilnius.

In 2022 and 2023, political and public attention focused on Russia's large-scale, unprovoked war against Ukraine and on mobilizing diplomatic, humanitarian, financial and military support for Ukraine. Efforts included hosting refugees from Ukraine in Lithuania and addressing their needs, as well as actively supporting new EU sanctions against Russia for its violations of fundamental UN norms. According to the Ukraine Support Tracker compiled by the Kiel Institute for the World Economy, Lithuania led the list of donors in terms of commitments

At the same time, the government also proceeded with key reforms in 2022 – 2023. The reform of the civil service was adopted in May 2023, and if implemented properly, is likely to lead to a more motivated and effective civil service. It should also promote a more systematic use of evidence in the policymaking process and foster a more competitive, adaptive and future-oriented public sector. In this regard, the progress made toward integrating various data registers and opening data pools to state institutions, researchers and the general public should be emphasized. The reform of data governance is likely to have a positive long-term impact on the transparency of policymaking processes, the systematic use of evidence and the sustainability of governance.

The government also took significant steps toward introducing structural reforms in healthcare, education and the transition to renewable energy. It has ambitious goals in many of these areas, especially the green transition, but the practical implementation of those policies remains uncertain. Restructuring healthcare organizations and educational institutions has been challeng-

ing, and public demonstrations by some trade unions representing teachers illustrate the political difficulties involved. Similarly, recent protests by farmers – with some demands related to the environmental agenda of the government and the EU – exemplify the future challenges in implementing more ambitious goals.

Finally, despite the need to manage multiple crises and advance structural reforms, the government successfully initiated and steered the drafting and adoption of the long-term Lithuania 2050 strategy. This exercise can be viewed as a good practice example of an inclusive process, involving researchers and societal stakeholders and utilizing a variety of methods, including foresight. However, much will depend on the strategy's implementation in practice and the monitoring of progress as governing coalitions change.

Key challenges and policy recommendations

Living under conditions of polycrisis has become the new normal, one that is likely to permanently affect future governance. For Lithuania and its NATO and EU partners, the most immediate challenge is the need to upgrade defense capacities and assist Ukraine in defending its sovereignty and territorial integrity.

The violation of established international norms and the rules-based order by aggressive authoritarian states such as Russia and Belarus poses the most serious threat to the sustainable development of European democracies and even their future existence. This threat has been acknowledged not only by Lithuanian policymakers but also by partners in Germany, such as German Minister of Defense Boris Pistorius, and EU institutions. These figures assert that if Russia is not contained in Ukraine, it could attack NATO members within five to eight years.

One of Lithuania's key priorities should be the swift implementation of the agreement with the German government to permanently station a German brigade in Lithuania by 2027. This will require effective coordination within Lithuanian institutions, with Germany and with other NATO partners. It also necessitates a political agreement among the main political parties in Lithuania to sustainably increase defense funding beyond the 2.75% of GDP achieved in 2023.

The political debate in Lithuania has already intensified,

although it may become entangled in the campaigns for three elections – presidential, European Parliament and parliamentary – scheduled for 2024. Additionally, the growing possibility of Donald Trump's victory in the U.S. presidential election at the end of 2024 is likely to keep Lithuanian and other NATO policymakers focused.

At the same time, the government and the main political actors need to step up their dialogue efforts with society and various stakeholders regarding the possible ways of bridging the gap between the needs of the public sector, especially considering demographic changes, and their funding sources. The ongoing green and digital transitions will also need to be managed carefully, creating both opportunities and a need for adjustments in the labor market and the society's way of life. The current government coalition's experiences – both negative and positive – in attempting to initiate structural reforms illustrates that such efforts often fail due to insufficient communication and a lack of leadership skills. Particular attention should be given to the proper implementation of civil service reforms, which could have multiple positive effects within various dimensions of sustainable governance. The use of Recovery and Resilience Facility funding from the EU might strengthen the continuity of reforms initiated by this government after the parliamentary elections of 2024.

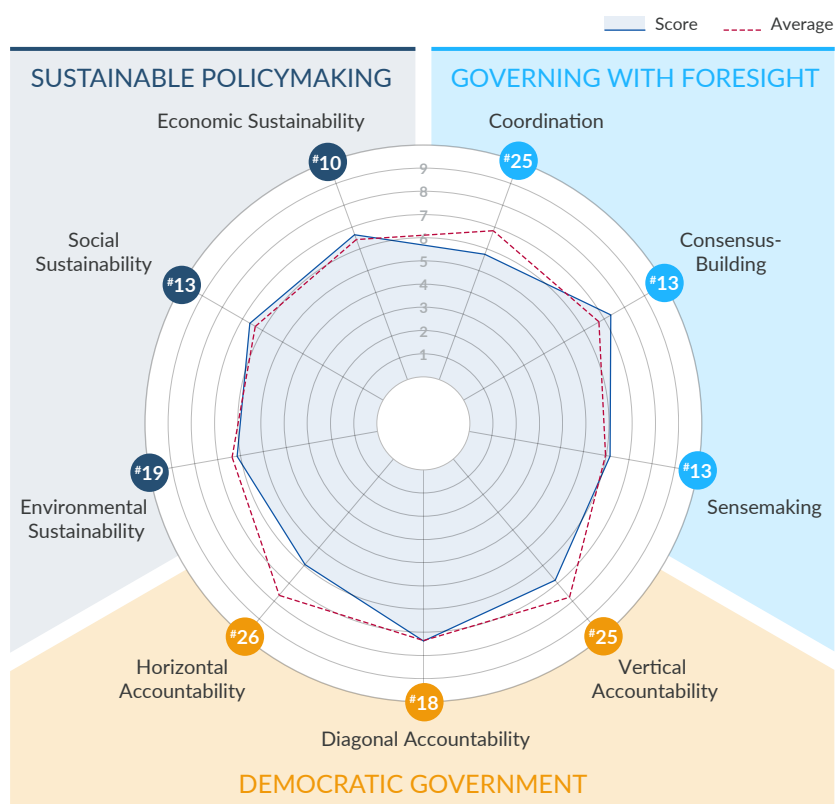
To sum up, policymakers, society and businesses have demonstrated their resilience and ability to manage multiple crises in recent years. On most formal measures of democratic governance and sustainable policymaking, Lithuania has made progress. The biggest challenges currently are the need to narrow the gap between declared ambitions and actual performance in implementing agreed decisions. This requires more systematic involvement of stakeholders and communication through various forums, as well as attention to the potential impacts of policy decisions. Additionally, more systematic coordination between institutions and with partners in the EU and NATO is necessary.

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Netherlands



Source: Authors' elaboration

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The two-year review period, 2022 – 2023, largely aligned with the Rutte IV cabinet's tenure, formed after the longest post-World War II formation period (299 days). Nine months after the 17 March 2021 elections, and almost a year after Rutte III's resignation, a "new" cabinet led by the same Prime Minister Mark Rutte, emerged with an identical political composition. The coalition agreement pledged a balanced focus on remedying past policy failures and elaborating future sustainability perspectives, emphasizing "Looking after each other, and toward the future." On 7 July 2023, this cabinet resigned due to internal disagreements, formally on a minor issue (family reunion rules) raised by measures to limit asylum-seekers' influx. Informally, divergent views within the conservative (VVD, CDA) and progressive (D66, CU) sides led to a "polycrisis" and stalemate. This meant that the government was unable to tackle, let alone solve, issues of climate change, energy transition, nitrogen reduction, personnel shortages and a raft of other interconnected problems not tackled.

Post-resignation, the cabinet assumed caretaker status, exacerbating the policy stalemate. The rest of the review period focused on preparing for the 22 November 2023 elections, and afterward on forming a new cabinet after the extreme-right PVV's surprising win. The mood of crisis in Dutch politics enabled three new parties to enter parliament: GL/L (25 seats), NSC or "CDA 2.0" (20 seats) and BBB (7 seats). As of the close of the period, coalition negotiations were aiming for a rightist government including the PVV, VVD, BBB and NSC.

Dutch democracy remains robust, but concerns are mounting. The media consumption behavior of the under-30 population, which is shifting to social media for political news, raises worries. The absence of a size threshold for political parties in parliament produces a fragmented, if not outright splintered, parliament. Only a few parties achieve the minimum size of 13 seats for effective parliamentary work. Therefore, fragmentation diminishes parliamentary oversight functions, leading to lower trust in parliament. Civil society organizations, traditionally with high levels of citizen participation, face trust issues due to "étatization" and discontent about deals with the government. The government, despite a new Open Government Law, frequently impedes access to information.

With respect to its ability to govern with foresight, the Dutch governance system performs less well than in previous periods. Coordination within bureaucracies faces challenges, with loyalty and trust relations between political leaders and civil servants fraying. Turning to external experts (consultancies, lobbyists) has broken the monopoly previously held by senior civil servants. Concerns are rising about risk-averse but politically sensitive top-level officials, who are seen as potentially reversing the normative core of a good civil service – that is, no longer championing long-term state interests over short-term political demands. The use of scores of communication experts raises worries, as this blurs the line between government information and

propaganda. Ineffective and rough multilevel coordination between national and lower governmental levels has led to harsh negotiation games, undermining equal national standards.

The competence levels of national civil servants are maintained by incorporating mainstream insights from the fields of public administration, policy analysis, and organizational and communications science into guidelines and sometimes law. The Ministry of Finance's focus on accountability and financial concerns contributes to a managerial-financial approach in policymaking that too frequently lacks a "human touch." All in all, the Netherlands performs as a reluctant governance and policy innovator, chronically delaying major decisions critical to the country's strategic future.

In the area of economic sustainability policy, while the government portrays itself as acting decisively, implementation lags, especially with regard to infrastructure maintenance and the transition to a circular economy. The Netherlands' reputation for high-quality infrastructure contrasts with declining trends reported by the Ministry of Infrastructure and Waterways. Efforts to increase labor market adaptability face political and strong private resistance. The Tax Service struggles with outdated systems, delaying necessary shifts in the focus of taxes from labor to wealth. Despite being among the EU's "innovation leaders," the Netherlands falls short of the Lisbon Treaty's R&D expenditure commitment.

In social sustainability policy, education reform efforts are being hampered by teacher shortages. Past performance decline is evident in the country's PISA rankings. Equal access challenges persist, including in the area of healthcare; and access to higher education remains unequal. Short-term relief measures alleviate extreme poverty, but rising food and housing prices are hurting households near the poverty line. Mistrust toward the government arises due to the complexity and bureaucratic rigidity of service provision.

Environmental sustainability policy has prioritized climate action and biodiversity preservation. Attempts to make political breakthroughs have failed due to resistance, especially from farmers. National environmental health protection and global environmental protection have never been made priorities. Fragmented efforts by provincial and local governments – allowed if not encouraged by national policy – hinder a comprehensive

approach to environmental health protection. Dutch international environmental protection policies attempt to bring global agendas in line with domestic policy interests in water management and hydrogen technologies.

Key challenges and policy recommendations

The last sentence of our 2022 Key Challenges text was: "Time will tell whether the Rutte IV coalition agreement is just throwing money at a knot of intertwined problems, or will represent a tipping point in moving away from a traditional growth-based to a life- and truly prosperity-based mode of governance." At the moment of writing, a month after the shocking win of the extreme-rightist PVV, flanked by romantic-conservative newcomers like the Farmer-Citizen Movement and New Social Contract, it appears that the Rutte IV policy innovation of reluctantly and modestly starting a transition path toward a more sustainable economy, society and ecology finds itself mired in a valley of death instead of becoming a tipping point.

This predicament stems from a strong disconnect between policy and implementation that began during the 1990s and continued until the childcare benefit scandal caused a shift in mindset and mood. In the 1990s, the national government was turned into a policy factory, and agencies like the Employee Insurance Agency (Uitvoeringsdienst Werknemersverzekeringen, UWV) and the Social Insurance Bank (Sociale Verzekeringsbank, SVB) became implementation hubs for social security policies without scope for administrative discretion. Provincial and local governments also came to be seen by the central government as pieces in an implementation apparatus. The Netherlands suffers from too much planning and too little execution power. The gap between promises and expectations and a disappointing reality casts a shadow over weak citizen engagement, and testifies to governmental inefficacy and soured relations between national and subnational government tiers. Within considerable segments of the population, this has fostered a sense of being unheard and disregarded, pushing some citizens into indifference and others into active resistance. The disconnect manifests itself in contemporary challenges that span the gamut from preserving earning power to grappling with labor market shortages and navigating competing claims on increasingly scarce labor resources, physical space, housing and natural spaces.

Central to this quandary is the reluctance by leading politicians, the business community and trade union leaders to unambiguously endorse an overarching vision that beckons the nation toward a sustainable future. In spite of its “poldering” tradition, the country badly needs a Rhineland Model 2.0 that would allow for collaborative efforts between social partners and political entities instead of a competitive scramble over limited resources.

Urgent priorities loom on the horizon, demanding immediate attention and decisive action within the next five years. At the forefront is the imperative to reform the labor market, making it more resilient in the face of multifaceted challenges. Simultaneously, strategic economic choices must be made, with the goal of steering the country's trajectory toward innovation and sustainable investment. Ensuring a reliable supply of electricity must be a linchpin in this strategy, as without a robust electricity supply, sustainability goals cannot be achieved.

Yet woven into these immediate concerns is a broader call for a paradigm shift in how technology and society are perceived and interwoven into the fabric of governance. The prevailing bias of focusing solely on sustainability-enhancing technologies must be acknowledged and dismantled, as the challenges posed by climate change demand a more equitable and synergistic approach. Farming is not just another economic activity to be judged by its efficiency alone. It involves people, families, land use and the attractiveness of landscapes. To reach broad-based prosperity – a guiding principle – policymakers must grasp that climate, energy and biodiversity policies; labor market reforms; and the overall well-being of the populace are all interconnected.

Despite the articulation of these priorities, public discontent is growing. Dissatisfaction with the pace of progress, particularly in the realm of labor market reforms, has strained relations within the polder – the traditional Dutch model of consultation and consensus-building. The remedy, it seems, lies in solutions that actively involve relevant segments of the people in the decision-making process, ensuring that citizens' voices help shape policies that affect their lives.

An economic transition appears necessary, shedding the reliance on industries tethered to cheap migrant labor. What is needed is increased productivity and a

strategic pivot toward sustainable technologies. The Netherlands – traditionally known for letting “a thousand flowers bloom” – must shift from the familiar terrain of tomatoes and greenhouses to the uncharted territories of green chemistry and quantum computers. This transformative journey necessitates robust government intervention that keeps a focus on the long term and transcends short-term interests.

A kind of national technology strategy can serve as a beacon in this transformative journey, in which key technologies that hold the potential to catapult Dutch industries into the future are identified. Fuel cells, artificial intelligence and robots are not merely tools of progress, but can serve as pillars of an active industrial policy aimed at preserving jobs and prosperity while avoiding excessive dependence on other nations.

Despite the veneer of economic success, a more nuanced examination reveals underlying fissures. Scarcity, whether in terms of capital, physical space, energy or human resources, casts a long shadow over the country's purported prosperity. Geopolitical challenges further complicate matters, as economic power is wielded politically, adversely impacting world trade. The Netherlands, a trading nation, finds itself disproportionately affected by these geopolitical shifts.

In this complex milieu, the urgent need to address climate change takes center stage. The traditional Dutch approach, characterized by letting a myriad of initiatives flourish and following the likely winner, must now be tempered with a strategic focus on sustainability. The economic landscape, while seemingly robust, demands a closer look, with recognition of the interconnected challenges of resource scarcity, geopolitical intricacies and the imperatives of transitioning to a sustainable future.

In the quest for a sustainable future, the Netherlands finds itself at a crossroads. The echoes of discontent and the challenges at hand demand transformative action. As the nation contemplates its trajectory over the next 20 or 40 years, the imperative is not just to let a thousand flowers bloom, but rather to cultivate a garden that can thrive in the face of climate change, foster inclusive prosperity and navigate the complexities of a rapidly evolving global landscape. But at precisely this moment, political power has come back into the hands of people who advocate a narrow Dutch national inter-

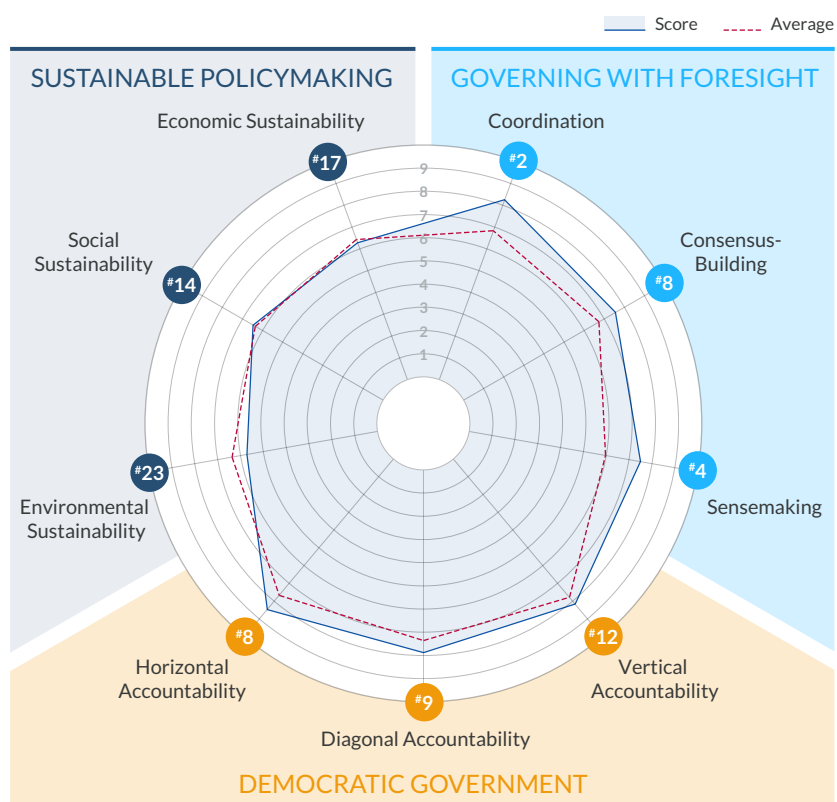
est – “Put the Dutch back on #1” – while being inspired by a pastoral past that never was, and disparaging serious consideration of international and geopolitical developments. It appears that the country will need a political Houdini to help it escape from the current moment’s “valley of death.”

