

CHARLES UNIVERSITY IN PRAGUE
FACULTY OF SOCIAL SCIENCES
Institute of International Studies
Department of Russian and East European Studies

M. A. Dissertation

2012

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**Sustainable Governance of the Visegrad
Countries**

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Prague 2012

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Year of defense: **2012**

Bibliographical record

IVANTSIV, Olena. *Sustainable Governance of the Visegrad Countries*. Prague 2012. 91 pp. M. A. Dissertation, Charles University in Prague, Faculty of Social Sciences, Institute of International Studies, Department of Russian and East European Studies. Supervisor: Doc. PhDr. Jiri Vykoukal, CSc

Abstrakt

Vstupem do Evropské unie se země Visegrádské čtyřky připojily k základnímu cíli Unie, který byl vytyčen v Lisabonské smlouvě, a to udržitelnému rozvoji. Prodělaly zásadní reformy, uvedly svou legislativu a politiku do souladu s normami a předpisy EU, ale přesto bude ještě třeba učinit mnohé, aby došlo k integraci trvale udržitelného rozvoje do všech oblastí politické činnosti a reorganizaci rozhodovacích modelů v závislosti na nových výzvách. Tato práce představuje analýzu Visegrádské výsledků členských států při zajišťování udržitelné správy v období let 2005-2010. Výzkum je založen na dvou vydáních Ukazatelů řízení k udržitelnému rozvoji Bertelsmanna Stiftungu z roku 2009 (období přezkoumání: leden 2005 - březen 2007) a 2011 (období přezkoumání: květen 2008 - duben 2010). Za účelem posouzení udržitelnosti čtyř visegrádských demokracií tato práce poskytuje komplexní srovnávací analýzu výkonnosti těchto států vzhledem k zajištění udržitelnosti a mapuje dynamiku jejich pokroku/regrese. Také zkoumá hlavní tendence rozvoje zemí Visegrádské čtyřky bez ohledu na konkrétní zemi, identifikuje hlavní silné a slabé stránky této oblasti, pokud jde o schopnosti zemí úspěšně plnit problematické úkoly (celosvětová ekonomická krize, demografické změny) a posunout se směrem k udržitelnosti pomocí srovnání výsledků tohoto regionu s průměrnými výsledky zemí OECD. Výsledky této analýzy pomohou objasnit hlavní problémy, které brání státům Visegrádské čtyřky v dalším pokroku směrem k trvale udržitelnému rozvoji.

Abstract

With their accession to the EU the Visegrad countries subscribed to the fundamental objective of the Union under the Lisbon Treaty – sustainable development. They have undergone substantial reforms, brought their policies into compliance with EU standards and regulations. Nevertheless, a lot of work should still be done in the Visegrad Four in order integrate sustainable development approach into all of the fields of political activity and reorganize their decision-making models according to the new challenges. This study constitutes an analysis of the Visegrad states' performance in ensuring sustainable governance in the period 2005-2010. The research is based on the two editions of Sustainable Governance Indicators, developed by the Bertelsmann Stiftung, and published in 2009 (period of review: January 2005 – March 2007) and in 2011 (period of review: May 2008 – April 2010). In order to assess sustainability of the four Visegrad democracies the study provides a comprehensive comparative analysis of these states' performance and retraces the dynamics of their progress/regress in terms of ensuring sustainability. It also explores the main tendencies of the Visegrad region's development regardless of particular country, identifies the main strengths and weaknesses of the region in terms of countries' capability to successfully meet critical challenges (global economic crisis, demographic changes) and move towards sustainability by drawing a comparison of the region's records with the OECD average scores. The results of the analysis help to clarify the major problems which hamper the Visegrad states' further progress towards sustainable development.

Klíčová slova

Udržitelný rozvoj, země Visegrádské čtyřky, řízení, ukazatele udržitelného rozvoje, proces rozhodování při udržitelnosti

Keywords

Sustainable development, Visegrad countries, governance, sustainable governance indicators, decision-making for sustainability

Extent: 91 pages, 221 124 characters with spaces.

Statement:

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Prague, 18 May 2012 Olena Ivantsiv

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1. Introduction

In the conditions of ongoing economic globalization countries all over the world faced a number of severe challenges associated with the increasing scarcity of resources, climate change, aging societies, intensified migration patterns, new security risks, which demanded the existing governance regimes to reorganize their decision-making models according to the new realities.

Sustainable development was recognized as the only acceptable approach to shape all the policy areas, the only way to achieve long-term economic growth, and social and environmental improvements by international organizations and national states. The quality of governance proved to be an essential criterion for ensuring sustainable policy outcomes. In order to cope with the new challenges and tasks countries had to undergo substantial changes in their traditional national decision-making models, to succeed in optimization of the institutional and procedural arrangements of their systems of governance. In the case the particular country's governance approach had been reorganized and proved to be learning-based, collaborative and flexible enough, this state managed to show successful results in ensuring sustainable policy outcomes.

The Czech Republic, Poland, Slovakia and Hungary, which at the beginning of the 1990s decided to combine their efforts to put into practice their European integration aspirations and established the Visegrad Group, successfully completed their transition to market economy and democracy and joined the European Union in May 2004. With the legislative and financial assistance from the EU the Visegrad states have undergone substantial reforms, brought their policies into compliance with EU standards and regulations, and embarked the path of rapid economic growth. However, the new challenges to the traditional model of development made it relevant to question the efficiency of mechanisms of sustainable development policies implementation in the Visegrad Four. The intensifying global economic and financial crisis underlined the vulnerability of the Visegrad countries' political and economic systems and called their governments' capability to ensure long-term sustainable development of their states in question.

The following paper intends to analyze the Visegrad states' performance in ensuring sustainable governance in the period 2005-2010.

It is focused on the case studies of the Visegrad countries' policy-making strategies because they represent the experience of the four CEE countries, which managed to take the path of rapid political and economic transformation at the beginning of the 1990s and through joint efforts successfully overcame transition from the communist past towards integration with the EU and NATO. Accession to the European institutions demanded from the Visegrad Four to bring their policies in compliance with EU standards and regulations, to adopt the fundamental objective of the European Union – sustainable development. In order to reach these goals the Czech Republic, Poland, Slovakia and Hungary had to implement a number of reforms, to adapt their decision-making models in accordance with the urgent challenges and ensure multi-level cooperation between national, regional and local institutions.