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Full country report available at www.sgi-network.org

New Zealand



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

Like other OECD countries, New Zealand has been experiencing high inflation rates due in part to increased government spending during the COVID-19 pandemic, global supply chain disruptions, near-full employment and geopolitical conflicts. Although inflation levels in New Zealand have been somewhat lower than the OECD average (7.2% compared to 9.5% in 2022), the rising prices for goods and services have exacerbated existing social inequalities.

Lower-income groups have been particularly hard hit by inflation, as they tend to spend a greater share of their income on basic necessities such as food and housing. The annual food inflation rate peaked at 12.5% in June 2023, fueling a 165% increase in food bank demand compared to 2020. Upward pressure on rents has caused the public housing waitlist to balloon, with the recorded median time taken to find housing rising to nearly 300 days. Meanwhile, the number of households that have lived in emergency housing for more than two years doubled between 2022 and 2023. Additionally, mortgage rates increased significantly, leading

to a rise in the number of homeowners spending 18% of their income on interest payments – twice as much as in 2021 (Edmonds 2023).

In March 2023, amidst the “cost of living” crisis and declining popularity figures, Prime Minister Chris Hipkins (who took over from Jacinda Ardern in January) decided to refocus on “bread and butter” policies and slashed the Labour-Green government’s reform program. The targets of what the New Zealand news media described as a “policy bonfire” included many initiatives aimed at mitigating climate change, such as the clean car upgrade program, the Auckland light rail project and other investments in public transport.

However, this shift in policy priorities did not save the Labour-Green coalition from losing the general election in October. Instead, the election produced a parliamentary majority for a right-of-center coalition among the National Party, ACT and NZ First. Labour was the big loser of the election, dropping from 65 to 34 seats, while other parties increased their representation, including the Green Party (plus five seats) and Te Pāti Māori (plus four seats).

The new government under Prime Minister Christopher Luxon has announced plans to address the ongoing “cost of living” crisis through tax cuts, credits and rebates. The National-led coalition intends to finance these tax policies primarily through public service cuts and new taxes. One proposed measure is a tax on commercial and industrial buildings.

Although Luxon supports climate change action in principle, his government has reversed several pro-environmental policies implemented by the Labour-Green coalition, including the Clean Car Discount and the ban on at-sea oil and gas exploration. Moreover, the new government has indicated plans to revisit the greenhouse gas emission targets set out in the Zero Carbon Act and possibly lower the targets for the agricultural sector, which contributes almost half of New Zealand’s total greenhouse gas emissions (Wannan 2023).

The National-ACT-NZ First coalition has also criticized Labour's health policies, stating it will repeal the "future generations" smoking ban and abolish the Māori Health Authority (Te Aka Whai Ora), which was established in July 2022 to address disparities in health outcomes for the Māori population. The National Party's coalition partner, ACT, is also seeking to redefine the principles and role of the Treaty of Waitangi in ways that may undermine the partnership with and active protection of Māori.

Key challenges and policy recommendations

New Zealand faces numerous policy challenges, many of which can be traced back to the neoliberal free-market thinking that has dominated policymaking since the 1980s. Under the Labour governments led by Jacinda Ardern (2017 – 2023) and Chris Hipkins (January – October 2023), efforts were made to ameliorate the worst excesses of market capitalism, arguably addressing some of these challenges. However, the change in government to the National Party risks undoing the progress made in recent years.

To begin with, Labour had some success in tackling the issue of child poverty, most importantly by significantly boosting working-age benefits and by passing the Child Poverty Reduction Act, which requires current and future governments to set three- and 10-year targets for reducing child poverty. While child poverty rates are still relatively high compared to other OECD countries, particularly among Māori and Pasifika children, a recent UNICEF report attests to New Zealand's "good progress."

The Labour government achieved positive results in addressing the inequitable challenges that Māori face in the public healthcare sector. For example, it expanded telehealth services, prioritized Māori in the funding of diabetes drugs, and increased the number of Māori doctors. Labour also established the Māori Health Authority and legislated a world-leading law to ban smoking for future generations (19.9% of Māori smoke cigarettes daily compared to 7.2% of non-Māori).

These improvements are threatened by the right-of-center National-led coalition. Prime Minister Christoph Luxon has said that he aims to combat child poverty primarily through tax cuts. However, tax cuts do not channel benefits to the families who need them the most.

Additionally, Luxon has announced plans to abolish the Māori Health Authority and lift the "future generations" smoking ban.

More fundamentally, Labour's successes in social welfare and public health suggest that government intervention can help correct market failures. Hence, to address its many policy challenges, New Zealand may need to shift away from the neoliberal principles that have underpinned policymaking for more than three decades – under both National and Labour governments – and embrace a renewed focus on the state's role in governance.

Government intervention could help address the problem of housing affordability, which has made it difficult for young people and low-income families to enter the property market, especially in cities like Auckland and Wellington. For years, various political groups and experts have called for a broad-based tax on capital gains from rental and second homes, arguing that this will help cool the overheated housing market.

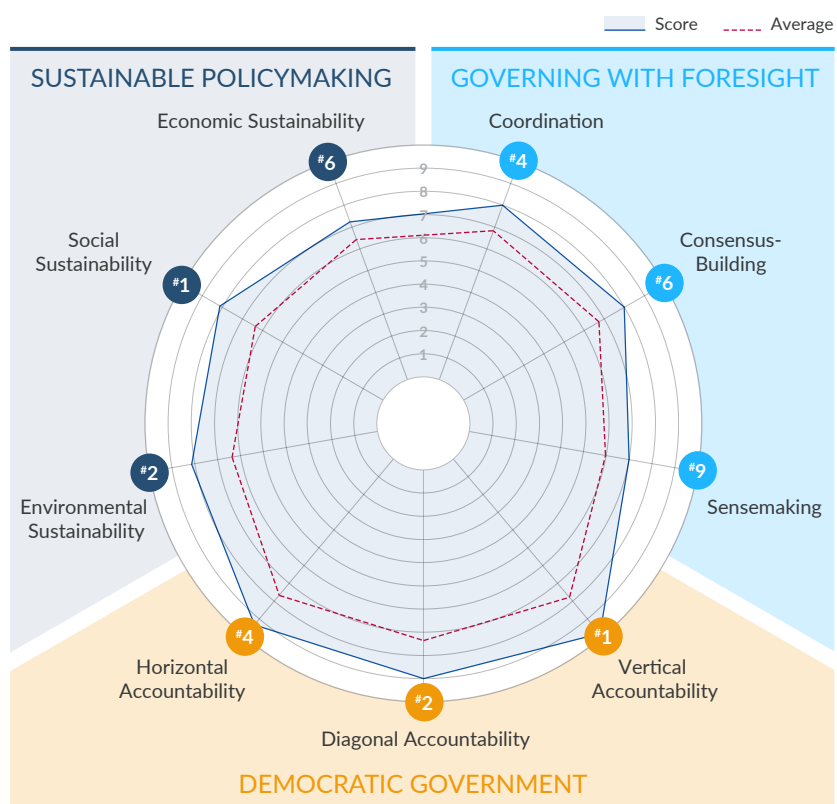
New Zealand's environmental policy regime would benefit from more regulation. Perhaps most crucially, the Zero Carbon Act 2019 – a legally binding commitment to reduce New Zealand's greenhouse gas emissions to net zero by 2050 – needs to be revised to set more ambitious reduction targets for the agricultural sector. Other interventionist climate change policies and publicly funded projects implemented or debated under the Labour government also hold great promise in the fight against climate change, including the Clean Car Discount, the legal ban on oil and gas exploration, and the Auckland light rail project.

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Full country report available at www.sgi-network.org

Norway



Source: Authors' elaboration

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tional rule requiring a majority in parliament. This fosters a political culture of pragmatic compromise.

Second, the state benefits from solid financial foundations, primarily through taxes from petroleum extraction and increasingly from income generated by the state's petroleum fund's global investments. Despite significant revenue from oil, gas, and financial assets, high taxation on income and VAT has been maintained. This strong fiscal position enables the state to address challenges such as the COVID-19 pandemic and the influx of refugees from the war in Ukraine without resorting to austerity measures.

Third, there is a high level of popular trust in the political system and a tripartite regime for economic policymaking involving the state, labor, and capital. Income distribution is relatively egalitarian, and policies promoting equal opportunities and anti-discrimination have been fairly successful.

Norway is a consolidated multiparty democracy with a parliamentary constitution, where the rule of law guarantees fundamental civil and political rights. Policymaking is transparent, and corruption is minimal. Social and economic interests are well organized within a robust civil society, represented at the national level through media, political parties, and interest organizations. A tax-financed welfare state provides universal health and welfare services throughout the country, with social rights based on citizenship rather than employment. This contributes to high labor market mobility and economic modernization. Education, including university, is free, leading to a highly educated population.

This favorable situation can be understood through three key factors:

First, there is a historical tradition of democratic politics as a problem-solving enterprise, ensuring that all affected societal interests are heard. While political parties are positioned along a left-to-right ideological spectrum, coalitions and alliances can change, as coalition governments are necessary due to the constitu-

Norwegian politics also has a territorial dimension, balancing the interests of the center and the periphery. The population of 5.4 million is spread over a large area, with significant portions sparsely populated. There are 357 municipalities, half of which have fewer than 5,000 people. These municipalities have their own democratic systems and are responsible for providing education and welfare services according to national quality standards and citizens' rights. Tensions exist between local autonomy and national objectives, paralleling a similar tension between a financially robust central state and resource-constrained local authorities. Initiatives to merge municipalities, regions, and hospitals into larger units typically encounter strong local opposition.

The national governance system is fragmented. The government consists of 16 line ministries, each with defined sectoral responsibilities. The Ministry of Finance coordinates public expenditures, but each ministry is responsible for infrastructure investments, planning, research, and policy assessments within its sector. Cross-sectoral policy challenges often lead to

coordination issues and weak implementation capacity at the national level. There is a significant backlog of investments in physical, digital, and social infrastructure. Consequently, while there are numerous good intentions and plans, there is no effective institutional mechanism to implement national policy.

Norway is a strong promoter of international cooperation and legal regimes, with a tradition of effectively incorporating such agreements into national legislation. This is most explicit in European cooperation. Although Norway is not an EU member, it is part of the European Economic Area and the Schengen Agreement. Almost all EU legislation, with some exceptions in agriculture and fisheries, is implemented into Norwegian law through effective national procedures. When international commitments are less binding and more aspirational, their incorporation into domestic law is less systematic and often left to sectoral authorities. All new national legislation requires a systematic assessment of EEA commitments, whereas the implementation of the UN's sustainability goals and climate commitments is more decentralized.

Overall, Norway's democratic institutions, rule of law, social protection system, and state finances are solid. On paper, this provides an excellent foundation for a future-oriented reformed system of national governance. However, because contemporary institutions have performed so well, there is hesitancy to reform core features of the Norwegian government. In practice, the drive for transformation to a sustainable society often becomes an elite message from the center, with little appeal throughout the country.

Key challenges and policy recommendations

Norwegian politics faces three medium- to long-term challenges. The first is phasing out the petroleum extraction industries, which are the largest emitters of CO₂, and developing new industries based on sustainable energy sources. Norway has committed to becoming a climate-neutral, low-emission economy by 2050. The second challenge is ensuring that the comprehensive welfare state remains demographically and economically viable. The third is securing growth in green and sustainable industries to create both jobs and income to replace those currently provided by the petroleum sector. To address these challenges effectively, it is imperative to overcome fragmentation and coordina-

tion issues within the political system, thereby enhancing the central state's capacity for reform.

Phasing out dependency on petroleum presents a strategic choice: either politically enforce downsizing of the sector, ultimately ending all production as demanded by environmentalist groups, or implement a broader set of policy measures to reduce Norway's CO₂ emissions while continuing oil and gas extraction.

Key elements of the latter strategy include large-scale carbon capture and storage solutions, the purchase of emission quotas, and the electrification of extraction using hydro and wind energy. Developing new activities and employment opportunities in the green sector requires significant investments in research and innovation, along with the inherent economic and financial risks. This may also necessitate the introduction of more taxes and subsidies designed to promote the transition. Upgrading the skills and competencies of the workforce is essential, making lifelong learning more than just a slogan.

A significant increase in state support for research and innovation in new industries is necessary unless a more venture capital-friendly approach is adopted. However, this approach does not align well with established political traditions and is unlikely. There are comprehensive plans for constructing wind farms offshore in the North Sea, and factories for producing batteries are being built.

State interventions of this magnitude will inevitably raise fundamental questions about the role of the state versus market mechanisms as key drivers of economic development. This issue is becoming more salient as geopolitical tensions rise and states increasingly support domestic industries.

The second challenge is to sustain the generous welfare state, particularly the high levels of health and social services. Government ministers consistently assert that "Norway will run out of personnel before we run out of money." The proposed solution includes three measures.

First, labor market participation must be raised relative to the number of economically inactive cash benefit recipients. The labor market needs to be more inclusive for younger cohorts, temporary absenteeism must be

reduced, and the elderly must postpone retirement. Strong economic incentives are already in place in the pension system, but more is needed to adapt jobs to the preferences and capabilities of the elderly population.

Second, new technologies must be developed and implemented in health and welfare services. Significant efficiency gains are possible if the technological potential for user involvement in the co-production of services is realized, and routine operations may be replaced by technology.

The third challenge is to increase the capacity to implement national decisions in sectors requiring coordination between different actors. The fragmented political system, with strong local grounding and significant responsibility for policy implementation resting with municipalities, has been instrumental in maintaining high legitimacy of policies and sustaining trust levels in both national and local policymaking. However, this fragmentation often presents a significant obstacle to coordinated approaches for greening the economy. This issue spans both vertical and horizontal coordination.

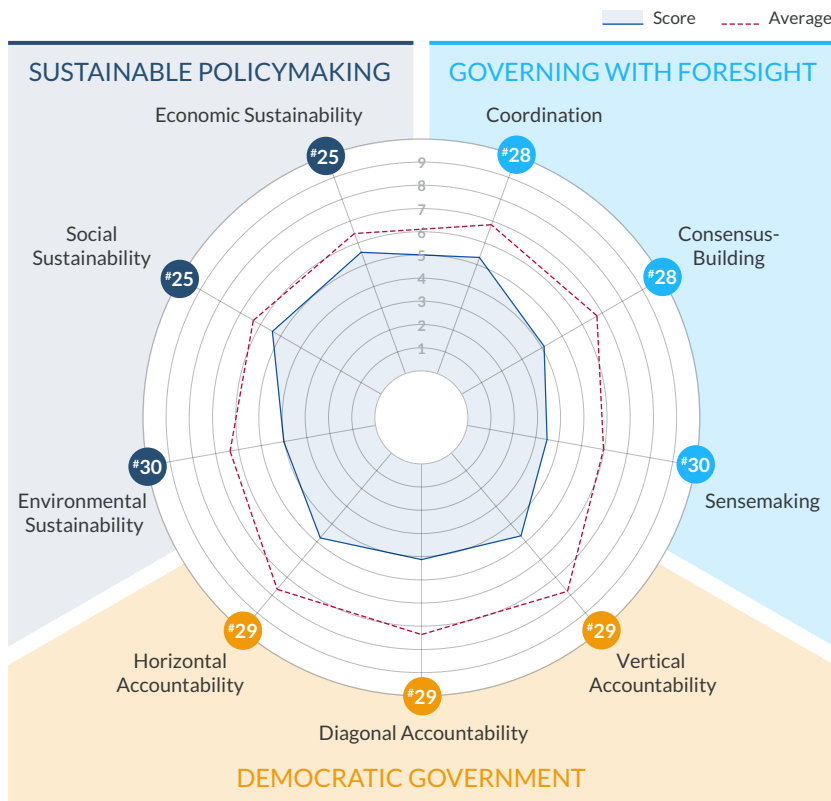
This challenge becomes particularly evident in land use. Effectively communicating the nature crisis to the public requires a drastic rethink and new practices in area conservation, posing a direct challenge to the principle of local self-determination. Similarly, in welfare policies, maintaining service quality and controlling expenditures necessitates structural rationalizations in both responsibilities and service production. Digital technology may address some of these challenges by facilitating improved information exchange and automatic decision-making systems between public organizations (ministries and agencies) and in collaboration with private actors.

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Full country report available at www.sgi-network.org

Poland



Source: Authors' elaboration

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The parliament's role was diminished, with the body no longer serving as a venue for thorough debate or the development of well-founded legislation. The legislative process was abused, with initiatives often bypassing required impact assessments and consultations. The "Polish Deal," a post-pandemic economic strategy, epitomized this legislative disarray, marked as it was by the suppression of opposition voices and procedural violations. Notably, the "Lex Tusk" law in April 2023, which concerned a state commission to investigate Russian influence, was intended to prevent an opposition leader from participating in elections.

The ruling party's decisions also led to restrictions on civil rights, such as access to information. Public media became increasingly politicized, and local media underwent a process of "repolitonization." Private media faced obstacles like licensing issues, lawsuits and exclusion from public advertising funds. Support for social initiatives and NGOs became ideologically driven, with additional tension stemming from attempts to further politicize the education system.

In December 2023, Poland's conservative government concluded its de facto eight-year rule, marking the end of a period characterized by profound systemic changes. These changes began with an unprecedented challenge to the state's foundational principles, resulting in significant negative impacts on democratic norms and the rule of law.

Between 2022 and 2023, the system became entrenched, as civil rights and freedoms were eroded through the politicization of key institutions, including the Constitutional Tribunal, Supreme Court and National Council of the Judiciary. These reconfigurations enabled the Law and Justice party (Prawo i Sprawiedliwość, PiS) to pass detrimental and unconstitutional laws without effective constitutional oversight.

Simultaneously, the public prosecutor's office became a tool of the ruling party, engaging in the persecution of political adversaries, including politicians and judges. Government officials faced minimal consequences for abuses, creating a culture of impunity.

Additional tension stemming from attempts to further politicize the education system.

A significant issue under the PiS government was the attack on reproductive rights, including the imposition of severe restrictions on abortion access. This sparked widespread protests and mobilization across the country, uniting a diverse coalition of activists, women's rights organizations and concerned citizens. The government faced intense backlash, both domestically and internationally, as these measures were viewed as a direct assault on women's rights and bodily autonomy.

During PiS's tenure, new taxes and changes to tax laws imposed a heavier burden on citizens. Despite rising tax rates, Poland recorded one of the EU's highest budget deficits in 2023, mainly due to increased social spending. This period also saw a significant rise in public debt, complicated by the off-budget accounting of expenses that obscured the true fiscal situation. The country experienced unprecedented inflation, nearing an annual rate of 19%, and saw the lowest investment rate since

the 1990s. The economic situation worsened due to soaring energy prices after Poland swiftly ceased gas imports from Russia. Nevertheless, Poland's economic growth outpaced many European countries, with unemployment rates remaining low. By 2022, Poland's GDP per capita reached 79% of the EU average, demonstrating significant progress despite economic challenges (Eurostat 2023).

Relations with the European Union worsened due to serious rule-of-law violations and explicit anti-EU rhetoric. The European Court of Justice issued multiple rulings against Poland over controversial judicial reforms, aligning with the European Commission's stance on judicial impartiality. Consequently, nearly €60 billion from the National Reconstruction Plan was withheld, hindering Poland's post-pandemic economic recovery.

Poland's international relations became strained following the Russian invasion of Ukraine on February 24, 2022. The country faced an unprecedented crisis, becoming a haven for thousands of refugees from the east. The government facilitated immigrants' residence and employment, integrating them into social benefit programs and education systems. Poland also became a hub for humanitarian and military aid to Ukraine. Additionally, a border wall with Belarus was constructed in June 2022 to prevent illegal immigration.

The parliamentary elections on October 15, 2023 were neither fair nor equal. The entire state apparatus actively supported PiS in the campaign, marginalizing opposition candidates. State-owned companies ran pro-government media campaigns, and politicians frequently campaigned, exceeding legal limits.

PiS emerged as the strongest party, securing around 35.4% of the vote, but fell short of an absolute majority. The voter turnout rate, at 74%, was the highest since the transformation began in 1989, reflecting high levels of polarization and a demand for change. After Mateusz Morawiecki's failed attempt to form a conservative government, liberal opposition leader Donald Tusk became the prime minister.

Key challenges and policy recommendations

The new government led by Donald Tusk faces significant challenges arising from the profound systemic changes implemented in Poland in the post-2015 pe-

riod. Key priorities include restoring the rule of law, returning to a functioning democratic institutional system, enhancing governance quality both horizontally and vertically, ensuring transparency, and accelerating reforms. However, many key institutions will remain unchanged due to ongoing terms of office. A strained cohabitation with President Andrzej Duda until mid-2025 may complicate reform efforts.

The unity of the ruling coalition will be crucial. The government, composed of parties united by fundamental democratic principles, may have divergent views on specific issues such as abortion. Intense competition within the ruling camp could surface as the next presidential elections approach, with each party possibly fielding its candidate. In early 2024, Szymon Hołownia from Polska 2050 had already announced his candidacy, planning to step down as speaker of the Sejm after two years in favor of a left-wing representative. Leadership within PiS remains uncertain, with Jarosław Kaczyński potentially retaining control, or else being succeeded by younger leaders such as Zbigniew Ziobro, Mateusz Morawiecki or Andrzej Duda.

Economically, one primary challenge lies in the need to maintain budgetary discipline and control the state deficit, which is expected to exceed the EU-mandated 3% of GDP. Nonetheless, the government has decided to retain all social benefits, including the 800+ program, additional pensions and public sector salary increases of up to 20%, or even more in the education sector (30%). These expenditures, combined with the rise in the minimum wage, may strain employers and expand the job market, but could also increase inflationary pressure, with the inflation target likely to be achieved only by 2026. While macroeconomic forecasts, including economic growth rates, appear favorable for Poland, the government must be more proactive in fostering investments.

In the social sector, public services must be improved. Teachers, parents and students have highlighted the urgent need for reforms in the education system. Family policies should shift focus from social transfers to the creation of high-quality services and incentives for parents. The healthcare system also demands significant attention. Successful reforms in these areas will depend on effective cooperation with local authorities via consultation and inclusion, especially with the upcoming local elections in April 2024.

Domestic policy will largely hinge on international dynamics, particularly with respect to rebuilding ties with the EU. This includes active engagement in the flow of EU funds and constructive participation in decision-making processes. Poland is set to receive €59.8 billion, with substantial allocations for climate goals (46.60%) and digital transformation (21.36%) (European Commission 2024). EU funding should primarily be used to support green transformation, addressing the urgent need to shift to renewable energy and a circular economy. Digital transformation and addressing AI-related challenges will also require government focus.

The new government will also have to address the complex issue of migration, anticipating increased illegal crossings at the Polish-Belarusian border. Controversial topics such as “pushbacks” and the EU’s mandatory solidarity mechanisms will likely be points of contention. The European Parliament elections in June 2024 may further reflect Polish public opinion, known for its strong commitment to European integration over the past two decades.

The ongoing war in Ukraine poses the most significant challenge to national security. Poland’s resilience will be tested as a front-line country, with a continued role in logistical deliveries of equipment and humanitarian aid. However, reestablishing political closeness with the Ukrainian government – which the previous administration disrupted – will be essential.

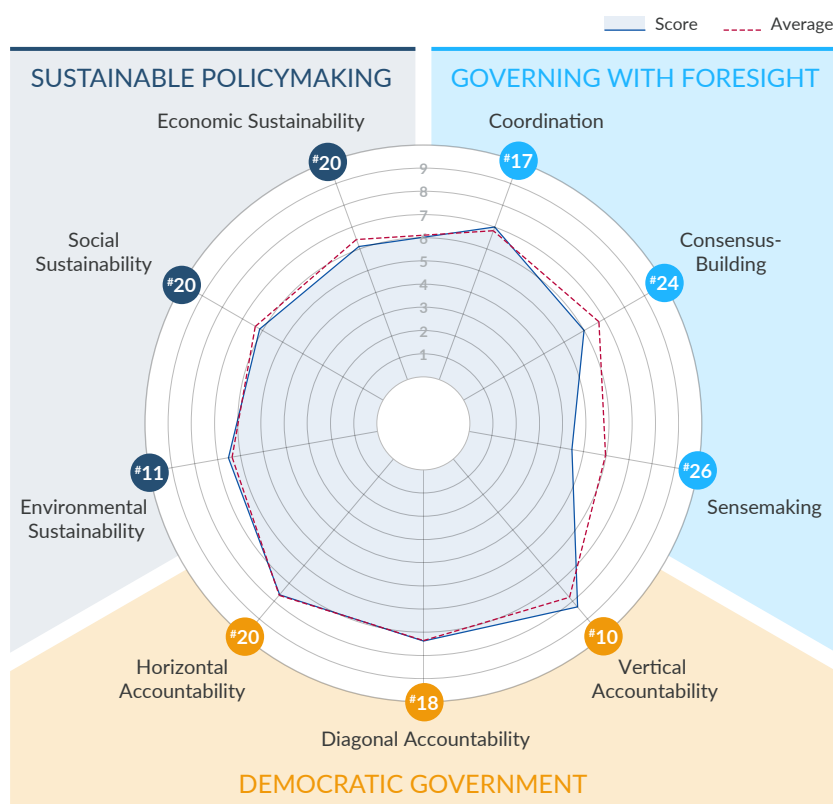
Lastly, deep societal polarization presents a critical challenge. Political divisions have revealed substantial differences in values and priorities among Poles. The formation of the new government has raised high expectations among its supporters, but fostering broader social trust will be crucial for the nation’s cohesion.

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Full country report available at www.sgi-network.org

Portugal



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

The period under review began with developments that gave rise to optimism in Portugal. First, the country entered 2022 as one of the most vaccinated nations in the world against COVID-19, with 83.5% of its population fully vaccinated by January 14, 2022. Second, Portugal began receiving funds from the EU's Recovery and Resilience Facility. This facility, amounting to €22.2 billion for Portugal, provided a unique opportunity to bolster public investment following a decade of the lowest public investment rate since democratization, starting with the country's bailout in 2011. Third, Portugal seemed poised for a period of political stability conducive to implementing reforms, as the Socialist Party, led by incumbent Prime Minister António Costa, won a single-party parliamentary majority in the January 30, 2022, legislative elections.

However, as this report highlights, the period from 2022 to 2024 fell short of expectations. The country continues to face significant hurdles regarding gover-

nance capacity, particularly in government analytical competence in areas such as impact assessment and policy evaluation. There is also a considerable gap in policy implementation, with lofty policy pronouncements not being fully reflected in actual policy delivery. This is evident in the lower-than-budgeted levels of public investment, which were 25% below the government's forecast in 2023. The health and education sectors were particularly affected, executing only 43% and 28% of the expected investment, respectively (Leitão, 2024).

Moreover, there was a deterioration in the provision of key public services, notably in education, health, and access to housing. In some cases, this decline is the culmination of long-identified factors, such as an aging teacher population, which have remained unaddressed.

Youth unemployment remains high. This, coupled with low wages, has continued to foster emigration, worsening Portugal's demographic crisis.

The anticipated period of political stability was disrupted by several political scandals, culminating in the resignation of Prime Minister António Costa in November 2023. In such cases, Portugal's political system empowers the directly elected president to decide whether to appoint a new government with the current legislature or to hold fresh elections. The president chose the latter, scheduling legislative elections for March 10, 2024 – the third election in less than four and a half years.

Despite these challenges, there are some important bright spots. The country has maintained fiscal sustainability, with an estimated record budget surplus of 1.1% of GDP in 2023. Public debt has been significantly reduced to 98.7% in 2023, a substantial decrease from the debt exceeding 130% during the bailout period. Unemployment is low, and the country has performed comparatively well in terms of economic growth. Additionally, Portugal is welcoming to immigrants and remains strongly committed to addressing climate

change, with a highly decarbonized energy system on track to achieve carbon neutrality by 2050. Portugal also demonstrates a strong foundation in civil and political rights and effective legislative committees. It upholds a broad spectrum of civil and political rights and freedoms for its citizens, as enshrined in the 1976 Portuguese constitution. Freedom of the press not only enjoys constitutional protection in Portugal but is also internationally recognized for its strong adherence to press freedom principles.

In other words, the country's assessment is by no means negative. Yet, a conclusion that emerges is that this period was arguably a lost opportunity to address long-standing and well-identified problems that Portugal faces.

In policy terms, these include not only education, health, and housing but also the taxation system, which is overly reliant on regressive indirect taxation and is complex. At the environmental level, there is an implementation gap, reflected in high landfilling rates and one of Europe's lowest municipal recycling rates.

At the governance level, the weak participation of civil society organizations (CSOs) in the co-creation of relevant policies is due in no small part to the weakness of civil society. This limited engagement of CSOs in policy formulation and decision-making processes hinders policy development.

Regarding democratic performance and protections, gaps remain in the country's anti-corruption measures, with minimal progress in combating corruption, as indicated by the 2022 reports from Transparency International and the European Commission. Moreover, despite media pluralism, practical challenges persist, especially due to a shortage of resources allocated to investigative journalism.

Overall, Portugal has benefited from some clear successes, though enduring problems remain unaddressed.

Key challenges and policy recommendations

Portugal faces six key challenges:

The first challenge is the capacity to govern with foresight. Portugal scored poorly in several areas related to strategic foresight and anticipatory innovation, socie-

tal consultation, impact assessment, and ex post policy evaluation. While efforts are underway to address these weaknesses, they continue to affect the quality of policymaking and the ability to address future problems. Enhancing capacity-building and accountability within public administration, promoting stakeholder engagement for diverse perspectives, and establishing transparent monitoring and reporting mechanisms are essential. Fostering a culture of learning and adaptation within government institutions will be key to improving policymaking effectiveness and sustainability.

The second challenge is the gap between government measures and actual policy delivery. Although Portugal produces ambitious programs and plans, these frequently fall short in terms of implementation. This recurring issue has persisted across successive governments.

The third challenge is the significant decline in the sustainability of key public services, particularly in education and health. This issue is partly a consequence of the first two challenges. The aging workforce in these fields was identified long ago. However, weaknesses in governance with foresight, along with the gap between planning and implementation, have resulted in these issues not being adequately addressed in a timely manner. Consequently, there has been a considerable decline in the quality of these public services.

The fourth challenge is Portugal's aging population. In 2023, Portugal had the second-highest median age in the EU-27 at 47 years, surpassed only by Italy (Eurostat, 2024). Moreover, its old-age dependency ratio (population 65 or over to population 15 to 64) is the highest in the EU-27 at 38% (Eurostat, 2024). The country has done little to address both the causes and consequences of this demographic crisis.

The fifth challenge involves Portugal's economic model, characterized by low wages and high youth unemployment, which fosters continued high levels of emigration. The profile of emigration is also changing to include those with higher qualifications, in addition to those with lower qualifications who have traditionally been the main source of emigration.

The sixth challenge concerns the lack of progressivity in taxation. Research on the distributional effects of indirect taxes in Portugal highlights fiscal policies that

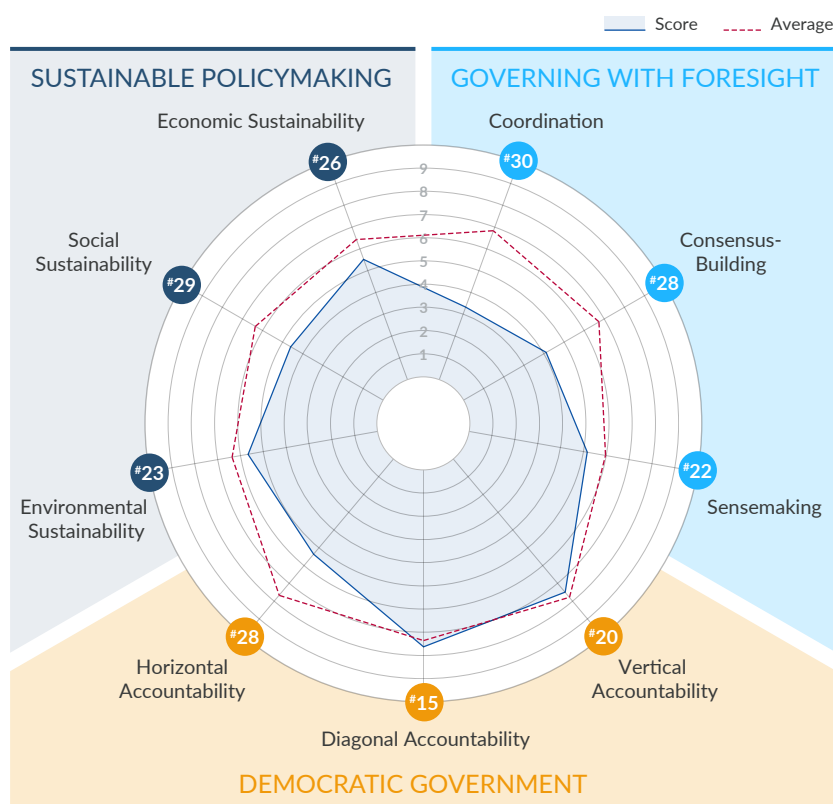
could markedly enhance tax progressivity. For instance, Araujo (2019) provides valuable insights into these policies. Additionally, the Organisation for Economic Co-operation and Development recommends two approaches to enhance fiscal justice in Portugal: the implementation of a combination of inheritance and gift taxes along with progressive capital income taxes, and the establishment of a comprehensive global wealth tax (OECD, 2018).

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Full country report available at www.sgi-network.org

Slovakia



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

The period under review (January 15, 2022 – January 15, 2024) was marked by significant turbulence in the Slovak Republic. The performance of the OĽaNO government began to deteriorate in the summer of 2022 due to internal conflicts within the ruling coalition, particularly between Igor Matovič, leader of OĽaNO, and Richard Sulík of the Freedom and Solidarity party (SaS). This tension led to the SaS leaving the coalition on August 31, 2022, with all its ministers resigning in early September. Consequently, the government lost its majority in parliament, holding only 68 of 150 seats. Although Sulík initially promised his party's support for reforms, the SaS and Pellegrini's Hlas (Voice) party initiated a successful no-confidence vote on December 15, 2022, which passed with 78 votes. Sulík justified this action by accusing Finance Minister Igor Matovič of renegeing on his offer to resign, which had been intended to prevent the no-confidence vote and enable the government to continue functioning.

The Heger government did not stay in office until the early elections; it was replaced on May 15, 2023, by a caretaker government led by Prime Minister Ľudovít Ódor. This government did not receive a vote of confi-

dence from parliament and was therefore commissioned to rule with limited powers. In the national elections held on September 30, 2023, Robert Fico's political party, Smer, won with 23% of the vote and formed a government with Pellegrini's Hlas and the Slovak National Party (SNS). Analysts widely agree that the primary cause for the fall of the OĽaNO government was Igor Matovič's extremely low capacity for strategic and collaborative leadership.

During this period of political instability, Slovakia also faced significant external challenges. The "third" phase of the COVID-19 pandemic in the winter of 2021-2022 left the country among the most affected. Additionally, the Ukraine war resulted in a massive inflow of Ukrainian refugees, and the concurrent energy crisis contributed to severe inflation.

These turbulent times severely impacted the quality of governance, particu-

larly in terms of foresight and sustainable policymaking. Political conflicts within the ruling coalition and the urgent need to address the poly-crisis further diminished the already limited capacity of Heger's government for strategic and evidence-based policymaking. Despite preparing the National Recovery and Resilience Plan, approved by the European Union in spring 2022, the government's measures, particularly in healthcare and judicial reforms, faced significant delays. Ódor's government made efforts to improve governance by preparing white papers, but its proposals were rejected by both former coalition members and the opposition.

The new Fico government has taken steps to stabilize the critically unstable national public finances. However, its initial actions have shown signs of revanchism and a limited commitment to fighting corruption. The first months of this government have been characterized by strong polarization between the new coalition and the opposition.

Slovakia exemplifies a typical post-transition country. While it has largely constructed new structures and aligned its legal and institutional systems with interna-

tional best practices, implementation remains limited or absent. The most critical barriers to progress are the prioritization of politics over evidence-based policy, non-collaborative governance, and systemic corruption.

Key challenges and policy recommendations

Although several efforts have been undertaken in Slovakia to promote a liberal democracy, the country's democratic structures and institutional frameworks remain fragile, and the current Fico government will test their resilience.

Enhancing governance quality in Slovakia requires a shift toward evidence-based strategic policymaking. This approach should prioritize high-quality legislative processes, including thorough ex ante and ex post regulatory impact assessments. It should also uphold the rule of law, safeguard individual dignity, combat corruption, foster collaborative governance, and promote accountability and responsibility.