This paper intends to answer the following research questions: How successfully do Visegrad countries realize sustainable policy outcomes after completion of their transition to market economy and accession to the EU? What are the main tendencies of the Visegrad region's development, its strengths and weaknesses in terms of countries' ability to respond to new challenges (global economic crisis, demographic changes) and move towards sustainability?

In the last 25 years, since publication of the Brundtland Report, a number of interpretations, conceptualizations, critiques, indicators, and applications have been developed within academic literature, policy and applied contexts in order to address sustainable development matters. Comprehensive historical and conceptual analysis of sustainable development was elaborated by U. Grober¹. D. Mebratu² contributed to exploring sustainability with her analysis of the metaphorical and epistemological basis of the different definitions of sustainable development. Commentaries on the concept of sustainable development were provided by S. Baker³, J. Blewitt⁴.

The biggest contribution to working out of long-term strategies and plans towards sustainability was made by international organizations: the UN, the EU, the OECD, and the

¹ Grober, U. (2007) 'Deep Roots – A Conceptual History of 'Sustainable Development' (Nachhaltigkeit)', available at <http://skylla.wzb.eu/pdf/2007/p07-002.pdf> (accessed 25 April 2012).

² Mebratu, D. (1998) 'Sustainability and Sustainable Development: Historical and Conceptual Review', available at http://www.is.cnpm.embrapa.br/bibliografia/1998_Sustainability_and_sustainable_development_Historical_and_conceptual_review.pdf (accessed 25 April 2012).

³ Baker, S. (2006) *Sustainable Development*, New York: Routledge.

⁴ Blewitt, J. (2008) 'Understanding sustainable development', available at <http://books.google.ru/books?id=plXXZ5JBIf8C&printsec=frontcover&hl=ru#v=onepage&q&f=false> (accessed 25 April 2012).

WTO, which also elaborated sets of indicators in order to assess the countries' progress towards sustainability and identify the best practices.

The amount of work has been directed to the analysis of governance in the context of sustainability. However, most of the authors focused solely on environmental governance, as L. Hempel⁵, D. Kettl,⁶ L. Meuleman⁷ and R. Durant⁸, or explored the role of global governance in promoting environmental objectives or sustainable development principles, mostly neglecting regional and national levels of decision-making, as in the articles of M. Paterson⁹, J. Vogler¹⁰, P. Nováček¹¹. European governance for sustainability is well-researched in the studies of E. Cihelkova and J. Krč¹², I. Niestroy¹³, S. Baker¹⁴, with special attention paid to the EU financial instruments' role in the articles of T. Moss and H. Fichter¹⁵, P. Mercouris¹⁶, and with a special reference to the Union's influence on environmental policies of Central and Eastern European countries in the study of P. Jehlicka and A. Tickle¹⁷.

⁵ Hempel, L. (1996) 'Environmental Governance: The Global Challenge', available at http://books.google.cz/books?id=0_w7HKGUY-sC&printsec=frontcover&dq=environmental+governance&hl=ru&sa=X&ei=fge2T7fCBIak0QXK39mcCg&redir_esc=y#v=onepage&q=environmental%20governance&f=false (accessed 20 March 2012).

⁶ Kettl, D. (2002) 'Environmental Governance: A Report on the Next Generation of Environmental Policy', available at http://books.google.cz/books?id=MrW8WxbMhQEC&printsec=frontcover&dq=environmental+governance&hl=ru&sa=X&ei=fge2T7fCBIak0QXK39mcCg&redir_esc=y#v=onepage&q=environmental%20governance&f=false (accessed 15 February 2012).

⁷ Meuleman, L., Niestroy, I., Hey, C. (2003) *Environmental governance in Europe*, Den Haag: RMNO.

⁸ Durant, R. (2004) 'Environmental Governance Reconsidered: Challenges, Choices and Opportunities', available at http://books.google.cz/books?id=d5yN2PsH6eQC&printsec=frontcover&dq=environmental+governance&hl=ru&sa=X&ei=fge2T7fCBIak0QXK39mcCg&redir_esc=y#v=onepage&q=environmental%20governance&f=false (accessed 20 March 2012).

⁹ Paterson, M. (1999) 'Interpreting Trends in Global Environmental Governance', available at <http://www.jstor.org/stable/2626279> (accessed 25 March 2012).

¹⁰ Vogler, J. (2005) 'The European Contribution to Global Environmental Governance', available at <http://www.jstor.org/stable/3569677> (accessed 26 April 2012).

¹¹ Nováček, P. (2001) *Third Transition: Towards Sustainable Development and Global Governance*, Olomouc: Univerzita Palackého.

¹² Cihelkova, E., Krč J. (2008) 'European Governance of Sustainable Development and the Doha Development Agenda', in *The European Union and World Sustainable Development: Visions of Leading Policy Makers and Academics*, Luxembourg: Office for Official Publication of the European Communities, pp.128-146.

¹³ Niestroy, I. (2005) *Sustaining Sustainability, a benchmark study on national strategies towards sustainable development and the impact of councils in nine EU member states*, Utrecht: Lemma publishers.

¹⁴ Baker, S. (2006) *Sustainable Development*, London; New York: Routledge.

¹⁵ Moss, T., Fichter, H. (2002) 'Regional Pathways to Sustainability. Lessons in Promoting Sustainable Development in EU Structural Funds Programmes', available at <http://www.iccr-international.org/regionet/docs/ws1-fichter.pdf> (accessed 25 November 2011).

¹⁶ Mercouris, P. (2002) 'Structural Funds, Enlargement and the Cultural Sector', available at http://www.efah.org/components/docs/structural_ngo_1.pdf (accessed 29 November 2011).

¹⁷ Jehlicka, P., Tickle, A. (2005) 'Environmental Implications of Eastern Enlargement: The End of Progressive EU Environmental Policy?', in *EU Enlargement and Environment. Institution Change and Environmental Policy in Central and Eastern Europe*, pp. 77-95, available at [http://books.google.com.ua/books?id=zIkGv3RU4ZwC&pg=PA80&lpg=PA80&dq=the+European+Commission%](http://books.google.com.ua/books?id=zIkGv3RU4ZwC&pg=PA80&lpg=PA80&dq=the+European+Commission%20)

The existing case studies of the particular states' sustainable development policies are mostly focused on the Nordic and Western European countries' practices. The performance of the Central and Eastern European countries, particularly the Visegrad Four, in promoting sustainable development and ensuring sustainable governance was not thoroughly researched. Exploration of the above-mentioned topic was complicated partially because of the lack of comprehensive set of indicators which could allow to analyze the success of this group of countries in realizing sustainable policy outcomes.