However, significant short-term changes are constrained by the unique national context. This limitation is explained by the theory of public economics and public choice, as articulated by scholars like Stiglitz (2000). According to this theory, political parties and leaders, driven by the imperative of reelection, tend to align with the preferences of the “median voter.”

In Slovakia, the median voter's inclination, influenced by path-dependent factors and potentially limited educational quality, tends to advocate for extensive state interventions and a robust welfare state. This voter base tolerates corruption and harbors aversions toward immigrants, particularly those from non-European backgrounds, and LGBTQ minorities. These preferences shape the behavior of political actors, who often favor populist measures over evidence-based but potentially challenging policies.

Numerous critical institutional factors further impede progress in Slovakia. Among these, a notable challenge lies in the gap between the formal existence of accountability mechanisms and their actual efficacy (cf. Veselý 2013). Politico-administrative dynamics exacerbate this challenge, with the professional, apolitical civil service envisioned as a check on political excesses proving to be illusory. A change of government often leads to the

appointment of loyal civil servants at all levels, resulting in a highly politicized and inexperienced civil service that undermines the capacity to implement effective policies (Staroňová and Rybář 2021; Gajduschek and Staroňová 2021).

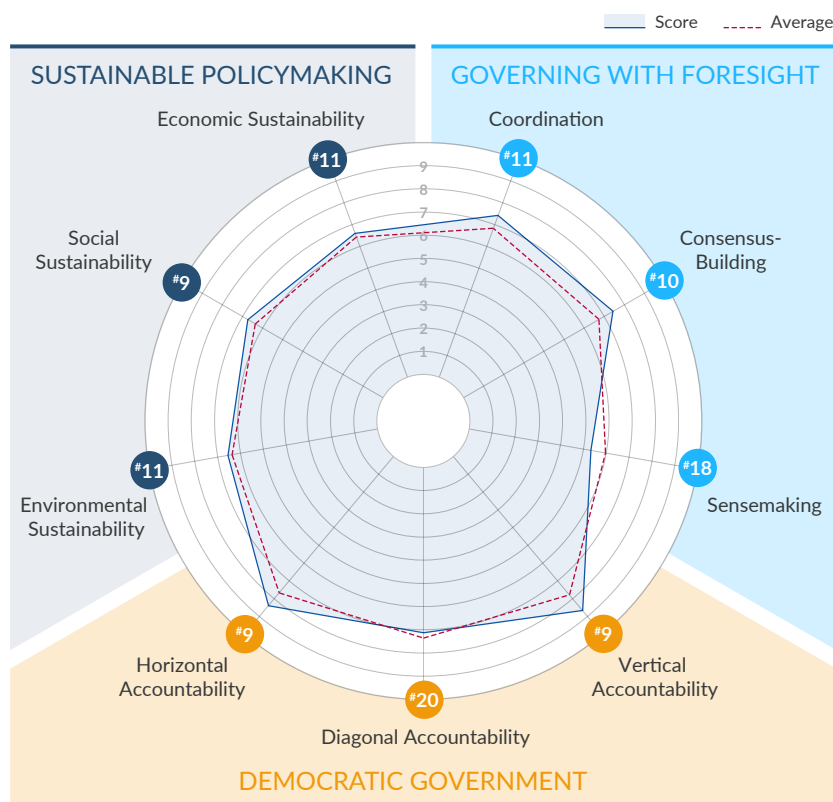
Addressing systemic corruption requires a grassroots approach. Although governmental financial operations may be transparent, “transparent corruption” persists due to the populace's high tolerance for such practices. Changing attitudes toward corruption necessitates a broader societal shift, which may be hindered by declining education quality and persistent fiscal illiteracy. (Orviská, 2003).

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Slovenia



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

From January 2022 to January 2024, Slovenia experienced several significant political events. Regular elections to the National Assembly took place in April 2022, followed by presidential and local elections, as well as three nationwide referendums in the autumn. All these elections met high standards of electoral integrity. The number of parties entering the National Assembly decreased to five, primarily due to tactical voting and a windfall effect.

Dissatisfaction with COVID-19 restrictions and democratic regression under the previous center-right coalition government led by the Slovenian Democratic Party prompted the election of the newly founded Freedom Movement (GS) in 2022. The Freedom Movement received the most support, winning 45.5% of the seats in the Assembly. They formed a center-left majority government with the Social Democrats (SD) and The Left (Levica) on June 1, 2022.

Prime Minister Golob's government pledged numerous reforms and greater involvement of civil society in political decision-making. Despite criticism that Slovenia is governed by an overly left-wing civil society and the

perceived tolerance toward the Golob government, significant legislative proposals were supported and adopted. However, of the 122 commitments made by the center-left governing parties to the civil society network, 113 were not fulfilled after the first year in power.

Over the past two years, the social movement, which had criticized the democratic regression during the Janša government, has also been particularly critical of the public health system under the Golob government. The social dialogue in the Economic and Social Council was again interrupted, as it had been under the Janša government.

Key reforms related to the pension system, public sector wages, real estate legislation, tax laws, and education were listed, with healthcare reforms deemed the most urgent. Yet, most of these reforms remained suspended or unaddressed within two years. Some

changes, such as replacing supplementary health insurance with compulsory contributions and adopting the long-term care law, were viewed positively. However, challenges persisted in migration policy and other sectors due to labor shortages.

Slovenia experienced catastrophic floods in August 2023, highlighting the need for difficult reform decisions amidst changing fiscal rules. The Golob government also faced challenges with corruption risks and ensuring high integrity among politicians and civil servants. While improvements in media freedom were observed toward the end of 2023, challenges remained in the small media market, characterized by public broadcasters' ownership concentration and poor financial situations.

Although Slovenia has a comprehensive regulatory framework, implementation issues persisted from 2022 to 2024, impacting various sectors, particularly the environment. Nonetheless, measures to address the energy crisis under the Golob government were generally deemed appropriate and relatively well-implemented. The government's pledge to increase official develop-

ment assistance to 0.33% of gross national income by 2030 remained a significant commitment, with €159.65 million allocated for international development cooperation in 2022, representing 0.29% of GNI.

Key challenges and policy recommendations

Under the Golob government, democratic regression was halted. However, the government faced numerous political challenges in 2023 and early 2024, both internally among coalition partners and externally. Golob and his team, lacking political experience, struggled to handle these issues, leading to a sharp decline in public support and trust, which affected their ability to govern effectively. The government must learn to work through personal differences and disagreements within the ministerial teams and improve its communication strategy.

Recently, the public has observed disagreements within all three coalition parties. Additionally, the resignation or replacement of ministers has resulted in some ministerial posts being filled by less experienced individuals. These circumstances and internal disputes could easily lead to further declines in support for the government's activities and even its collapse. The upcoming elections to the European Parliament will be the next test of the government's support.

Growing ideological polarization mostly prevents cooperation between the coalition and opposition parties, especially the main opposition party, the Slovenian Democratic Party. This polarization often hinders societal reforms. Urgent reforms in the healthcare and pension systems are needed. The absence of serious reforms in both systems will significantly impact the financial and economic sectors in the medium term due to the aging population and future social policy. The poor results achieved by Slovenian students in international studies on the education system call for a reform of the curricula and underscore the importance and urgency of developing a new national education program. This should be done after serious discussion and with the involvement of experts and relevant stakeholders to decide on the priorities and goals Slovenia wants to achieve with its educational reform.

As the period of loose rules to combat global crises (COVID-19 and energy) has ended, a more restrictive fiscal policy is needed to ensure compliance with bud-

getary commitments set in the wider environment, especially in the EU and the eurozone. The Golob government has withdrawn several promises and agreements made to employees in various public sectors, even before beginning serious negotiations on reforming the public sector wage system. These developments triggered several strikes in 2023, which the government has managed to control, at least temporarily.

Nevertheless, the doctors' strike at the beginning of January 2024 for higher salaries could again trigger a series of demands and a wave of strikes for higher wages in other areas of the public sector. The same applies to judges and public prosecutors, who seek to have their salaries raised to align with those of the other two branches of the public service, as per the Constitutional Court's decision. Among other influential actors, farmers have also raised clear demands, many of which contradict adopted policies and set targets, even at the EU level, which Slovenia has accepted.

Several important changes should be made in policy design, including greater use of expert advice to strengthen strategic planning, limit the politicization of the public service, and further improve the RIA system. Such changes can contribute to better policy implementation. The government must now focus on realizing the objectives set out in these strategies.

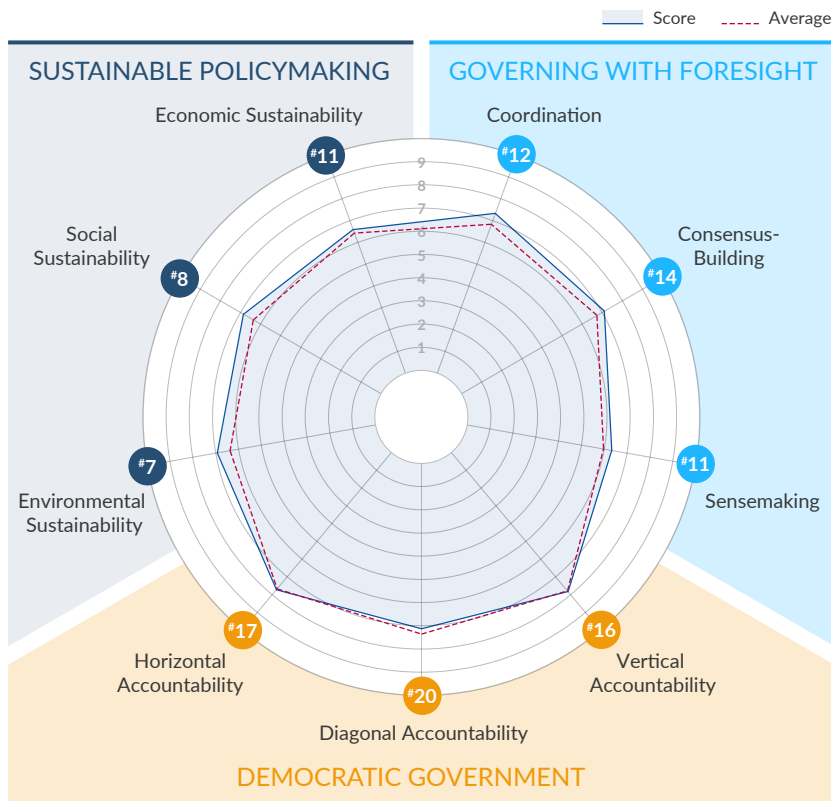
The government should ensure a stable and predictable tax system, as entrepreneurs and employers have requested. Only partial changes have been enacted in the past, but no comprehensive tax reforms have been prepared. This suggests that the government needs to effectively address various interest groups, including powerful ones, to prevent serious obstacles to Slovenia's stability and further development.

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Full country report available at www.sgi-network.org

Spain



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

In the past two years, Spain's key economic data compared favorably with other EU member states. Economic growth and job creation were solid and stronger than expected in 2022 and 2023. Spain exhibited resilience in the face of economic challenges, with energy costs and inflation rates remaining below the EU average. Spain could also reduce its public debt after reaching a historic high of 120% of GDP in 2020.

During the period under review, despite concerns about the stability of the left-wing coalition government and its status as a caretaker government from July to November 2023, the government pushed an ambitious legislative reform agenda through parliament while fending off a wave of hostility from the political right.

Most reforms were part of the Recovery and Resilience Plan (RRP) and agreed upon with the European Commission, establishing conditions for the reimbursement of funding from the NextGenerationEU program (Government of Spain, 2021). The RRP will mobilize up to €163 billion from 2021 – 2026, in addition to €36.7 billion from the Structural Funds of the multiannual fi-

nancial framework 2021 – 2027 (MFF 2021 – 2027). The RRP addresses critical structural problems and aims to ensure long-term sustainable development through investments and reforms focused on ecological transition and digital transformation. Each payment is linked to the achievement of several milestones (qualitative goals) and targets (quantitative goals). According to the European Commission, which approved the amendment of the plan in October 2023 (Government of Spain, 2023), the RRP is currently on track. However, absorption capacity remains a challenge (European Commission, 2023).

The implementation had a significant impact on public administration. Several administrative departments have been strengthened, and new governance structures have been created to increase the government's executive capacity and accountability. Both ex ante and ex post evaluations have been enhanced, which will also have long-

term positive effects. In particular, the strategic design of policies evolved substantially over 2022.

The fragmentation of the party system and polarization have significantly obstructed cross-party agreement. Increasing polarization has eroded the effectiveness of parliamentary institutions in a way that affects the quality of democracy, even though it did not prevent the government from pushing most of its legislative agenda until spring 2023. Although Spain overall remained one of the countries with strong democratic quality in electoral and liberal terms, the government made extensive – and for some, excessive – use of royal decree-laws. Despite the period 2022 – 2023 seeing the second-lowest proportion of such decrees since 2010, this practice prevented deliberation in the legislative chambers. This had an important impact on the balance between legislative and executive powers, raising questions of input legitimacy.

The structural weaknesses and cyclical problems, including the financing model, of the Spanish territorial system could not be addressed. However, intergovern-

mental coordination could be improved, and representatives of the autonomous communities met frequently to exchange information and to reach, to a certain extent, common agreements.

The electoral cycle, including local and regional elections in May 2023, which produced several government alternations in different autonomous communities, and the general early election in July, reduced institutional activity in most of the policies under review. The national elections of July 23, 2023, ended in a stalemate. Following weeks of political tensions, the PSOE reached a minority coalition agreement with the far-left Sumar coalition. However, the PSOE had to make further painful compromises that might have a long-lasting impact on the territorial organization of the state. These include an amnesty law for Catalan separatist politicians convicted or investigated for events related to the political crisis in Catalonia, the transfer of full tax autonomy to Catalonia, and further transfers of competencies to the Basque Country. Pedro Sanchez was re-elected as prime minister on November 16, 2023. However, a stable government that can govern with foresight is not guaranteed for the legislature.

Key challenges and policy recommendations

Despite positive developments over the past two years, the economy has not yet overcome the various crises encountered in the last five years. As a result of tighter financial conditions and reduced levels of business and consumer confidence, GDP growth is now moderate.

Implementing the Recovery and Resilience Plan (RRP) will be a key challenge in the coming years. The RRP has the potential to create powerful crowding-in effects, significantly impact key reforms on potential growth, and continue reducing public debt. Given the substantial investments anticipated from the Next Generation EU program and the MFF 2021-2027, monitoring absorption capacity will be essential.

Traditional challenges must also be addressed to enhance competitiveness and resilience. First, economic competitiveness and resource efficiency must improve, and the economy's dependence on tourism should be reduced.

Public policies should continue to prioritize climate-compatible public investment and innovation,

while also fostering social and territorial cohesion and ensuring quality access to health and education. The minimum income scheme should be expanded.

The institutional framework promoting cooperation and shared decision-making across different government levels should be reinforced. Additionally, reducing tensions between central government framework legislation and the reality of heterogeneous regional systems is crucial. Maintaining territorial cohesion is becoming increasingly important; thus, the funding system for regional competencies needs an update and reform to ensure subnational governments have adequate resources.

The tax system should be expanded and tax competition reduced. New tax measures for 2022-2023 are important steps toward increasing government revenue and improving tax system efficiency. However, deeper changes are needed to enhance public efficiency and reduce post-tax social inequalities.

Labor market reform has shown positive results, but training capacities need improvement. Access to vocational training, including for immigrants, should be fostered. Greater continuity in education policies across different governments and better coordination across regions could help achieve this goal.

The welfare system's clearest challenge is population aging, which pressures the sustainability of healthcare and the viability of pensions. While pension reform was crucial, efforts should now focus on the healthcare system.

To achieve these policy goals, specific reforms are needed to strengthen the government's executive capacities without undermining the parliament. Regulatory impact assessment (RIA) processes should be enhanced. Evaluation agencies must be strengthened to ensure transparency and quality evaluation of action plans and laws. Additionally, societal consultation in policymaking should be fostered, improving citizen access to public policy information.

Strategies should be developed to address the conclusion of the limited temporary NextGenerationEU program. Forming a coalition with other EU member states could strengthen the negotiating position for the program's continuation and redesign at the EU level.

The government, which took office in November 2023, and its supporting parties have initiatives requiring significant resources. Implementing these measures during economic downturns demands additional efforts, such as increased productivity or higher revenues. Agreements with nationalist regional parties may pressure social and territorial cohesion but could also enhance their legitimacy and social support.

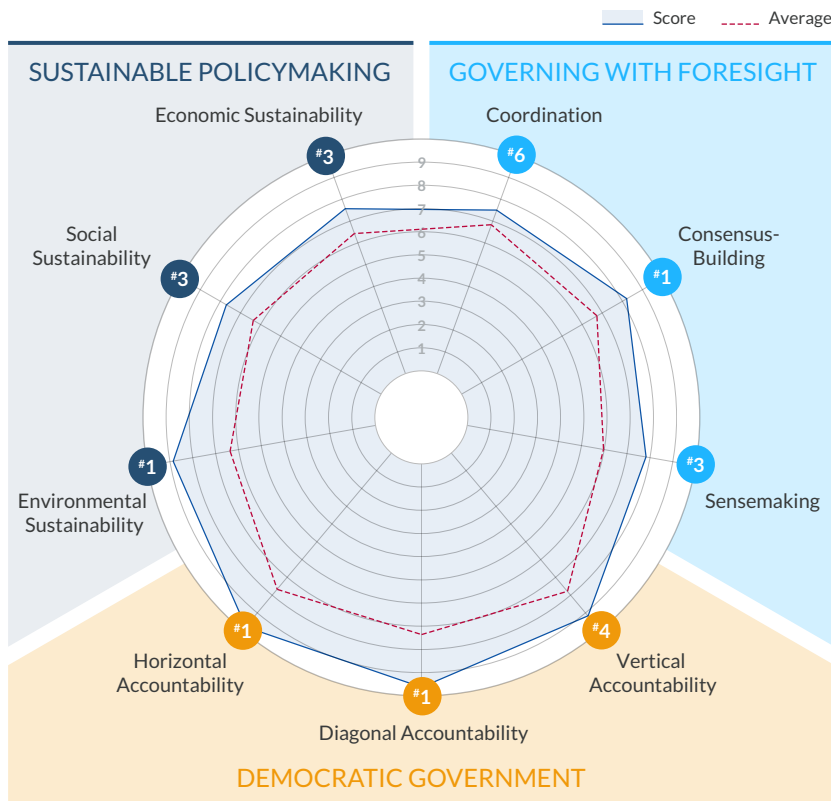
The minority coalition government will need to change allies for most legislative initiatives, requiring political parties to compromise with others in parliament. In the current polarized political climate, this will be a significant challenge for governing with foresight and sustainable policymaking.

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Full country report available at www.sgi-network.org

Sweden



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

The years 2022 and 2023 have been a period of dynamic change for Sweden, with sharp political shifts occurring against the backdrop of the armed conflict in Europe between Russia and Ukraine. This war severely upset the balance of the Nordic-Baltic region, leading to far-reaching consequences. As a direct result of the conflict, Sweden, seemingly overnight, overturned a policy of neutrality that had been in place since the end of the Napoleonic Wars (1814) and sought NATO membership, effective March 2024. The process was fraught with *realpolitik*, with leaders from Türkiye and Hungary trying to elicit concessions from Sweden to avoid a veto. Both the Social Democratic bloc and the center-right minority government were in agreement on the NATO membership issue.

The 2022 elections resulted in the Social Democratic bloc losing power. The radical right-wing populist Sweden Democrats came in second with 73 seats, compared to the Social Democrats' 107 and the Moderate Party's 68. After the election, the cordon sanitaire against the Sweden Democrats finally fell, and the parties in the right-wing camp entered into negotiations

with the Sweden Democrats. These negotiations to form a new government took 37 days. Although the Sweden Democrats do not hold cabinet positions, their influence became evident in the *Tidöavtalet* – the compromise that led to the government formation – which includes punitive measures against crime that also undermine civil rights. As the largest party in the right-wing bloc, the Sweden Democrats also exerted significant influence in the day-to-day process of governing as a supporting party of a minority government consisting of Moderates, Liberals, and Christian Democrats. Researchers are focusing on the conduct of elections within the broader climate of misinformation and disinformation, while political parties in general continue to lose membership.

Freedom of speech and information transparency remain robust. The public debate surrounding the Quran burnings during the NATO membership negotiations centered on the tensions

between free speech and hate speech. In the end, these burnings were ruled as free speech, though a constitutional amendment limits the freedom to associate if this association is connected to, for example, terrorist activities.

The post-COVID period saw inflation spike to 10%, then fall to about 3.5% in 2022. The economy is forecast to recover, and the trend of an inclusive labor market with increased employment rates for foreign-born people persists, even as the *de facto* segregation of certain areas and increased violence from organized crime also persists.

Sweden remains a forerunner in environmental protection, with an articulated goal of becoming carbon neutral by 2045 and a detailed, albeit non-binding, plan to achieve this target. However, recent actions by the current center-right minority government, such as lowering fuel taxes, suggest a prioritization of economic benefits over environmental protection. Additionally, the government is working to expand nuclear energy for electricity generation.

This period also marked the proposition to radically reorganize the research funding structure in the country. A relevant commission of inquiry suggested abolishing the existing four funding agencies, which focused broadly on innovation, sustainability, working life, and high-quality research. Additionally, it recommended discontinuing the research budget for the Swedish Energy Agency. Instead, it proposed forming three large funding agencies. This change is framed as an effort to modernize the research funding structure. Such framing – “getting with the times” – was also used when the government announced large cuts to Swedish Radio.

Recent developments have led to reactive shifts in public policy and reinforced the stronghold of a radical right-wing populist party, even in Sweden. These changes underscore a trend: Swedish democracy is becoming less unique and more similar to other European countries.

Key challenges and policy recommendations

Perhaps the biggest challenge the world currently faces is climate change. Sweden has been a forerunner in environmental regulation, but the more permissive attitude of the current center-right minority government is a cause for concern. Radical policy priorities are necessary if Sweden is to reach carbon neutrality by 2045.

A pressing domestic challenge in the near future is the grip of gang violence in some urban areas. The Swedish system was not equipped to handle such high levels of violence. Its inability to control the situation has led to a punitive turn, with the debate focusing on retribution, long custodial sentences, and overcrowded prisons, rather than addressing the root causes of such violence. Gang violence has recently started to spread to neighboring countries such as Norway.

Politics in Sweden is challenged to protect its consensus-oriented decision-making system. Inter-party collaboration has been precarious and short-lived, and the empowerment of the radical-right populist Sweden Democrats has disrupted collaborative processes. The ability to compromise on divergent interests in contemporary political disputes is being alarmingly challenged. Affective discordance and social changes, such as increasing material inequality, have consequences for the ability of actors to compromise.

Further, the loss of neutrality due to NATO membership represents a significant loss of identity for Sweden, even though the narrative of non-alignment has primarily catered to domestic audiences in recent years. With NATO and recent geopolitical shifts, there is an amplified emphasis on preparedness and defense. This is expected, as Sweden is considered capable of affording the increased defense expenditure that accompanies NATO membership.

It is important not to lose sight of social policies or infrastructure investment. Healthcare is one sector that has not been generously funded, and the performance of the health and care systems in Sweden is under serious pressure. The performance of the welfare state in Sweden is challenged. The policy of numerous and far-reaching tax cuts, combined with demographic changes, the challenges of integration policy, and security policy obligations, has eroded the financial basis of the welfare state alongside the need to make necessary investments in infrastructure. One challenge for the future will be to achieve a fiscal and budgetary balance against the backdrop of these developments.

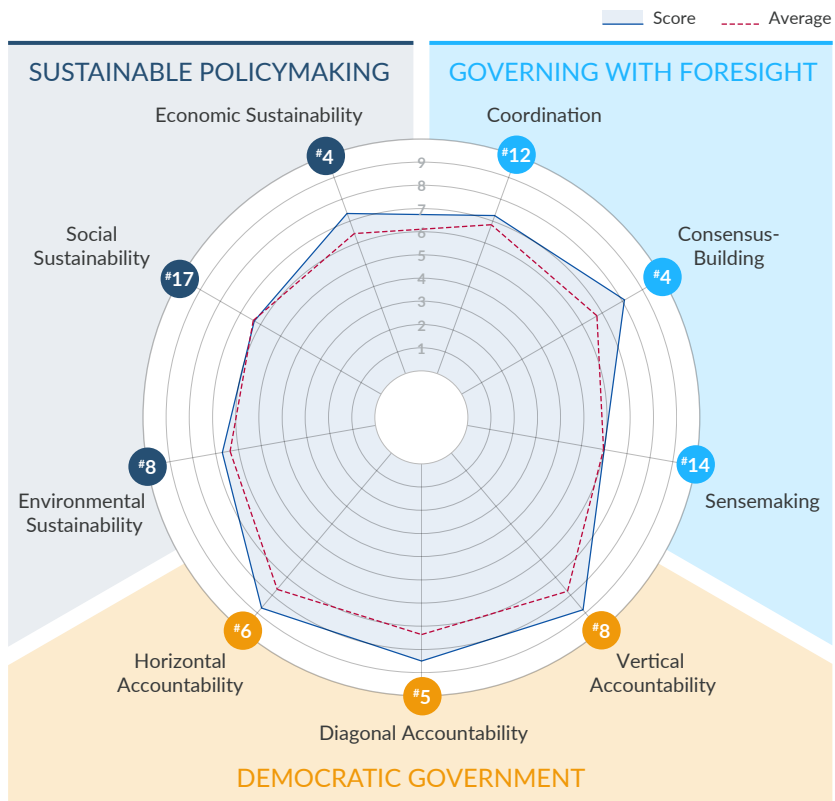
In terms of inclusion policies, the labor market trend is positive for people who have traditionally faced challenges in finding employment, such as young individuals or those born outside Sweden. However, integrating the high number of migrants and the increasing number of people with low educational qualifications into one of the world's most agile and innovative societies will remain a challenge for integration policy.

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Switzerland



Source: Authors' elaboration

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tation. The country has high levels of GDP per capita (one of the highest in the OECD) and accumulated wealth, and the natural environment remains ecologically sound. Social and economic policies are pragmatic, solution-oriented and heterodox. In general, Swiss citizens support national democracy, show high levels of trust in their government and parliament, and are very satisfied with their lives and with how national democratic and economic institutions operate. The Swiss government can be commended for maintaining a highly competitive economy, a sustainable fiscal position, a comparatively sustainable welfare state, and moderate and stable levels of income inequality. The flexible labor market has maintained full employment, with high employment rates for both men and women. Youth and long-term unemployment rates remain low. These outcomes have resulted in an absence of deep social divisions and marginalization (among Swiss citizens).

Notwithstanding these successes, notable shortcomings have persisted:

Based on a careful international comparison, eminent Austrian-German political scientist Herbert Obinger (2023: 795) has argued that "Switzerland, more than almost any other country in the world, has realized the ideal of government by the people and for the people. Nowhere else do citizens have such extensive opportunities to participate in the political decision-making process, and there are very few countries that have a similarly strong track record as Switzerland across all policy areas. The unique rights of citizens in political decision-making and the excellent performance of the political system are closely related. In conjunction with consensus democracy, they generate an extraordinarily high degree of input and output legitimacy, which is the root cause for political stability and peaceful coexistence in a multi-dimensionally fragmented society."

There is no doubt about Switzerland's strengths: They include a stable and robust democracy, an efficient rule of law, an excellent system of public education and research, and a competent system of public transport-

- 1) The country has failed to develop a sustainable relationship with the European Union, an entity on which it depends in many respects. The European Union insists on rules that allow for the smooth updating of bilateral treaties and an efficient process of adjudication should conflicts arise. In January 2024, there were signs that a new compromise could be in sight – if a support coalition could be built, a difficult task domestically. A solution that "squares the circle" – that is, that preserves national sovereignty while maintaining the benefits of European integration – must be found. Moreover, this must be acceptable in a popular vote.
- 2) Climate policy is a crucial field in which Switzerland has failed to make swift and significant progress. In a popular vote on June 18, 2023, the people accepted a target of net-zero CO₂ emissions by 2050. However, this goal needs to be implemented by effective policies. A major setback in this regard occurred

in 2021, when a CO₂ law was rejected in a popular vote. Consequently, the government proposed a highly watered down CO₂ law that avoids any new levies on CO₂. It was accepted in principle – and further watered down – in both houses of parliament in the fall of 2023, in part with view toward a very likely new popular vote.

- 3) While encompassing reforms of the pension system were previously rejected in popular votes, a more limited reform was accepted in a popular vote on September 25, 2022. This is a temporary measure to mitigate the short-term effects of the long-term demographic change. However, it does not solve two major conflicts in the field of pensions. The first conflict relates to the relative size of the three pillars. The political left intends to strengthen the first pillar, which is highly redistributive and mainly concerned with combating poverty in old age, which still exists to a considerable extent in Switzerland. This strategy implies increased social contributions (absent a major economic boom), which would translate into a growing tax wedge or higher indirect taxes. There will be a popular vote on such a project in 2024. As a consequence, the relative importance of the second pillar – with benefits proportional to previous contributions – will decrease. This is against the interests of the major centrist parties and also of the private financial institutions that administer these large funds. The second conflict relates to intergenerational fairness and sustainability. In the interest of sustainability, either benefits have to be cut, or taxes and contributions or the effective average age of retirement must be increased. There are many thinkable combinations of these strategies across the three pillars of the pension system, and the final combination needs to be accepted by the people in a popular vote. However, given the experiences in past pension reforms, a decision in favor of the (unsustainable) status quo is very likely.
- 4) There are significant shortcomings in the field of social justice and the ability to reconcile work and family life. Switzerland lags behind in terms of the social and political integration of foreigners – even though one-quarter of the population holds foreign citizenship, and produces at least one-quarter of the gross domestic product. Children from lower-class families face considerable problems of upward social and educational mobility. Women suffer from a lack

of affordable childcare opportunities when trying to reconcile work and family. Structural and nonintentional institutional racism – defined as systematic or durable mechanisms operating within organizations or society as a whole (Mugglin et al. 2022: 21) – is an overlooked issue.

- 5) Likewise, health policy faces major challenges. Costs are rising, and the political system lacks a clear strategy to curb this growth process. At the same time, health insurance premiums are increasing, and families with low to medium incomes find it difficult to pay their health insurance bills. This leads to inequalities in health access. It in turn raises the question of whether the system of competing mutual funds with parallel administrations is sustainable, and whether the liberal model of flat rate per capita premiums – albeit weakened by subsidies for low-income earners – can still be defended. The healthcare system lacks sustainability regarding its governance, environmental durability and low focus on prevention policies.
- 6) The historical pattern of decision-making in postwar Switzerland consisted of efficient negotiations and compromises between the political elites (consociationalism or “Konkordanz”) and a smooth integration of capital and labor in the design and implementation of economic and social policy (neocorporatism). Arguably this Swiss “winning formula” has been undermined by political polarization – pitting the national-populist Swiss People’s Party against the moderate bourgeois block and the green-left parties – and by the organizational and political weakening of the interest organizations representing capital and labor.
- 7) The system of direct democracy succeeds in giving citizens the feeling that they have a say in government policies. This system is one of the major reasons why Swiss citizens are far more satisfied with the way democracy works in their country than their European neighbors. Recent research has found in particular that “direct democracy is not generally related to more satisfied people but rather closes the ‘satisfaction-gap’ between electoral winners and losers” (Leemann and Stadelmann 2022).

However, the system of direct democracy also demonstrates serious shortcomings. Among them is the like-

likelihood that voters will approve constitutional amendments that cannot be literally implemented on legal or economic grounds, or that they block reform even when the need for change is urgent. The problem of decisions that contradict international law or contracts, however, is largely mitigated by the large discretion for interpretation during the implementation process.

Major recent examples are the reform gridlocks with regard to European integration, pension systems and climate policy. While there are certainly good arguments as to why institutionally driven slowness in decision-making can be an advantage with regard to avoiding mistakes others have made, it is also obvious that slowness can become dangerous, for example in the cases of delayed environmental action or insufficiently adjusted pension systems.

Key challenges and policy recommendations

Two key challenges for Switzerland's democracy are obvious: the lack of ability to respond swiftly to external and internal changes, and the conflict between assertions of national sovereignty and the ability to benefit from international integration.

Over the past years, the political system's inability to respond quickly and effectively to challenges has become a prominent concern. Three cases of delayed responses stand out: first, the stalemate in finding a response to the European Union's demand for a solid institutional basis for bilateral relations; second, the failure to push through an encompassing CO₂ reform in a referendum; and third, pension reforms that have showed a tendency to muddle through rather than enact deliberate grand strategies. As shown by various empirical studies, this disadvantage has been compensated for by the quality of the solutions found, especially in terms of efficiency and sustainability based on broad societal consensus and well thought-out policy designs. However, the more that socioeconomic processes accelerate – that is, the more that things are not only changing, but are also changing at an increasing rate – the greater the burden of slowness may become. Three institutional impediments to quick policy responses can be highlighted.

First, direct democracy has an inherent reform-averse tendency in the case of referendums if citizens vote on a bill accepted by parliament. Besides a “no” heuristic

(i.e., rejecting something one is unsure of or knows very little about; see Kriesi 2005), opposition from various sides of the political spectrum can be relatively easily mobilized by interest groups and political parties. A case in point was the rejection of the CO₂ law, which was defeated following the mobilization of homeowners, car drivers and rural-area citizens, among others. Direct democracy is highly valued by Swiss citizens and political parties. It is considered to be the core DNA of the country's political system. Therefore, institutional reform that makes direct democracy compatible with swift solutions to problems is arguably politically infeasible.

Second, historically Swiss federalism differs from the “unitarian federalism” of neighboring Germany, as it gives cantons considerable and autonomous policy-making powers (including taxation) and allows for variations in living conditions. This “dual model” in which federation and cantons have clearly separate tasks for which they carry sole responsibility has been significantly modified over time. This has brought Swiss federalism ever closer to the German model, which is well-known for its tendency for policy gridlock. While some experts support further “interlocking” and hence mimicking of the German system, others support a return to the “dual model.” Arguably, the stronger the Germanification of Swiss federalism, the higher the likelihood of further slowing down a system that already suffers from slowness.

Third, Swiss corporatism has been effective, with social partners designing policies in their fields and efficiently sidelining parliament and party politics. This came, of course, at the price of transparency and the jurisdiction of institutions and actors of representative democracy. In recent decades, the parliament and federal administration have increasingly gained power in the policy process due to external changes. Interest organizations representing capital and labor have lost influence and resources, political pressure groups have been layered onto the old corporatist system, and new actors – such as citizen groups (e.g., the WWF) – have successfully gained access to the political system. However, they remain less influential than the traditional key players within the corporatist system in a strongly liberal and industrial state. In addition, the media has increasingly investigated previously opaque policy processes. Given the complexity of the Swiss political system and its vulnerability to gridlock, preserving or finding substitutes

for the advantageous aspects of Swiss corporatism may be a major institutional challenge.

In addition to these institutional impediments to swift policy responses, another major challenge lies in squaring the circle of national sovereignty, and thereby taking full advantage of the cultural, economic and social benefits of international integration.

Switzerland's share of foreign citizens within its resident population among the highest in the world. Immigration has stimulated economic growth. To sustain the high economic growth rate, it will be essential that the country continues to recruit labor from abroad. An extraordinarily high proportion of elite positions in the economy and within the higher education system are staffed by foreign-born workers. Foreign citizens are also on average younger than the average Swiss citizen. Consequently, they contribute far more to the Swiss pension system than they receive. Hence, they subsidize the Swiss pension system and contribute significantly to its sustainability. Nevertheless, immigration has prompted considerable concern among Swiss voters about house prices, jobs, the use of infrastructure (e.g., roads and public transportation) and national identity.

Today, the Swiss People's Party is among the strongest right-wing populist parties in Europe in terms of popular vote share, representation in government and success in referendums. Notably, this political strength cannot be primarily attributed to xenophobia. At least in international comparison, Switzerland and some of the Nordic countries show a relatively low level of xenophobia. Even so, the Swiss People's Party has been extremely successful in mobilizing xenophobic elements within the population, leading to breaches of fundamental rights of foreigners in individual cases (ban on minarets).