The following research is based on both qualitative and quantitative methodologies. Two main pillars of the paper are analytical work and comparative analysis.

The analysis is based on the Sustainable Governance Indicators (SGI), developed by the Bertelsmann Stiftung in order to identify the structural and procedural challenges confronting the OECD states, to comparatively evaluate their reform mechanisms, and to use this information to assess the sustainability of these democracies. The data from the two editions of the SGI was used in the research: the first edition, published in 2009, where the period of review covers January 2005 – March 2007, and the newest edition, released in 2011, with the period of investigation - May 2008 – April 2010. The SGI comprises of two components, the Status Index, which examines the relative success of policies implemented in recent years, and the Management Index that assesses the actual capacity of states to take action and implement reform in terms of developing and realizing policy. The SGI's combined total of 147 quantitative and qualitative indicators outline sustainable policy performance in each OECD country.¹⁸

The Status Index and the Management Index scores are derived by calculating the arithmetic means of the scores for their respective two dimensions, i.e. "quality of democracy" and "policy performance" in the Status Index, and "executive capacity" and "executive accountability" in the Management Index. The individual dimension scores in the Status Index are derived by calculating the arithmetic means of the criteria scores, which are also derived by calculating the arithmetic means of their respective components. The dimension scores in the

E2%80%99s+high+degree+of+influence+on+the++candidates+and+its+insistence+on+their+full+adoption+of+env
ironmental+acquis&source=bl&ots=SxCB9GltU3&sig=juUGf1VJIOt558hLQUZ68f-
7NrE&hl=ru&sa=X&ei=VuTxTvCcE4KVOrKliKgB&ved=0CB0Q6AEwAA#v=onepage&q=the%20European%20
Commission%20%80%99s%20high%20degree%20of%20influence%20on%20the%20%20candidates%20and%20i
ts%20insistence%20on%20their%20full%20adoption%20of%20environmental%20acquis&f=false (accessed 9
December 2011).

¹⁸ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, pp.7-9, 29.

Management Index likewise represent the arithmetic means of their equally weighted component scores, but the Management Index contains two additional levels of disaggregation (e.g., stages of the policy process for “executive capacity”: preparation, implementation) so as to reflect the greater diversity of governing practices and mechanisms addressed by the individual questions.¹⁹

Among the other primary sources used in the following study are: declarations and reports of international organizations, in particular the UN, the EU and the OECD, the EU sustainable development strategy, action plans of regional networks, national sustainable development strategies of particular states, which represent understanding of sustainable development concept at different levels, and clarify the main objectives set by international organizations, regional and national networks in order to bring systems of governance in compliance with their vision of sustainability.

The paper consists of three chapters. The first section provides a theoretical overview of history and main interpretations of the term and the concept of ‘sustainable development’; it explores the role of efficient governance at international, regional and national levels for move towards sustainable development. The second part provides the analysis of the Visegrad countries’ performance in various fields of political activity critical to sustaining the long-term feasibility and elasticity of economic, social, and environmental systems using a comprehensive set of the Sustainable Governance Indicators; it seeks to compare the four states’ performance and retrace the dynamics of their progress/regress in terms of ensuring sustainability. The third chapter explores the main tendencies of the Visegrad region’s development regardless of particular country, identifies the main strengths and weaknesses of the region in terms of countries’ capability to successfully meet critical challenges and move towards sustainability by drawing a comparison of the region’s records with the OECD average scores.

¹⁹Sustainable Governance Indicators 2011. Bertelsmann-Stiftung/website, available at <http://www.sgi-network.org/index.php> (accessed 5 May 2012).

2. Chapter: Sustainable Development: Concept and Praxis

2.1. The Term and the Concept of ‘Sustainable Development’: History and Main Interpretations

The term ‘sustainable development’ gained international recognition after it was first introduced by the United Nation’s World Commission on Environment and Development (WCED) in „Our Common Future“²⁰ report released in 1987. The Brundtland report was a milestone document; it accepted the definition of sustainable development as “development which meets the needs of the present without compromising the ability of future generations to meet their own needs”. The three core dimensions of sustainable development were distinguished: economy, society and environment.

Globally inaugurated by WCED the concept of sustainable development was given impetus for its rapid development and spreading worldwide; it emerged in a series of meetings and reports during the 1980s and 1990s. The main principles of sustainable development were negotiated at the Earth Summit in Rio de Janeiro in 1992, where also the Agenda 21, the action plan for the upcoming years, was adopted. The participants of the Johannesburg Summit in 2002 reaffirmed the commitment to the implementation of Agenda 21 and agreed on the necessity to work out National Sustainable Development Strategies (NSDS) in order to harmonize economic, social and environmental policies and achieve more effective cooperation.²¹

Incorporated into agendas of international organizations in the end of the 20th century and turned by the UN into their programmatic guideline in the 21st century the concept of sustainable development, however, traces far back to the early Enlightenment period. The idea of responsible management of natural resources was applied to forestry already in the 16th century. Sustainable approach to the use of timber can be proven by the emergence of such terms as ‘sustained yield’ in England and ‘nachhaltig’ in Germany. The solution to the problem of wood resources shortage in Britain was proposed by the English author John Evelyn in 1664 when he

²⁰UN (1992) ‘Rio Declaration on Environment and Development’, available at <http://www.unep.org/Documents.Multilingual/Default.asp?documentid=78&articleid=1163> (accessed 15 November 2011).