Likewise, for decades politicians have been eager to argue that international integration and the sovereignty of the democratic political system can be achieved at the same time. However, experience has shown that this is extraordinarily difficult. Switzerland has already lost much of its sovereignty, just as other European countries have both within and outside the EU. Since the political elite has emphasized the notion of Switzerland as a fully sovereign country and the large majority of the population is convinced of this narrative,

any pragmatic European integration – even below the level of full EU membership – would be hard to sell to the public if, as it inevitably would, it included obvious constraints on Switzerland's sovereignty.

This problem of reconciling national sovereignty with international integration is also reflected in the growing number of popular initiatives that have been approved by voters but only partially implemented or not implemented at all. Several recent constitutional changes that followed publicly approved initiatives remain only partially implemented because full implementation would violate international law, international treaties or economic norms. This has put the administration in a difficult position. Full implementation would violate international or economic norms, but partial implementation gives rise to accusations from right-wing politicians that the “will of the people” is not being respected.

To mitigate the conflict between “responsive” and “responsible” government, political elites must effectively communicate that the Swiss nation – like all modern consolidated democracies – is at best semi-sovereign, and that there are strict limitations on what the public can decide upon. Yet any such a communication strategy would clash with the self-image of the Swiss, who are immensely proud of their (perceived) independence and sovereignty.

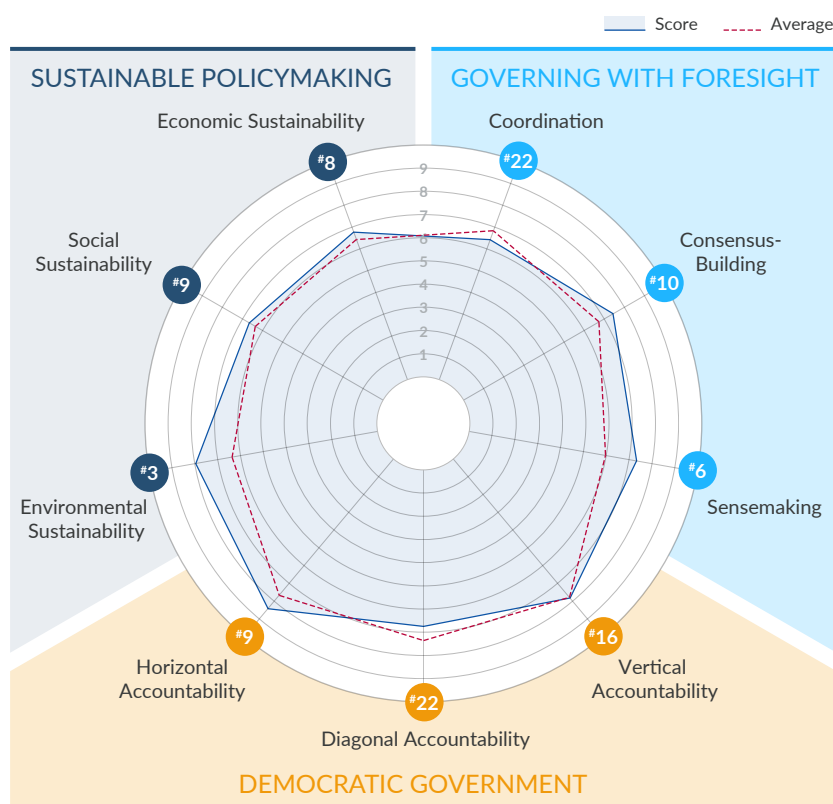
On the other hand, a major advantage of Swiss democracy is its pragmatic approach. Hitherto, Swiss political and administrative elites have found ways and means to reconcile tensions between input legitimacy (voters' decisions) and output legitimacy (policies framed as being in favor of the interests of the majority of the people). Policy implementation is a political process in which many extreme decisions are downsized and adapted to reality so they do not cause as much harm as feared. The public administration plays an important role in this cooling down of policy conflicts.

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United Kingdom



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

Over the past two years, a widespread sentiment has emerged that “Britain is not working.” This perception is partly due to crisis fatigue and a sense that after thirteen years of Conservative Party rule (the first five as a coalition government), it is “time for a change.” Additionally, people encounter increasing problems in public services in their daily lives. The UK government, responsible for services in England and overseeing spending for devolved governments, faces criticism for issues ranging from unfilled potholes and crumbling school classrooms to unreliable trains, difficulties in obtaining healthcare, and persistent problems in social care. A recent study highlights that “almost across the board public services are failing to deliver for citizens.”

In the UK government, the prime minister has considerable powers of appointment and patronage. While this can facilitate centralization, it can also lead to difficulties when conflicts arise at the heart of government. Evidence presented to the public inquiry into the pan-

dem has revealed numerous political and administrative shortcomings within the UK central government, including ministerial indecision in handling the crisis. The “first-past-the-post” electoral system usually ensures strong governance, but political instability has been the norm since the Brexit referendum announcement in early 2016. The UK has seen five prime ministers since then, with one famously outlasted by a lettuce, as demonstrated by Bild Zeitung. Frequent turnover of cabinet ministers in key policy areas such as housing and transport has further contributed to uncertainty. The Maude review of the UK civil service suggests that a fresh approach is needed regarding the extensive powers vested in the prime minister and civil service accountability.

Despite these challenges, the UK has sound provisions for sustainable governance, with policies and frameworks aligned with many central goals of the SGI and similar positive initiatives in devolved governments. Recent UK government initiatives, such as the Innovation Strategy and the approach to

the circular economy, are promising but remain untested. However, as noted in several responses in this report, implementation is often deficient, targets are not met timely, and there are inequalities in service delivery. One example is the “temporary” reduction in the overseas aid budget in 2020, now not planned to be restored until late in the decade, despite being a legal obligation. Another example is the delay in intermediate targets for moving toward net zero, even though the UK has made good progress and has a strong legal commitment. Criticisms have also been directed at governance mechanisms such as impact assessments, which appear robust but fall short in practice.

The interlinkages between policy areas also deserve attention. A lack of social housing affects recruitment in low-paid jobs such as social care, whose shortcomings add to the pressures on an already struggling health-care system. High migration has partly resulted from failures in skills policy, pushing employers to recruit

from abroad, particularly in social care, a practice tacitly encouraged by the government despite political concerns about the social consequences. Inflexible planning systems inhibit house building and infrastructure development, while local service provision has been constrained by years of budgetary restraint. The stagnating economy and cost-of-living pressures stem partly from a weak record on productivity, affected by low business investment. While public finances are sustainable, they are stretched.

The protracted saga of Brexit, followed by the pandemic, has undeniably created major governance problems. Some of these concerns are now being addressed, but the political system often lurches from crisis to crisis, as evidenced by the response to the Russian invasion of Ukraine. The legacies of these problems and the need to rethink crucial elements of sustainable governance, starting with the health service, are undeniable.

Key challenges and policy recommendations

The key challenges for the UK stem from the issues highlighted in this report. After years of political turmoil, the first priority is to restore trust in both politicians and governance mechanisms. With a UK general election imminent, voters have their opportunity to influence change, but political leaders must present manifestos with realistic promises and ensure the effective implementation of existing policies on biodiversity, innovation, and the circular economy.

Effective communication of government messages is crucial for sustainability. For instance, while the UK has made significant progress toward net zero and has been globally influential, recent decisions to delay targets for electric vehicles and to issue new oil and gas exploration licenses suggest backsliding. Although there are valid arguments for these adjustments, particularly to ease the short-term burden of the transition, mixed messages can undermine public commitment.

Several public services require a fresh approach, with health and social care being the most pressing. Successive governments have neglected social care, exacerbating the problems of the National Health Service (NHS). Inadequate funding for social care blocks the pathways from acute hospital care to community-based palliative or chronic care. Despite the NHS's revered status in public opinion, its shortcomings must

be acknowledged. The lack of emphasis on prevention over treatment has led to a service struggling to meet demand. Additionally, low pay in the care sector hinders recruitment, much of which relies on migrants.

Housing shortages also need addressing, as supply has not kept pace with demand. Credible targets for house-building, including more and better social housing, are essential. The challenge lies not in identifying what needs to change, but in decision-makers and leaders having the courage and capacity to act. Low economic growth and persistent inflation reflect poor business investment and productivity growth. While steps have been taken to provide better incentives for investment, complementary actions are needed to bolster skills and strengthen lifelong learning.

In other policy areas, including public administration, infrastructure, and public finances, a sharper focus on practices and delivery is essential. Following the fiasco of the canceled HS2 high-speed rail project and the excessive cost of the remaining section, a fundamental shake-up of infrastructure planning is necessary. Recognizing that deficient provision harms both growth prospects and sustainability, civil service reform and reconfiguring how the center of government functions should also be priorities. With taxes at record levels and net public debt exceeding 100% of GDP, the fiscal framework needs to be recast.

Intergovernmental relations also require attention. Domestically, the continued dominance of Westminster, especially on funding, creates tensions that call for a re-examination of the powers and capacities of devolved administrations, metro mayors in England, and local authorities. For example, the UK Internal Market Act has caused confusion and concern among devolved governments. Relations with the EU have somewhat recovered since the Windsor Framework agreement and the UK's re-admission to the Horizon program. However, with a review of the Trade and Cooperation Agreement due by 2026, more needs to be done to rethink the post-Brexit settlement. Economic cooperation is crucial, as are other areas of common interest, such as climate action, security, and managing migration flows.

An overarching theme is the need to connect sustainability policy aims to effective governance. The UK's variation on this theme highlights the disconnect between its reputation for majoritarian democracy, char-

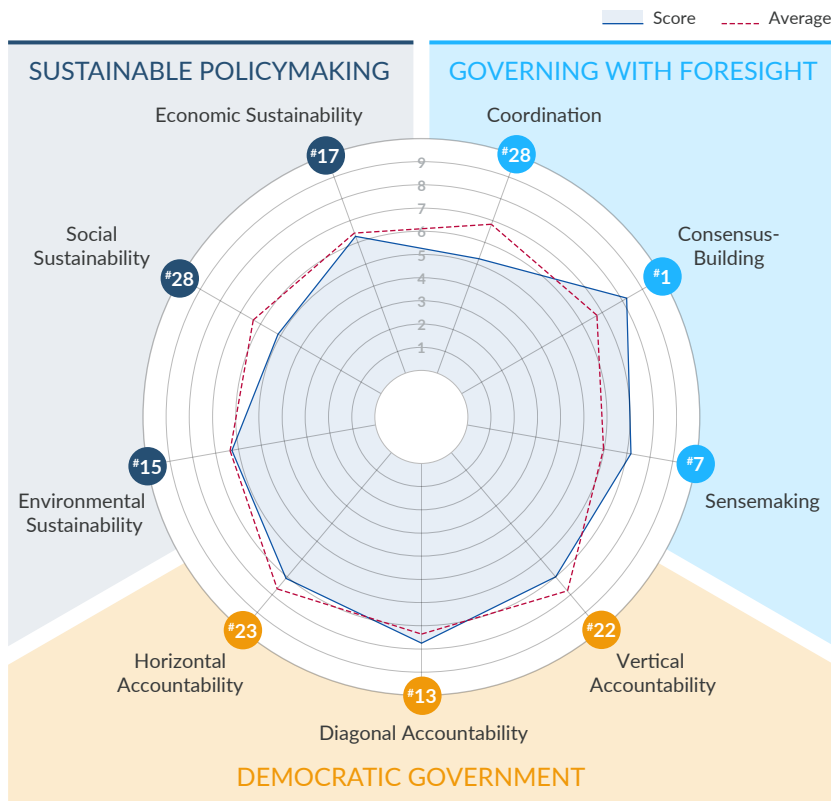
acterized by a power-hoarding central government, and the complex reality of governance, which requires collaboration with numerous governmental and non-governmental actors to achieve policy goals (Cairney and Kippin 2024).

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United States



Source: Authors' elaboration

SGI Sustainable Governance Indicators | BertelsmannStiftung

Sustainable governance in the United States is an extremely complex matter, with no straightforward answers. A great deal of focus is placed on the presidential administration, and this is appropriate. The federal executive branch plays a key role in shaping policy through the articulation of national policy goals and wider social objectives. The president oversees a significant array of programs that help promote these goals.

At the same time, presidential administrations are highly constrained. They depend heavily on the legal authority granted by Congress and the funding allocated by Congress to their initiatives. Presidential administrations must also coordinate with other institutions, which may sometimes play a supportive or hostile role, most notably the federal judiciary and lower levels of government. A significant amount of U.S. policymaking originates in the states, resulting in high variation on matters ranging from labor law and welfare provision to environmental protection and civil and voting rights.

The United States remains the most powerful country in the world. Yet power within the United States is famously fragmented, disjointed, and elusive. The president of the United States holds tremendous symbolic influence, but on closer inspection, actual presidential authority is often highly constrained. To answer Robert Dahl (1961)'s famous question, "Who governs?," any serious inspection of the government of the United States must include analyses of its formal structures – the president, the federal bureaucracy, Congress, the judiciary, and state and local governments.

A study of "who governs" cannot simply dwell on the institutions. It must consider the actors who place demands on and through those structures – political parties and voters, organized elites and lobbyists, grassroots activists and social movements. These actors seek to use government to achieve specific goals, such as redistributing resources, protecting certain constituencies, enriching themselves, preserving a way of life, or punishing other citizens.

Since January 2021, President Joe Biden has demonstrated a significant commitment to sustainable governance initiatives. He has supported the expansion of trade union organizing, the protection of voting rights, the inclusion of diverse social groups into the fabric of American society, and more generous welfare provisions. Biden's most notable contribution to sustainable governance, however, has been in the field of climate policy. It is not an exaggeration to say that Biden has been the most successful environmentalist president in U.S. history since Richard Nixon, whose administration established the modern framework for federal intervention in environmental and climate policy.

Joe Biden's legacy has already been established by four major spending bills: the American Rescue Plan Act of 2021, the Bipartisan Infrastructure Act of 2021, the Chips and Science Act of 2022, and the Inflation Reduction Act of 2022. These bills collectively provide trillions of dollars for investment in public services, public infra-

structure, supply chain resilience, and climate change prevention. The Biden administration's investment in the public realm and active industrial strategy has not been seen since the days of Franklin Roosevelt.

Key challenges and policy recommendations

Despite President Biden's achievements, U.S. democracy is in a very fragile state. Biden entered the White House after an attempted insurrection by supporters of his predecessor, Donald Trump, who actively encouraged their cause. America's electoral processes are dysfunctional, largely because they are managed by state governments. Trump holds a much different view from Biden on sustainable governance, maintaining a strong stance against policies aimed at tackling climate change. His record on social welfare and labor protections is mixed, although the mainstream position among his party's elected officials is clearly hostile. If Trump is elected in November 2024, he will reorient the federal executive branch's priorities in direct opposition to those of Joe Biden.

Nonetheless, both presidents' legacies are not entirely within their own control. For example, while Joe Biden has become a supporter of a woman's right to choose in his later political career, it was during his presidency that the Supreme Court ended the national constitutional right to an abortion, devolving abortion law to state governments and depriving millions of women of access to abortion in the meantime. Likewise, Donald Trump might find that some of his efforts – such as his increasing desire to use the legal system to persecute his political opponents – may run into trouble from forces within the judicial branch itself.

There is a growing sense that the United States has lost its swagger on the world stage. Its self-confidence has taken significant blows recently, and the challenge posed by the rise of China is more palpable now than ever. However, this report does not uniformly paint a bleak picture of the country's prospects or its commitment to sustainable government. The capacity of the federal government is vast; it remains an enormous investor in science and technological research. The United States is a wealthy country with extensive human and natural resources that are productively deployed. Although the country is characterized by high levels of inequality, even the living standards of lower-income Americans are relatively high.

The United States now operates in a more competitive international space than it did after the collapse of the Soviet Union. The threats to U.S. power are clearer than ever. It can no longer rest on its laurels as it once perhaps did. However, the Biden administration has demonstrated a strong understanding of this among U.S. policymakers. Biden's four signature spending bills are only understandable when seen from the perspective of arresting American decline.

In the years ahead, significant benefits from Biden's policy legacy will emerge, even if Donald Trump is elected president. Infrastructure investment will provide long-term advantages, strengthening the U.S. economy and enhancing productivity. Biden's investments in science, research, and specific manufacturing sectors help build the country's resilience against potential future shocks to the international system. Biden's Inflation Reduction Act (IRA) is the largest climate and industrial strategy legislation in the free world, aiding the United States in meeting its global commitments to tackling climate change.

A future Trump presidency will not be able or even willing to overturn these investments. The U.S. political system will contain some, but not all, of his governing instincts. Trump cannot be a dictator in a way familiar to the outside world. There are too many limitations on the presidency. Policymaking in the U.S. is too sclerotic. The federal system and separation of powers constrain his policy options. However, Trump will do his best to continue to erode faith and trust in the U.S. political system, and it is here where he may do – and already has done – lasting damage.