²¹ UN (2002) ‘Johannesburg Plan of Implementation of the World Summit on Sustainable Development’, available at http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/WSSD_PlanImpl.pdf (accessed 19 November 2011).

presented to the King, the Royal Society and to the public his 'Sylva or a Discourse of Forest Trees and the Propagation of Timber in His Majesties Dominions'.²² In this book the author calls for stop of the destructive over-exploitation of natural resources. But what is even more important he for the first time brings up a question of the necessity to take into consideration the interests of the future generations. As Ulrich Grober mentions, Evelyn develops the ethics of a responsible and provident society, he emphasizes that each generation was not born for itself but for posterity.²³

While the concept of sustainable development arose in England and was initiated by the British Royal Army, the term which coincides to the greatest extent with modern interpretation of the notion of sustainable development was proposed first by the German nobleman Hanns Carl von Carlowitz in his book 'Sylvicultura oeconomica. Anweisung zur wilden Baumzucht' in 1713.²⁴

Carlowitz warned against rapid devastation of forests all over Europe and predicted a severe economic crisis due to the shortage of timber. He emphasized the necessity to reach a balance between renewal and cutting so that timber could be used forever, continuously and perpetually and called to the use of timber with care. The author opened a discussion about how to achieve such conservation and growing of timber that there will be a continual, steady and sustained usage and for the first time introduced the term 'nachhaltend' or 'nachhaltig' in the modern sense of the word.²⁵

Among the economist the first to recognize the limits of growth and emphasize the responsibility of human race in these processes was Thomas Robert Malthus at the end of the 18th century. He believed that the main reason of unemployment, poverty and disease was not the industrial revolution in the sense of creation of many new factories but fecundity of the human race. Malthus proposed a population theory according to which unchecked population increases geometrically, while subsistence increases arithmetically at best. This theory of 'environmental limits' may be considered a forerunner to the modern concept of sustainable development. It showed that the fixed amount of land available (absolute scarcity limit) meant that as the

²² Grober, U. (2007) 'Deep Roots – A Conceptual History of 'Sustainable Development' (Nachhaltigkeit)', available at <http://skylla.wzb.eu/pdf/2007/p07-002.pdf> (accessed 25 April 2012).

²³ Ibid., p. 9.

²⁴ Ibid., p.7.

²⁵ Ibid., p.18-19.

population grew, diminishing returns would reduce the per capita food supply; the standard of living would be forced down to a subsistence level and the population would cease to grow.²⁶

Therefore, sustainability as a way of thinking is deeply rooted in cultures of European countries; it has been steadily developing over the last three centuries, and matured to the modern understanding of responsible management of natural resources paying much attention to the needs of future generations in the beginning of the 2000s. Intensification of development of the concept came over after the Second World War when the environmental movement bristled up its work and initiated debates on negative impacts of human growth and development on ecological situation in the world and global equity. In 1972 a group of young scientists from Massachusetts Institute of Technology undertook a report 'The Limits to Growth', the result of the two-year study conducted at the request of the Club of Rome, which concluded that, if present trends in population growth, food production, resource use and pollution continued, the carrying capacity of the planet would be exceeded within the next 100 years; it will result in ecosystem collapse, famine and war.²⁷ However, the Club of Rome report was criticized because it failed to take into account the possibilities of technological innovations which allow to use resources more efficiently and to address environmental pollution in a new way. The same year the United Nations Conference on the Human Environment took place in Stockholm. As a result of this conference the United Nations Environmental Program (UNEP) was created, which had the mission "to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations".²⁸

However, "the Stockholm conference was limited in its effectiveness because environmental protection and the need for development, especially in developing countries, were seen as competing needs and thus were dealt with in a separate, uncoordinated fashion" whereas a more integrated approach embracing economic and environmental pillars was necessary.²⁹

²⁶ Mebratu, D. (1998) 'Sustainability and Sustainable Development: Historical and Conceptual Review', available at http://www.is.cnpm.embrapa.br/bibliografia/1998_Sustainability_and_sustainable_development_Historical_and_conceptual_review.pdf (accessed 25 April 2012), p.6.

²⁷ Baker, S. (2006) *Sustainable Development*, London; New York: Routledge, p.18.

²⁸ UNEP (United Nations Environment Programme) 'Mission', available at <http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=43> (accessed 25 April 2012).

²⁹ Bac, D. P. (2008) 'A History of the Concept of Sustainable Development: Literature Review', available at <http://steconomice.uoradea.ro/anale/volume/2008/v2-economy-and-business-administration/101.pdf> (accessed 25 April 2012), p.577.

It was not until 1987, when the Brundtland report was published, that the links between ‘development’, a traditional economic and social goal, and ‘sustainability’, an ecological goal, were put together to devise a new development model, that of sustainable development.³⁰ Apart from introducing the definition of sustainable development and clarifying linkages between its different dimensions, ‘Our Common Future’ report also distinguished two major concepts: the concept of ‘needs’, in particular the essential needs of the world’s poor, to whom overriding priority should be given; and secondly the idea of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs.³¹ The establishment of WCED and publication of the Brundtland Commission report gave a strong impetus for spreading the term and introducing sustainable development to the action plans, strategies, programmes of international organizations and individual countries as an important approach to their policies.

Since publication of ‘Our Common Future’ report, sustainable development found its niche in environmental discourse which led to the diverse interpretations of the term. There is a list of definitions of sustainable development introduced by the UN documents and declarations which are considered to be the classic ones whereas all the other definitions are various interpretations of the classic approach to the term taking into consideration certain field of studies. Thus, apart from the classic WCED’s definition of 1987, there was a ten-page listing of the most common definitions of ‘sustainable development’ used in the decade of the 1980s alone.³² It should be also mentioned that content of the term changes substantially, particularly depending on peculiarities of the historical period when it emerges and the interests of the particular groups, organizations and individuals.

The existing variety of definitions of sustainable development, according to Desta Mebratu, can be categorized into three major groups, depending on the constituent representation reflected in their presentation: the Institutional Version, the Ideological Version, and the Academic Version. Due to the fact that all of these definitions are based on acceptance that the world is faced with an environmental crisis the author seeks to clarify the distinction between the

³⁰ Baker, S. (2006) *Sustainable Development*, London; New York: Routledge, p.20.

³¹ WCED (World Commission on Environment and Development) (1987) ‘Our Common Future’, available at <http://www.un-documents.net/ocf-ov.htm#1.2> (accessed 15 January 2012), p.43.

³² Baker, S. (2006) *Sustainable Development*, London; New York: Routledge, p.25.

interpretation of the source of the crisis, the core approach to the solution, the proposed solution platform, and the key instruments for solution used in different groups of definitions.³³

In the frames of the Institutional Version Mebratu analyses the definitions given by WCED, the International Institute of Environment and Development (IIED) and the World Business Council for Sustainable Development (WBCSD). He claims that almost all of the establishments' definitions are based on the classic definition of sustainable development given by the Brundtland Commission. Mebratu shows that their definitions are very much based on *need satisfaction* with a wide spectrum of interpretation depending on the institution's objectives and interests. Thus, differences in interpretation can be seen in identification of the *epicenter* of the solution, the *solution platform*, and the *leadership center* for actualizing the solution. IIED distinguishes three systems as basic to any process of development: the biological or ecological resource system, the economic system, and the social system and emphasizes that the objective of sustainable development is to maximize goal achievement across these three systems at one and the same time through an adaptive process of tradeoffs. WBCSD proposes a definition according to which economic growth of the world and its environmental protection is necessary for improving the livelihood of the poor, for sustaining growing populations; it also stresses on the necessity of the new technologies for ensuring sustainable growth.³⁴

Mebratu proposes a comparative analysis of the Ideological Version of Sustainability, drawing a distinction between eco-theology, eco-feminism and eco-socialism. He emphasizes that despite the fact that these ideologies are rooted in different liberation theories (Liberation theology, Radical feminism, Marxism) there is a striking structural similarity among their interpretations of the *source* of the environmental crisis (disrespect to divine providence, male-centered epistemology, capitalism), the *solution epicenter* (spiritual revival, gynocentric value hierarchy, social egalitarianism), and the *role of leadership*.³⁵

The third group of definitions, the Academic Version, represents interpretations of sustainable development term given by the scientific community. Mebratu analyses three academic disciplines: environmental economics, deep ecology and social ecology according to his comparison criteria. He summarizes that "the academic versions exhibit conceptual

³³ Mebratu, D. (1998) 'Sustainability and Sustainable Development: Historical and Conceptual Review', available at http://www.is.cnpm.embrapa.br/bibliografia/1998_Sustainability_and_sustainable_development_Historical_and_conceptual_review.pdf (accessed 25 April 2012), p.503-504.

³⁴ Ibid., p.504-505.

³⁵ Ibid., p.506-209.

shortcomings of one type or another that are related to their reductionist epistemological foundations and reflected in their solution frameworks”, each of them seeks to impose its view of goals and procedures on the decision-making process.³⁶ As a result Mebratu emphasizes the growing necessity to introduce a new way of scientific thinking based on radical revision of existing approaches in order to get rid of the pervasive “dualism” in the issues interpretation.

Robinson and Tinker believe that nowadays there is a ‘trifocal’ vision of sustainable development which emerged because of the failure to reach consensus among experts about how ecological, economic and social systems relate to one another. This is the main obstacles on the way to develop a common conceptual framework of sustainable development incorporating social, economic and ecological problems.³⁷

The term ‘sustainability’ that originally belonged to ecology shifted its main emphasis from environment protection to society by adding the notion of development to the notion of sustainability. Nowadays, promoting sustainable development means steering societal change at the interface between the following pillars: *the social*: this relates to human mores and values, relationships and institutions; *the economic*: this concerns the allocation and distribution of scarce resources, and *the ecological* one involves the contribution of both the economic and the social and their effect on the environment and its resources.³⁸

Thus, numerous interpretations of the term ‘sustainable development’ reflect the complexity of the issue, its polygonality and can lead to speculations among different interest groups. According to Merritt Polk, “the ways in which sustainable development is filled with meaning is thus an important and often overlooked political battleground, where priorities for policy and implementation are determined”.³⁹ Desta Mebratu’s approach to categorization of sustainable development definitions is suitable for the use in the following dissertation because it embraces all the dimensions of the term touched in this study.

³⁶ Mebratu, D. (1998) ‘Sustainability and Sustainable Development: Historical and Conceptual Review’, available at http://www.is.cnpm.embrapa.br/bibliografia/1998_Sustainability_and_sustainable_development_Historical_and_conceptual_review.pdf (accessed 25 April 2012), p.509-512.

³⁷ Blewitt, J. (2008) ‘Understanding sustainable development’, available at <http://books.google.ru/books?id=pIXXZ5JBI8C&printsec=frontcover&hl=ru#v=onepage&q&f=false> (accessed 25 April 2012), p.28.

³⁸ Baker, S. (2006) *Sustainable Development*, London; New York: Routledge, p.7.

³⁹ Polk, M. (2010) ‘Sustainability in Practice: The Interpretation of Sustainable Development in a Regional Planning Arena for Dialogue and Learning in Western Sweden’, *Planning Theory & Practice*, 11:4, 481-497, available at <http://www.tandfonline.com/doi/pdf/10.1080/14649357.2010.525363> (accessed 25 April 2012), p. 482.

2.2. The Role of Efficient Governance on the National, Regional and International Levels in the Context of Sustainable Development

Unsustainable trends in global development, ecology and environment deterioration led to the recognition of the rising threats by many countries and international organizations. All of the parties agreed on the need to promote sustainable development principles and introduce them into their policies and action programmes.

The new challenges to the traditional model of development made it relevant to question the efficiency of mechanisms of sustainable development policies implementation. In this context much attention should be paid to the role of governance in ensuring sustainable development both at the international and national levels.

Moving towards sustainable development is a long “learning” process; sustainability can not be reached in one step. Therefore governance dimension is crucial; the continuous process needs to be properly managed in order to be efficient. As Ingeborg Niestroy mentions: “SD strategies cannot be implemented like a “plan”, but need flexible approaches on the government side with at the same time firm and accountable objectives, and ideally also quantitative targets”.⁴⁰ Much work must also be done for ensuring effective mechanisms for coordination and improving policy coherence between different governmental departments and bodies, as well as between national, regional and local level institutions.

Ten years after the 2002 Johannesburg Summit where the question of sustainable development governance was raised and widely discussed it can be summarized that good executive management performance is one of the most important elements for achieving sustainable development. Countries which proved to be successful in promoting sustainable development have undergone substantial changes in their traditional national decision-making models, succeeded in optimization of the institutional and procedural arrangements of their systems of governance in accordance with the new challenges and tasks.