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Appendix

TABLE 1 Dimension: Sustainable Policymaking

Indicator		Definition		Unit	Year	Source	
Dimension: Sustainable Policymaking							
Category: Economic Sustainability							
Criterion: Circular Economy							
P1.1	Circular Economy Policy Efforts and Commitment	 Qualitative	Expert assessment: “How committed is the government to driving the transition toward a circular economy?”	standardized scale	2024	Sustainable Governance Indicators	
P1.2	Material Footprint	 Quantitative	Material footprint per capita. The material footprint refers to the global allocation of used raw materials extracted to meet the final demand of an economy.	tons per capita	2022	OECD	
P1.3	Resource Productivity	 Quantitative	GDP per tons of material footprint. The material footprint refers to the global allocation of used raw materials extracted to meet the final demand of an economy.	1,000 USD per ton, constant 2015 prices, PPP converted	2022	OECD	
P1.4	Municipal Waste Generation	 Quantitative	Municipal waste, generation intensities kg/capita.	kg/capita	2022	Eurostat	
P1.5	Municipal Recycling	 Quantitative	Proportion of municipal waste recovered by material recycling.	percent	2022	Eurostat	
Criterion: Viable Critical Infrastructure							
P2.1	Policy Efforts and Commitment to a Resilient Critical Infrastructure	 Qualitative	Expert assessment: “How committed is the government to updating and protecting critical infrastructure?”	standardized scale	2024	Sustainable Governance Indicators	
P2.2	Quality of Road Infrastructure	 Quantitative	Executive opinion survey: “In your country, what is the quality (extensiveness and condition) of road infrastructure?”	standardized scale	2019	World Economic Forum	
P2.3	Efficiency of Train Services	 Quantitative	Executive opinion survey: “In your country, how efficient (i.e. frequency, punctuality, speed, price) are train transport services?”	standardized scale	2019	World Economic Forum	
P2.4	Efficiency of Airport Services	 Quantitative	Executive opinion survey: “In your country, how efficient (i.e. frequency, punctuality, speed, price) are air transport services?”	standardized scale	2019	World Economic Forum	
P2.5	Reliability of Electricity Supply	 Quantitative	The system average interruption duration index (SAIDI) is the average total duration of outages (in hours) experienced by a customer in a year.	hours per year	2020	World Bank	
P2.6	Broadband Download Speed	 Quantitative	Mean broadband download speed (Mbps).	Mbps	2024	Cable.co.uk	

Countries	Exceptions	Source	Countries	Exceptions
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	AUT (2019), BEL (2019), CZE (2019), DNK (2019), EST (2019), FIN (2019), FRA (2019), DEU (2019), GRC (2019), HUN (2019), IRL (2019), ITA (2019), LVA (2019), LTU (2019), NLD (2019), NOR (2019), POL (2019), PRT (2019), SVK (2019), SVN (2019), ESP (2019), SWE (2019), CHE (2019)			
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AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	AUT (2021), CZE (2021), FIN (2021), GRC (2021), IRL (2020), ITA (2021), LVA (2021), PRT (2021)	OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2021), CAN (2018), JPN (2021), USA (2018)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	AUT (2021), CZE (2021), FIN (2021), GRC (2021), IRL (2020), ITA (2021), LVA (2021), PRT (2021)	OECD	AUS, CAN, ISR, JPN, GBR, USA	AUS (2021), CAN (2018), JPN (2021), USA (2018)
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Indicator		Definition		Unit	Year	Source	
P2.7	Secure Internet Servers	Quantitative	Number of distinct, publicly-trusted TLS/SSL certificates found in the Netcraft Secure Server Survey, per million inhabitants.	per million inhabitants	2020	World Bank	
P2.8	Government Cyber Security	Quantitative	Expert assessment: "Does the government have sufficiently technologically skilled staff and resources to mitigate harm from cyber-security threats?"	standardized scale	2023	Digital Society Project	
Criterion: Decarbonized Energy System							
P3.1	Policy Efforts and Commitment to Achieving a Decarbonized Energy System by 2050	Qualitative	Expert assessment: "How committed is the government to fully decarbonizing the energy system by 2050?"	standardized scale	2024	Sustainable Governance Indicators	
P3.2	Share of Energy from Renewable Sources	Quantitative	Renewable energy share in total final energy consumption.	percent	2021	United Nations	
P3.3	Share of Fossil Fuel-Based Power Generation, Deviation from Target	Quantitative	Share of fossil fuel based electricity generation, deviation from zero carbon target. The indicator values denote the ratio of the slope of the trend of the past five years in relation to the slope of the trend required to meet the zero emission target by the year 2035.	ratio	2023	Ember	
P3.4	Phase-Out of Fossil Fuel Based Heating Systems, Deviation from Target	Quantitative	Share of fossil fuel based heating systems in residential sector, deviation from zero carbon target. The indicator values denote the ratio of the slope of the trend of the past five years in relation to the slope of the trend required to meet the zero emission target by the year 2045.	ratio	2021	IEA	
P3.5	Energy Productivity	Quantitative	Energy productivity level of primary energy in constant 2017 purchasing power parity GDP per megajoule.	PPP constant 2017 int. USD GDP/MJ	2021	United Nations	
P3.6	Primary Energy Consumption per Capita	Quantitative	Primary energy consumption per capita. Primary energy comprises commercially traded fuels, including modern renewables used to generate electricity.	GJ/capita	2023	Energy Institute	
P3.7	CO ₂ Emissions from Fuel Combustion per Capita	Quantitative	CO ₂ fuel combustion emissions expressed in tons of CO ₂ per capita.	tons/capita	2023	IEA	
Criterion: Adaptive Labor Markets							
P4.1	Policies Targeting an Adaptive Labor Market	Qualitative	Expert assessment: "To what extent do existing labor market institutions support or hinder the transition to an adaptive labor market?"	standardized scale	2024	Sustainable Governance Indicators	
P4.2	Policies Targeting an Inclusive Labor Market	Qualitative	Expert assessment: "To what extent do existing labor market institutions support or hinder the transition to an inclusive labor market?"	standardized scale	2024	Sustainable Governance Indicators	
P4.3	Policies Targeting Labor Market Risks	Qualitative	Expert assessment: "To what extent do existing labor market institutions support or hinder the mitigation of labor market risks?"	standardized scale	2024	Sustainable Governance Indicators	
P4.4	Unemployment Rate	Quantitative	Unemployment rate, age group 15-64 years.	percent	2023	Eurostat	
P4.5	Long-Term Unemployment Rate	Quantitative	Long term unemployment rate, persons unemployed more than one year, total population.	percent	2023	OECD	
P4.6	Youth Unemployment Rate	Quantitative	Unemployment rate, age group 15-24 years.	percent	2023	Eurostat	
P4.7	Employment Rate	Quantitative	Employment to population ratio, age group 15-64 years.	percent	2023	Eurostat	

Countries	Exceptions	Source	Countries	Exceptions
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
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AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	ISR (2022)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
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AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	

Indicator		Definition		Unit	Year	Source	
P4.8	Gender Employment Gap	Quantitative	Ratio of employment rates women/men, age group 15-64.	ratio	2023	Eurostat	
P4.9	Low-Wage Earners	Quantitative	Share of workers earning less than 2/3 of median earnings.	percent	2023	OECD	
P4.10	Involuntary Part-Time Employment	Quantitative	Share of involuntary part-timers as percent of total part-time employment.	percent	2023	Eurostat	
Criterion: Sustainable Taxation							
P5.1	Policies Targeting Adequate Tax Revenue	Qualitative	Expert assessment: "To what extent do existing tax institutions and procedures support or hinder adequate tax revenue flows?"	standardized scale	2024	Sustainable Governance Indicators	
P5.2	Policies Targeting Tax Equity	Qualitative	Expert assessment: "To what extent do existing tax institutions and procedures consider equity aspects?"	standardized scale	2024	Sustainable Governance Indicators	
P5.3	Policies Aimed at Minimizing Compliance Costs	Qualitative	Expert assessment: "To what extent do existing tax institutions and procedures minimize compliance and collection costs?"	standardized scale	2024	Sustainable Governance Indicators	
P5.4	Policies Aimed at Internalizing Negative and Positive Externalities	Qualitative	Expert assessment: "To what extent do existing tax institutions and procedures internalize negative and positive externalities?"	standardized scale	2024	Sustainable Governance Indicators	
P5.5	Redistribution Effect	Quantitative	Percentage reduction of the Gini coefficient by taxes and transfers.	percent	2022	OECD	
P5.6	Tax System Complexity	Quantitative	Ease of paying taxes indicator.	standardized scale	2020	World Bank	
P5.7	General Government Structural Balance	Quantitative	General government structural balance as percent of potential GDP.	percent	2023	IMF	
P5.8	Financial Disincentives to Return to Work	Quantitative	Percentage of earnings lost to either higher taxes or lower benefits when a jobseeker returns to work after two months of unemployment. Calculations refer to a person with two children whose partner works full-time at 67% of the average wage.	percent	2023	OECD	
Criterion: Sustainable Budgeting							
P6.1	Sustainable Budgeting Policies	Qualitative	Expert assessment: "To what extent do existing budgetary institutions and procedures support or hinder sustainable budgeting?"	standardized scale	2024	Sustainable Governance Indicators	
P6.2	Gross Interest Payments by General Government	Quantitative	Gross general government interest payments as percent of GDP.	percent	2023	OECD & IMF	
P6.3	Government External Debt to GDP	Quantitative	Gross external debt position, general government, all maturities, all instruments, as percent of GDP.	percent	2023	World Bank & IMF	
P6.4	Government Debt to GDP	Quantitative	General government gross liabilities as percent of GDP.	percent	2023	IMF	
P6.5	Government Debt per Child	Quantitative	General government gross debt per child < 15 years, current prices, purchasing power parity adjusted.	PPP, thsd. current int. USD	2023	IMF & Eurostat	

Countries	Exceptions	Source	Countries	Exceptions
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, CHE, GBR, USA	AUT (2022), BEL (2022), DNK (2022), EST (2022), FIN (2022), FRA (2022), DEU (2022), GRC (2022), HUN (2022), IRL (2022), ISR (2022), ITA (2022), LVA (2022), LTU (2022), NLD (2022), POL (2022), PRT (2022), SVN (2022), ESP (2022), CHE (2022)	Eurostat	SWE	SWE (2018)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	AUS (2020), AUT (2021), BEL (2021), CAN (2021), CZE (2021), DNK (2019), EST (2021), FRA (2021), DEU (2020), GRC (2021), HUN (2021), IRL (2021), ISR (2021), ITA (2021), JPN (2021), LTU (2021), NZL (2020), POL (2021), PRT (2021), SVK (2021), SVN (2021), ESP (2021), CHE (2020), GBR (2021)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	ISR (2022)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	ISR (2021)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	LVA (2020)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		IMF & World Bank	AUS, CAN, ISR, JPN, NZL, GBR, USA	

Indicator		Definition		Unit	Year	Source	
P6.6	General Government Investment Spending	Quantitative	General government investment spending as percentage of total general government expenditure.	percent	2023	OECD	
Criterion: Sustainability-oriented Research and Innovation							
P7.1	Research and Innovation Policy	Qualitative	Expert assessment: "How committed is the government to utilizing research and innovation as drivers for the transition to a sustainable economy and society?"	standardized scale	2024	Sustainable Governance Indicators	
P7.2	Intellectual Property Licenses	Quantitative	Charges for the use of intellectual property are payments and receipts between residents and nonresidents for the authorized use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and designs including trade secrets, and franchises) and for the use, through licensing agreements, of produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works, and sound recordings) and related rights (such as for live performances and television, cable, or satellite broadcast).	ratio of receipts to payments	2023	World Bank	
P7.3	Patents in Environment-Related Technologies	Quantitative	Patent applications filed under the PCT in environment-related technologies per million inhabitants. To identify patents in environment-related technologies, detailed search strategies have been developed that encompass a broad spectrum of technologies related to environmental pollution, water scarcity, climate change mitigation.	per million inhabitants	2020	OECD & Eurostat	
Category: Social Sustainability							
Criterion: Stable Global Financial System							
P8.1	Global Financial Policies	Qualitative	Expert assessment: "How committed and credible is the government in its activities to guide the effective regulation and supervision of the international financial architecture?"	standardized scale	2024	Sustainable Governance Indicators	
P8.2	Banks Nonperforming Loans	Quantitative	Nonperforming loans to total gross loans.	percent	2023	IMF	
P8.3	External Debts to Exports	Quantitative	Gross external debt position (GEDP) all sectors, all maturities, all instruments, as percent of export revenues.	percent	2023	World Bank	
P8.4	Tier 1 Capital Ratio	Quantitative	Banks' regulatory tier 1 capital to risk-weighted assets.	percent	2023	IMF	
Criterion: Sustainable Education System							
P9.1	Policies Targeting Quality Education	Qualitative	Expert assessment: "To what extent do policies and regulations in the education system hinder or facilitate high-quality education and training?"	standardized scale	2024	Sustainable Governance Indicators	
P9.2	Policies Targeting Equitable Access to Education	Qualitative	Expert assessment: "To what extent does the current policy approach in the education system hinder or facilitate equitable access to high-quality education and training?"	standardized scale	2024	Sustainable Governance Indicators	
P9.3	Upper Secondary Attainment	Quantitative	Population with at least upper secondary attainment (ISCED 3 and above), age group 25-64 years.	percent	2023	Eurostat	
P9.4	Tertiary Attainment	Quantitative	Population with tertiary attainment (ISCED 5 and above), age group 25-64 years.	percent	2023	Eurostat	
P9.5	NEET Rate	Quantitative	Percentage of population neither in education nor employed (NEET-rates), age group 20-24 years.	percent	2023	Eurostat	
P9.6	PISA Results	Quantitative	PISA results, mean of scores on the reading, mathematics and science scales.	standardized scale	2022	OECD	

Countries	Exceptions	Source	Countries	Exceptions
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	AUS (2022), ISR (2022), JPN (2022), NZL (2022), CHE (2022), USA (2022)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD & World Bank	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	NZL (2016), PRT (2022)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	LVA (2020)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	NZL (2016)			
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	JPN (2010)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	JPN (2016)
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				

Indicator		Definition		Unit	Year	Source	
P9.7	PISA Socio-Economic Background	Quantitative	PISA results, product of slope of ESCS for mathematic score and strength of relationship between mathematics score and ESCS.	standardized scale	2022	OECD	
P9.8	PISA Low Achievers in All Subjects	Quantitative	Students scoring below the baseline level of proficiency (level 2) on each of the PISA scales (reading, mathematics, and science).	percent	2022	OECD	
Criterion: Sustainable Institutions Supporting Basic Human Needs							
P10.1	Policies Targeting Equal Access to Essential Services and Basic Income Support	Qualitative	Expert assessment: "To what extent do existing institutions ensure equal access to essential services and basic income support for those in need?"	standardized scale	2024	Sustainable Governance Indicators	
P10.2	Policies Targeting Quality of Essential Services and Basic Income Support	Qualitative	Expert assessment: "To what extent do existing institutions and policies ensure high-quality services and basic income support?"	standardized scale	2024	Sustainable Governance Indicators	
P10.3	Adequacy of Guaranteed Minimum Income Benefits	Quantitative	Income of selected jobless families that claim Guaranteed Minimum Income benefits as a percentage of the median disposable income in the country (housing benefits not included).	percent	2023	OECD	
P10.4	Life Satisfaction	Quantitative	Life satisfaction on a scale from 0 to 10.	standardized scale	2024	World Happiness Report	
Criterion: Sustainable Health System							
P11.1	Policies Targeting Health System Resilience	Qualitative	Expert assessment: "To what extent does current health policy hinder or facilitate health system resilience?"	standardized scale	2024	Sustainable Governance Indicators	
P11.2	Policies Targeting High-Quality Healthcare	Qualitative	Expert assessment: "To what extent does current health policy hinder or facilitate achieving high-quality healthcare?"	standardized scale	2024	Sustainable Governance Indicators	
P11.3	Policies Targeting Equitable Access to Healthcare	Qualitative	Expert assessment: "To what extent does current health policy hinder or facilitate equitable access to high-quality healthcare?"	standardized scale	2024	Sustainable Governance Indicators	
P11.4	Healthy Life Expectancy	Quantitative	Healthy life expectancy at birth.	years	2021	WHO	
P11.5	Infant Mortality	Quantitative	Infant mortality rate per 1,000 live births.	per 1,000 live births	2023	World Bank	
P11.6	Perceived Health Status	Quantitative	Percentage of population with self perceived health status "good" and "very good", ratio lowest to highest quintile of equivalised disposable income.	ratio	2023	Eurostat	
P11.7	Physicians	Quantitative	Physicians per 1,000 inhabitants.	per 1,000 inhabitants	2023	Eurostat	
P11.8	Nurses	Quantitative	Practicing nurses per 1,000 inhabitants.	per 1,000 inhabitants	2023	OECD	
P11.9	Intensive Care Units	Quantitative	Intensive care units per 100,000 inhabitants.	per 100,000 inhabitants	2023	Institute for Health Metrics and Evaluation	









Countries	Exceptions	Source	Countries	Exceptions
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	ISR (2022)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	CHE (2022)	OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2022), CAN (2021), ISR (2022), JPN (2022), NZL (2022), GBR (2019), USA (2021)
GRC, PRT, SVK	GRC (2022), PRT (2022), SVK (2022)	OECD	AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, SVN, ESP, SWE, CHE, GBR, USA	AUS (2022), BEL (2022), CAN (2022), CZE (2022), DNK (2022), EST (2022), FIN (2022), FRA (2022), DEU (2022), HUN (2022), ISR (2022), ITA (2022), JPN (2022), LVA (2022), LTU (2022), NLD (2022), POL (2022), SVN (2022), ESP (2022), SWE (2021), CHE (2022), USA (2022)
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	AUS (2022), AUT (2022), BEL (2021), CAN (2022), CZE (2022), DNK (2021), EST (2022), FIN (2021), FRA (2021), DEU (2022), GRC (2022), HUN (2022), ISR (2022), ITA (2022), JPN (2022), LVA (2022), LTU (2022), NLD (2022), NZL (2022), POL (2022), PRT (2022), SVK (2022), SVN (2022), ESP (2022), SWE (2021), CHE (2022)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				

Indicator		Definition		Unit	Year	Source	
P11.10	Avoidable Mortality	Quantitative	Avoidable mortality covers preventable (i.e., can be mainly avoided through effective public health and primary prevention interventions) and treatable (i.e., can be mainly avoided through timely and effective healthcare interventions, including secondary prevention such as screening, and treatment) causes of mortality; premature mortality (under age 75).	per 100,000 persons under 75 years	2022	OECD	
P11.11	Household Out of Pocket Expenses	Quantitative	Household out of pocket expenses as percentage of current health expenditure.	percent	2023	OECD	
Criterion: Gender Equality							
P12.1	Policy Efforts and Commitment to Achieving Gender Equality	Qualitative	Expert assessment: "How committed is the government to ensuring gender equality in all respects?"	standardized scale	2024	Sustainable Governance Indicators	
P12.2	Tertiary Education by Gender	Quantitative	Population with tertiary attainment (ISCED 5 and above), age group 25-64, ratio women/men.	ratio	2023	Eurostat	
P12.3	Gender Pay Gap	Quantitative	Gender wage gap unadjusted and defined as the difference between median wages of men and women relative to the median wages of men.	percent	2023	OECD	
P12.4	Women in National Parliaments	Quantitative	Percentage of seats held by women in national parliaments in a single or lower chamber.	percent	2023	World Bank	
Criterion: Strong Families							
P13.1	Family Policies	Qualitative	Expert assessment: "To what extent does the current family policy approach support or hinder unpaid family care work?"	standardized scale	2024	Sustainable Governance Indicators	
P13.2	Child Poverty Rate	Quantitative	Child poverty rate, children less than 18 years old, cut-off point 50 percent of median equivalised disposable income.	percent	2023	Eurostat	
P13.3	Children in Formal Childcare or Education (Age 0-2)	Quantitative	Enrolment in formal childcare, age group 0-2 years.	percent	2023	Eurostat	
P13.4	Children in Formal Childcare or Education (Age 3-5)	Quantitative	Enrolment in formal childcare, age group 3-5 years.	percent	2023	Eurostat	
Criterion: Sustainable Pension System							
P14.1	Policies Aimed at Old-Age Poverty Prevention	Qualitative	Expert assessment: "To what extent does the current pension policy approach prevent poverty among senior citizens?"	standardized scale	2024	Sustainable Governance Indicators	
P14.2	Policies Targeting Intergenerational Equity	Qualitative	Expert assessment: "To what extent does the current pension policy approach hinder or promote intergenerational equity?"	standardized scale	2024	Sustainable Governance Indicators	
P14.3	Older Employment	Quantitative	Employment to population ratio, age group 55-64 years.	percent	2023	Eurostat	
P14.4	Senior Citizen Poverty Rate	Quantitative	Senior citizen poverty rate, persons 65 years or older, cut-off point 50 percent of median equivalised disposable income.	percent	2023	Eurostat	
Criterion: Sustainable Inclusion of Migrants							
P15.1	Integration Policy	Qualitative	Expert assessment: "To what extent does the current policy approach hinder or facilitate the inclusion of migrants into society and the labor market?"	standardized scale	2024	Sustainable Governance Indicators	
P15.2	Fb-Nb Tertiary Attainment	Quantitative	Ratio of foreign born to native born population with tertiary attainment (ISCED 5 and above), age group 25-64 years.	ratio	2023	Eurostat	