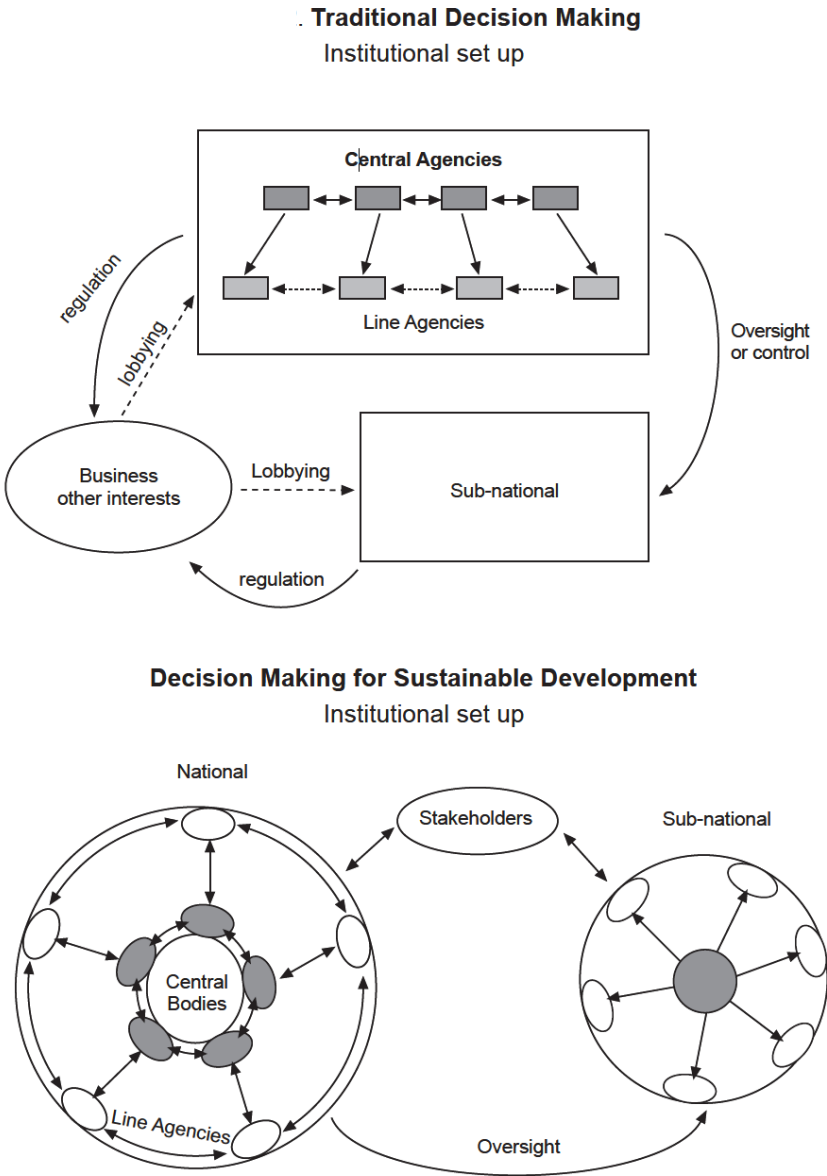
⁴⁰ Niestroy, I. (2005) *Sustaining Sustainability, a benchmark study on national strategies towards sustainable development and the impact of councils in nine EU member states*, Utrecht: Lemma publishers, p.11.

The 2002 OECD studies on governance for sustainable development in five OECD countries: Canada, Japan, Germany, Netherlands and the United Kingdom emphasized the necessary changes which should be implemented in traditional decision-making models in order to better respond to the imperative of sustainable development.⁴¹

The most important transformation regards reorganization of the relations between central bodies, line agencies and stakeholders; in order to implement sustainable development goals these relations can not be one-sided, all the parties should be equally involved in the process and should be able to equally interact with each other. According to the above-mentioned OECD study, implementation of sustainable development goals requires an adaptation of decision-making models (see Figure 1).

⁴¹ OECD (2002) 'Governance for Sustainable Development. Five OECD Case Studies', available at <http://www.ulb.ac.be/ceese/nouveau%20site%20ceese/documents/oecd%20governance%20for%20sustainable%20development%205%20case%20studies.pdf> (accessed 25 April 2012), p.32.

Figure 1: Models of decision-making



Source: Governance for Sustainable Development: Five OECD Case Studies, OECD 2002, p.32.

The high degree of sectoral specialization characteristic to the structure of the modern state, which arose at the end of the 20th century in order to respond more effectively to complex and differentiated problems, cannot adequately cope with sustainable development matters. The specific environmental ministries established by most OECD countries in the 1970s or any other specific agencies are not able to deal with complex and all-embracing sustainable development issues by their own. The integrated nature of sustainable development challenges demands cross-

cutting links between all the ministries and agencies, moreover some new institutional frameworks should be created.⁴²

The other problem arises because of inability of most of the countries to deal with long-term issues. Due to the fact that the average pace of electoral cycle in OECD countries is about 5 years, most of the governments' initiatives are focused on short-term matters and goals. Sustainable development, however, requires strategic choices for the longer term and a capacity to maintain commitments over time.⁴³

The United Kingdom is one of the pioneers in elaborating national sustainable development strategy and making an attempt to adapt its national governance system in accordance with sustainable development principles. Great progress has been made in the last 16 years since the first UK sustainable development strategy was published. At first being perceived as a separate, 'green' issue which is a priority for only a few Government departments sustainable development today is seen in the UK as a core strategic issue for all governmental institutions, the only acceptable way to make policy.⁴⁴

However, the most successful cases of bringing their governance structures in compliance with sustainable development were shown by the Nordic countries. According to the Sustainable Governance Indicators (SGI)⁴⁵, developed by the Bertelsmann Stiftung, Sweden, Norway, Finland and Denmark are among top-5 OECD performers in terms of efficiency and accountability of their policy-making processes with a view to sustainable policy outcomes.

These countries proved their status of stable democracies, which are able to adapt smoothly to a changing global environment without compromising sustainable development objectives. Even such a strong challenge as the world economic crisis couldn't shake the Nordic states' leading positions in the SGI ranking. Economic, political and social foundations in these countries are robust enough to facilitate rapid recovery.

Sweden, a leading country in terms of sustainable society (according to the SGI), has been engaged in a systematic sustainable development effort since the early 1990s. The state had

⁴² OECD (2002) 'Governance for Sustainable Development. Five OECD Case Studies', available at <http://www.ulb.ac.be/ceese/nouveau%20site%20ceese/documents/oecd%20governance%20for%20sustainable%20development%205%20case%20studies.pdf> (accessed 25 April 2012), p.10.

⁴³ Ibid.

⁴⁴ DEFRA (Department for Environment, Food and Rural Affairs) 'Sustainable Development in Government. Government's Approach', available at <http://sd.defra.gov.uk/gov/approach/> (accessed 25 April 2012).