Countries	Exceptions	Source	Countries	Exceptions
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	AUT (2021), BEL (2020), CZE (2021), DNK (2021), FIN (2021), FRA (2020), DEU (2020), GRC (2020), IRL (2020), ISR (2021), ITA (2020), JPN (2021), LVA (2021), NZL (2016), NOR (2016), POL (2021), PRT (2019), SVK (2021), SVN (2020), ESP (2021), CHE (2021), GBR (2020), USA (2021)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	AUS (2021), BEL (2022), FIN (2022), FRA (2022), GRC (2022), ISR (2022), JPN (2022), LVA (2022), NLD (2022), NZL (2018), NOR (2022), POL (2022), SVK (2022), SVN (2022), ESP (2022), CHE (2022), USA (2022)			
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	AUT (2022), BEL (2022), DNK (2022), EST (2022), FIN (2022), FRA (2022), DEU (2022), GRC (2022), HUN (2022), IRL (2022), ISR (2022), ITA (2022), LVA (2022), LTU (2022), NLD (2022), POL (2022), PRT (2022), SVK (2022), SVN (2022), ESP (2022), CHE (2022)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	CHE (2022)	OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2020), CAN (2021), ISR (2021), JPN (2021), NZL (2020), GBR (2021), USA (2022)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	CHE (2022)	OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2021), CAN (2008), ISR (2021), JPN (2019), NZL (2021), GBR (2018), USA (2011)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	CHE (2022)	OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2021), CAN (2012), ISR (2021), JPN (2021), NZL (2021), GBR (2021), USA (2018)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	CHE (2022)	OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2020), CAN (2021), ISR (2021), JPN (2021), NZL (2020), GBR (2021), USA (2022)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	JPN (2020)

Indicator		Definition		Unit	Year	Source	
P15.3	Fb-Nb Upper Secondary Attainment	Quantitative	Ratio of foreign born to native born population with at least upper secondary attainment (ISCED 3 and above), age group 25-64 years.	ratio	2023	Eurostat	
P15.4	Fb-Nb Employment	Quantitative	Foreign-born to native-born employment rate, age group 15-64 years.	ratio	2023	Eurostat	
P15.5	Fb-Nb Unemployment	Quantitative	Foreign-born to native-born unemployment rate, age group 15-64 years.	ratio	2023	Eurostat	
Criterion: Effective Capacity-Building for Global Poverty Reduction							
P16.1	Management of Development Cooperation by Partner Country	Qualitative	Expert assessment: "How committed is the government to helping build the capacity to reduce poverty and provide social protection in low- and middle-income countries?"	standardized scale	2024	Sustainable Governance Indicators	
P16.2	Official Development Assistance	Quantitative	Official development assistance (ODA) grant equivalent as percentage of GNI. ODA is defined as government aid designed to promote the economic development and welfare of developing countries, excluding loans and grants for military purposes. Aid includes grants, soft loans and the provision of technical assistance.	percent	2023	OECD	
Category: Environmental Sustainability							
Criterion: Effective Climate Action							
P17.1	Policy Efforts and Commitment to Achieving Climate Neutrality by 2050	Qualitative	Expert assessment: "How committed is the government to the goal of achieving net zero emissions by 2050?"	standardized scale	2024	Sustainable Governance Indicators	
P17.2	Net GHG Emissions	Quantitative	Greenhouse gas emissions, tons in CO ₂ equivalents per capita, including land use, land-use change and forestry.	tons/capita	2022	OECD	
P17.3	GHG Trend Adjusted by Proximity to Targets	Quantitative	Average annual growth rate in greenhouse gas emissions over the last decade, adjusted to account for declines in GDP and for how close countries are to a target of zero absolute emissions. This indicator is calculated using two equally weighted variants: The absolute target is based on per capita emissions, and the absolute target is based on emissions intensity of GDP.	standardized scale	2024	Yale Center for Environmental Law & Policy	
Criterion: Effective Environmental Health Protection							
P18.1	Policy Efforts and Commitment to Minimizing Environmental Health Risks	Qualitative	Expert assessment: "How committed is the government to protecting the public from environmental health risks?"	standardized scale	2024	Sustainable Governance Indicators	
P18.2	Anthropogenic PM2.5 Exposure	Quantitative	Exposure to human sources of PM2.5, calculated by using the population-weighted annual average concentration of the PM2.5 pollution at ground level and multiplying that by the fraction of PM2.5 pollution from human sources (and wildfires) in the country.	standardized scale	2022	Yale Center for Environmental Law & Policy	
P18.3	Household Solid Fuels	Quantitative	Number of age-standardized disability-adjusted life-years lost per 100,000 persons (DALY rate) due to exposure to household air pollution from the use of household solid fuels.	age-standardized DALYs/100,000 people		Yale Center for Environmental Law & Policy	
P18.4	Unsafe Drinking Water	Quantitative	Number of age-standardized disability-adjusted life-years lost per 100,000 persons (DALY rate) due to exposure to unsafe drinking water.	age-standardized DALYs/100,000 people	2021	Yale Center for Environmental Law & Policy	
Criterion: Effective Ecosystem and Biodiversity Preservation							
P19.1	Policy Efforts and Commitment to Preserving Ecosystems and Protecting Biodiversity	Qualitative	Expert assessment: "How committed is the government to preserving ecosystems and protecting biodiversity?"	standardized scale	2024	Sustainable Governance Indicators	
P19.2	Adjusted Emissions Growth Rate for Sulfur Dioxide	Quantitative	Average annual rate of increase or decrease in SO ₂ over the last ten years of data, adjusted for economic trends to isolate change due to policy rather than economic fluctuation.	standardized scale	2022	Yale Center for Environmental Law & Policy	



Countries	Exceptions	Source	Countries	Exceptions
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	JPN (2020)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE		OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2022), CAN (2022), ISR (2021), JPN (2015), NZL (2022), GBR (2022), USA (2022)
AUT, BEL, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ITA, LVA, LTU, NLD, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE	SVK (2015)	OECD	AUS, CAN, ISR, JPN, NZL, GBR, USA	AUS (2022), CAN (2022), ISR (2021), JPN (2015), NZL (2022), GBR (2022), USA (2022)
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				





Indicator			Definition	Unit	Year	Source	
P19.3	Adjusted Emissions Growth Rate for Nitrous Oxides	 Quantitative	Average annual rate of increase or decrease in NOx over the last ten years of data, adjusted for economic trends to isolate change due to policy rather than economic fluctuation.	standardized scale	2022	Yale Center for Environmental Law & Policy	
P19.4	Terrestrial Biome Protection	 Quantitative	Percentage of the area of each of a country's biome types that are covered by protected areas; based on the weighted sum of the protection percentages for all biomes within a country. Protection percentages are weighted according to the prevalence of each biome type within the country. Differing from EPI 2024's definition, for SGI 2024 the previous target of 17% protection is used.	percent	2023	Yale Center for Environmental Law & Policy	
P19.5	Species Protection Index	 Quantitative	The Species Protection Index (SPI) evaluates the species-level ecological representativeness of each country's protected area network. The SPI metric uses remote sensing data, global biodiversity informatics, and integrative models to map suitable habitat for over 30,000 terrestrial vertebrate, invertebrate, and plant species at high resolutions.	standardized scale	2024	Yale Center for Environmental Law & Policy	
P19.6	Terrestrial KBA Protection	 Quantitative	Percentage of area designated as Key Biodiversity Areas (KBA) within a country's territory that is covered by protected areas.	percent	2024	Yale Center for Environmental Law & Policy	
P19.7	Protected Areas Representativeness Index	 Quantitative	The Protected Areas Representativeness Index measures how well protected areas represent the full range of environmental conditions and biological diversity within a country or territory. The metric relies on remote sensing, biodiversity informatics, and global modeling of fine-scaled variation in biodiversity composition for plant, vertebrate and invertebrate species.	standardized scale	2024	Yale Center for Environmental Law & Policy	
P19.8	Red List Index	 Quantitative	The Red List Index tracks the overall extinction risk for species in a country, weighting species by the fraction of their range occurring within the country or region.	standardized scale	2024	Yale Center for Environmental Law & Policy	
Criterion: Effective Contributions to Global Environmental Protection							
P20.1	Policy Efforts and Commitment to a Global Environmental Policy	 Qualitative	Expert assessment: "To what extent is the government committed and credible in designing and promoting global environmental protection regimes and policies?"	standardized scale	2024	Sustainable Governance Indicators	
P20.2	Effective Contributions to Green Climate Fund	 Quantitative	Announced Green Climate Fund contributions, initial resource mobilization.	USD per capita	2020	Green Climate Fund	

Source: Sustainable Governance Indicators.

Countries	Exceptions	Source	Countries	Exceptions
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	USA (2023)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	USA (2023)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA	USA (2023)			
AUS, AUT, BEL, CAN, CZE, DNK, EST, FIN, FRA, DEU, GRC, HUN, IRL, ISR, ITA, JPN, LVA, LTU, NLD, NZL, NOR, POL, PRT, SVK, SVN, ESP, SWE, CHE, GBR, USA				

TABLE 2 **Dimension: Democratic Government**















Indicator		Definition		Unit	Year	Source
Dimension: Democratic Government						
Category: Vertical Accountability						
Criterion: Elections						
D1.1	Free and Fair Political Competition	 Qualitative	Expert assessment: "To what extent is political competition among candidates and political parties free and fair?"	standardized scale	2024	Sustainable Governance Indicators
D1.2	Free and Fair Elections	 Qualitative	Expert assessment: "To what extent can all citizens, both in legal terms (de jure) and in practice (de facto), exercise their right to vote?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Quality of Parties and Candidates						
D2.1	Socially Rooted Party System	 Qualitative	Expert assessment: "To what extent do parties articulate and aggregate all societal interests?"	standardized scale	2024	Sustainable Governance Indicators
D2.2	Effective Cross-Party Cooperation	 Qualitative	Expert assessment: "To what extent do political parties retain their ability to enable cross-party cooperation in policymaking and implementation?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Access to Official Information						
D3.1	Transparent Government	 Qualitative	Expert assessment: "To what extent can citizens and residents access official information?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Media Freedom and Pluralism						
D4.1	Free Media	 Qualitative	Expert assessment: "To what extent are the media free from government influence and able to act independently?"	standardized scale	2024	Sustainable Governance Indicators
D4.2	Pluralism of Opinions	 Qualitative	Expert assessment: "To what extent is a plurality of opinions in the media ensured?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Civil Society						
D5.1	Free Civil Society	 Qualitative	Expert assessment: "To what extent are citizens able to freely form or join independent political and civic groups, openly raise and discuss political issues, and assemble without restrictions?"	standardized scale	2024	Sustainable Governance Indicators
D5.2	Effective Civil Society Organizations (Capital and Labor)	 Qualitative	Expert assessment: "To what extent do civil society organizations (CSOs) have the capacity to actively participate in the co-creation of relevant policies?"	standardized scale	2024	Sustainable Governance Indicators
D5.3	Effective Civil Society Organizations (Social Welfare)	 Qualitative	Expert assessment: "To what extent do civil society organizations (CSOs) have the capacity to actively participate in the co-creation of relevant policies?"	standardized scale	2024	Sustainable Governance Indicators
D5.4	Effective Civil Society Organizations (Environment)	 Qualitative	Expert assessment: "To what extent do civil society organizations (CSOs) have the capacity to actively participate in the co-creation of relevant policies?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Independent Supervisory Bodies						
D6.1	Effective Public Auditing	 Qualitative	Expert assessment: "Is there an independent audit office? To what extent is it capable of exercising effective oversight?"	standardized scale	2024	Sustainable Governance Indicators
D6.2	Effective Data Protection	 Qualitative	Expert assessment: "Is there an independent authority that effectively holds government offices accountable for their handling of data protection and privacy issues?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Rule of Law						
D7.1	Effective Judicial Oversight	 Qualitative	Expert assessment: "To what extent does an independent judiciary ensure that the government, administration and legislature operate in accordance with the constitution and law?"	standardized scale	2024	Sustainable Governance Indicators
D7.2	Universal Civil Rights	Qualitative	Expert assessment: "How well does the executive branch and its members uphold and safeguard civil rights, and to what extent do the courts effectively protect citizens against rights violations?"	standardized scale	2024	Sustainable Governance Indicators
D7.3	Effective Corruption Prevention	 Qualitative	Expert assessment: "To what extent are public officeholders prevented from abusing their position for private interests?"	standardized scale	2024	Sustainable Governance Indicators

Indicator			Definition	Unit	Year	Source
Criterion: Legislature						
D8.1	Sufficient Legislative Resources	 Qualitative	Expert assessment: "Do members of the legislature possess sufficient personnel and structural resources to effectively monitor government activities?"	standardized scale	2024	Sustainable Governance Indicators
D8.2	Effective Legislative Oversight	 Qualitative	Expert assessment: "Are legislative committees able to exercise oversight of government activities in practice?"	standardized scale	2024	Sustainable Governance Indicators
D8.3	Effective Legislative Investigations	 Qualitative	Expert assessment: "Do legislative committees have the capacity to investigate unconstitutional or illegal activities carried out by the executive branch?"	standardized scale	2024	Sustainable Governance Indicators
D8.4	Legislative Capacity for Guiding Policy	 Qualitative	Expert assessment: "To what extent are the organization and operations of legislative committees effective in guiding the development of legislative proposals?"	standardized scale	2024	Sustainable Governance Indicators

Source: Sustainable Governance Indicators.

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TABLE 3 Dimension: Governing with Foresight

Indicator		Definition		Unit	Year	Source
Dimension: Governing with Foresight						
Category: Coordination						
Criterion: Quality of Horizontal Coordination						
G1.1	Effective Coordination Mechanisms of The GO/ PMO	 Qualitative	Expert assessment: "To what extent do established coordination mechanisms between the government's office and line ministries effectively enhance policy coherence?"	standardized scale	2024	Sustainable Governance Indicators
G1.2	Effective Coordination Mechanisms Within The Ministerial Bureaucracy	 Qualitative	Expert assessment: "To what extent are there positive (formalized) forms of coordination across ministries that aim to enhance policy coherence?"	standardized scale	2024	Sustainable Governance Indicators
G1.3	Complementary Informal Coordination	 Qualitative	Expert assessment: "How effectively do informal coordination mechanisms complement formal mechanisms of interministerial coordination?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Quality of Vertical Coordination						
G2.1	Effectively Setting and Monitoring National (Minimum) Standards	 Qualitative	Expert assessment: "To what extent does central government ensure that subnational self-governments meet national (minimum) standards in delivering public services?"	standardized scale	2024	Sustainable Governance Indicators
G2.2	Effective Multilevel Cooperation	 Qualitative	Expert assessment: "To what extent do national policymakers effectively collaborate with regional and local governments to improve the delivery of public services?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Recourse to Scientific Knowledge						
G3.1	Harnessing Scientific Knowledge Effectively	 Qualitative	Expert assessment: "To what extent is the government successful in effectively harnessing the best available scientific knowledge for policymaking purposes?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Involvement of Civil Society in Policy Development						
G4.1	Effective Involvement of Civil Society Organizations (Capital and Labor)	 Qualitative	Expert assessment: "To what extent does the government facilitate the participation of trade unions and business organizations in policymaking?"	standardized scale	2024	Sustainable Governance Indicators
G4.2	Effective Involvement of Civil Society Organizations (Social Welfare)	 Qualitative	Expert assessment: "To what extent does the government facilitate the participation of leading social welfare CSOs in policymaking?"	standardized scale	2024	Sustainable Governance Indicators
G4.3	Effective Involvement of Civil Society Organizations (Environment)	 Qualitative	Expert assessment: "To what extent does the government facilitate the participation of leading environmental CSOs in policymaking?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Openness of Government						
G5.1	Open Government	 Qualitative	Expert assessment: "To what extent does the government publish data and information that empowers citizens to hold the government accountable?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Preparedness						
G6.1	Capacity for Strategic Foresight and Anticipatory Innovation	 Qualitative	Expert assessment: "To what extent can the central government foster the capacity for strategic foresight and anticipatory innovation within its organization?"	standardized scale	2024	Sustainable Governance Indicators
Criterion: Analytical Competence						
G7.1	Effective Regulatory Impact Assessment	 Qualitative	Expert assessment: "To what extent does the government conduct high-quality impact assessments to evaluate the potential effects of prepared legislation before implementation?"	standardized scale	2024	Sustainable Governance Indicators
G7.2	Effective Sustainability Checks	 Qualitative	Expert assessment: "To what extent does the government effectively incorporate sustainability assessments within the framework of RIAs?"	standardized scale	2024	Sustainable Governance Indicators
G7.3	Effective Ex Post Evaluation	 Qualitative	Expert assessment: "To what extent do government ministries utilize ex post evaluations to improve existing policies?"	standardized scale	2024	Sustainable Governance Indicators

Source: Sustainable Governance Indicators.

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