⁴⁵ Sustainable Governance Indicators 2011. Bertelsmann-Stiftung/website, available at <http://www.sgi-network.org/index.php> (accessed 5 May 2012).

experienced deep institutional changes aimed at introducing sustainable development principles into all the spheres of the life of society. The first step was made in 2003, when sustainable development was adopted as an overall objective of the Swedish government policy. According to “Government Communication 2005/06 Strategic Challenges – A Further Elaboration of the Swedish Strategy for Sustainable Development”, in 2005 the Swedish cabinet was reshuffled to establish the Ministry of Sustainable Development, which brought together environmental, energy and housing policy. The same year the Council for Sustainable Development under the National Board of Building, Planning and Housing was also established in order to facilitate the implementation of Sweden's strategy for sustainable development, particularly at the local and regional levels.⁴⁶

One of the decisive administrative requirements for implementation of sustainable development policies is political will. As stated by the OECD:

“A strong political commitment is crucial to achieve the policy integration needed to underpin sustainable development. This must come from the highest levels of government, and be embraced by prime ministers, as well as ministers of economy/finance, social welfare, and the environment. . . .

Collective responsibility within government for implementation of decisions which support a sustainable development strategy needs to be clearly established, and include explicit procedures and an assessment of training needs. Coherence across government departments and among different levels of government is vital.”⁴⁷

Political will to implement change and self-reliance were emphasized as the critical elements for successful sustainable development at the World Summit on Sustainable Development, which took place in Johannesburg in 2002.⁴⁸

The Prime Ministers of Denmark, Finland, Norway and Sweden, agree that climate change and work to promote sustainable development are among the most important challenges their

⁴⁶ Ministry of the Environment Sweden (2006) ‘Government Communication 2005/06:126 Strategic Challenges – A Further Elaboration of the Swedish Strategy for Sustainable Development’, available at <http://www.sweden.gov.se/content/1/c6/07/01/83/1a9ae133.pdf> (accessed 5 May 2012), p.17-18.

⁴⁷ OECD (2001b) *Sustainable Development: Critical Issues*, Paris: OECD.

⁴⁸ UN (2002) ‘Political Will, Self-Reliance Highlighted as Critical for Implementing Sustainable Development at World Summit Round Table Discussion’, available at <http://www.un.org/events/wssd/summaries/envdevj27.htm> (accessed 20 January 2012).

countries face.⁴⁹ Since the beginning of the 2000s and elaboration of their national SDSs, these countries have been highly committed to sustainable development integration into policies and its promotion both on the national, regional and international levels. From their very first national SDSs the Nordic countries set an ambitious plan of getting a leading role in sustainable development efforts and their promotion all over the world. Nowadays, all the government departments and bodies in these states are more or less involved into working out and implementation of sustainable approach to the policies. Sustainable development is not anymore seen as a separate objective in the Nordic countries but as the only acceptable approach to shape all the policy areas, the only way to achieve long-term economic growth, and social and environmental improvements.

In the United Kingdom political will for implementation of sustainable development policies over the recent years was also very strong. The country set very ambitious goals in the area of sustainable development; in 2010 David Cameron in particular announced that his government would be the “greenest government ever”.⁵⁰ By elaborating clear strategy for driving sustainable operations and procurement the government proved its commitment and set an example of efficient steps towards sustainability to a wider public sector, businesses and citizens.

Sustainable development, however, cannot be achieved in one separate country; the complexity of modern challenges requires global cooperation and international solutions. At the international level the key to establishing and maintaining coherency within sustainable development governance lies in reaching consensus between different organizations on such issues as definition of the term, the main objectives and priorities of policies, mechanisms for achieving sustainable development. This task is complicated by the fact that each international organization has its own target areas and is inclined to emphasize some particular dimensions of sustainable development often neglecting the other pillars. Among the leading international organizations which deal with issues affecting sustainable development are the United Nations, the European Union, the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and World Trade Organization (WTO). The United Nations,

⁴⁹ Nordic Council of Ministers (2009) ‘Sustainable Development – New Bearings for the Nordic Region. Revised edition with goals and priorities 2009–2012’, available at http://www.norden.org/en/publications/publikationer/2009-727/at_download/publicationfile (accessed 15 March 2012), p.5.

⁵⁰ DEFRA (2010) ‘A New Action Plan for Green Government’, available at <http://sd.defra.gov.uk/2010/11/action-plan-for-green-government/> (accessed 25 April 2012).

and its Commission on Sustainable Development (CSD), represent the universal vision of sustainable development, embracing all the main dimensions and components of the concept. The OECD works closely with CSD, it actively promotes coordinated analyses on economic, environmental and social issues, provides comprehensive statistics and indicators reflecting major development trends in the member states. It also works out and presents an annual report assessing to which extent member countries meet their international commitments concerning implementation of sustainable development principles.⁵¹ The IMF and WTO have the decisive influence on economic pillar of sustainable development, by their activities they encourage greater economic and financial stability, and make their contribution to fighting poverty.

Some of the regional networks also proved to be very effective in sustainable development efforts. Thus, the Nordic Council of Ministers, representing an extensive form of regional collaboration involving Denmark, Finland, Iceland, Norway, Sweden, and three autonomous areas: the Faroe Islands, Greenland, and Aland, is deeply engaged in sustainable development issues. Since 2000 the Council of Ministers has had a regional sustainable-development strategy in place. The Nordic sustainable development strategy complements the involved countries' national strategies and forms an overall multi-sectoral framework for the Council of Ministers' work on sustainable development; it also acts as an instrument for joint initiatives in the wider international negotiations on sustainable development.⁵²

The other successful example of regional cooperation aimed at sustainable development advancing is Expert Group on Sustainable Development - Baltic 21, which is a regional expression of the global Agenda 21 adopted by the United Nations "Earth Summit." It includes 11 Baltic Sea states, which are represented by government ministries and agencies; the other actors involved in this network are the European Commission, numerous intergovernmental and non-governmental organizations, academic and financial institutions. The mission of Baltic 21 is "to contribute actively towards advancing sustainable development in the Baltic Sea Region by

⁵¹ OECD 'About OECD. Sustainable Development', available at http://www.oecd.org/about/0,3347,en_2649_37425_1_1_1_1_37425,00.html (accessed 20 March 2012).

⁵² Nordic Council of Ministers 'About Sustainable Development', available at <http://www.norden.org/en/about-nordic-co-operation/areas-of-co-operation/sustainable-development/about-sustainable-development> (accessed 15 March 2012).

coordinating goals and activities, and by serving as a forum for cooperation across borders and between stakeholder groups.”⁵³

The four Central and Eastern European countries, the Czech Republic, Hungary, Poland and Slovakia, which established the Visegrad Group in 1991 in order to combine their efforts on their way towards EU accession, didn't create any comprehensive platform for regional cooperation in the field of sustainable development. Their national SDSs were elaborated taking into consideration their national priorities without any references to the regional peculiarities. The Visegrad Group is focused on the intergovernmental cooperation, cultural and civic dimensions; since 1991 no other form of regional collaboration dealing with sustainable development has been established. The four Visegrad states cooperate, however, on certain components of sustainable development, in particular many projects aimed at solving environmental issues and energy security problems are carried out in the region.

Therefore, “good governance” is crucial for successful sustainable policy-making both at international and national levels. It requires policies and programmes that equally support and promote economic, social and environmental objectives. International and regional organizations should be able to create an extensive platform for governments, business and civic institutions, communities to cooperate effectively in their joint sustainable development efforts, regardless of the existing clashes of interests between the main stakeholders. For the state to become successful in terms of sustainability and social justice the system of executive management should be efficient, multi-level cooperation between national, regional and local institutions should be ensured, and all the societal actors should be involved into policymaking processes. There is no universal model of sustainable governance, each of the countries have its own institutional history, differs in political culture, has its own national priorities and interests. Therefore, some policies and approaches to governance models adjustments which proved to be successful in one country will not necessarily be to the same extent successful in another political system. However, some effective practices of particular countries in improving the state of governance can be successfully used in other countries and political conditions.

⁵³ Baltic 21- Expert Group on Sustainable Development ‘About Baltic 21’, available at <http://www.baltic21.org/Environment/baltic-21>(accessed 15 March 2012).

2.3. The Role of the European Union in Promoting Sustainable development

Sustainable development is an overarching objective of the European Union. Policy-makers at the Union agreed on the need to reconcile objectives of all the three pillars of development, and thus, to equally stimulate improvement of economic, social and environmental policies. Over the last ten years the EU became one of the key players in promoting sustainable development. One of the major achievements was the adoption of the Sustainable Development Strategy in 2001 which gave impetus to the member states to create their own national sustainable development strategies (NSDS) and develop them, considering not only national dimension, but also in accordance with the EU level.

The EU made a great contribution towards the development of environment policy and gradually transformed its main objectives shifting the emphasis from general environmental protection to the promotion of sustainable development.⁵⁴ As far as in 1986 the Single European Act defined the European Union's priorities in developing environmental policy at the EU level. Later, in 1992, the Maastricht Treaty affirmed the move towards sustainable development supported by the EU member states. One of the most important steps of the EU in this direction was the recognition of sustainable development as one of the objectives of the Community, along with economic and social progress, which was corroborated by the Treaty of Amsterdam in 1997 and then confirmed by the Treaty of Nice in 2000.⁵⁵ All these documents prove the high level of EU legal commitment to sustainable development principles. Nowadays, sustainable development became a norm of EU politics, both domestically and internationally.⁵⁶

The Strategy for Sustainable Development⁵⁷, adopted by the European Union in 2001, was the first long-term document aimed at sustainable improvement of the well-being and standard of living of current and future generations. Proposed by the European Commission the strategy elaborated a new vision of the objectives and policy measures to tackle a number of key unsustainable trends, called for a new approach to policymaking, effective political leadership

⁵⁴ Baker, S. (2006) *Sustainable Development*, London; New York: Routledge, p. 136.

⁵⁵ Ibid.

⁵⁶ Baker, S., McCormick, J. (2004) 'Sustainable Development: Comparative Understandings and Responses', in *Green Giants? Environmental Policies of the United States and the European Union*, pp. 277-302.

⁵⁷ EU (2001) 'A Sustainable Europe for a Better World: A European strategy for Sustainable Development', available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0264:FIN:EN:PDF> (accessed 10 November 2011).

and widespread participation.⁵⁸ By launching 2001 strategy the EU proved its commitment to exert equal effort to ensure economic growth, social cohesion and environmental protection; to make the three dimensions of EU sustainable development policies better integrate and mutually reinforce each other. From that moment each new major policy proposal by the Commission had to be submitted to an Impact Assessment.⁵⁹

The European Union Strategy for Sustainable Development was later reviewed by the European Commission in order to respond to the following unsustainable trends: the continuing deterioration of the world environment, in particular rising problems in the fields of the climate change and the energy resources availability⁶⁰, increasing poverty and social exclusion, demographic pressure and ageing of societies in developed countries in Europe. Among the external challenges the EU had faced since 2001, which influenced the content of the above-mentioned document, the intensification of globalization, the enlargement of the European Union and rising terrorist threats were the most significant ones. The 2006 Renewed Strategy calls to gradually change current unsustainable consumption and production patterns and the nonintegrated approach to policy-making, to develop actions to enable the EU to achieve its sustainable objectives.⁶¹

It stipulates that sustainable development principles should be integrated into policy-making at all levels regardless of the peculiarities of institutional settings, cultures and specific circumstances in Member States. In addition the policy guiding section of the Strategy specifies that “all EU institutions should ensure that major policy decisions are based on proposals that have undergone high quality Impact Assessment (IA), assessing in a balanced way the social, environmental and economic dimensions of sustainable development and taking into account the external dimension of sustainable development and the costs of inaction.”⁶²

⁵⁸ Commission of the European Communities (2001) ‘A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development’ COM(2001) 264 final, available at http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0264en01.pdf (accessed 15 March 2012).

⁵⁹ European Commission (2012) ‘Sustainable Development. The EU Sustainable Development Strategy’, available at <http://ec.europa.eu/environment/eussd/> (accessed 15 March 2012).

⁶⁰ EU (2005) ‘Communication from the Commission to the Council and the European Parliament on the review of the Sustainable Development Strategy - A platform for action’, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52005DC0658:EN:NOT> (accessed 20 November 2011).

⁶¹ Council of the European Union (2006) ‘Renewed EU Sustainable Development Strategy: European Council DOC 10917/06’, available at <http://register.consilium.europa.eu/pdf/en/06/st10/st10917.en06.pdf> (accessed 15 March 2012), p.2.

⁶² Ibid., p.6-7.

The other important constituent of the EU policy towards sustainable development are Environmental Action Programmes (EAP) which have been developed by the European Commission since 1971. Primarily focusing purely on the environmental issues, EAP strategies' general approach was later transformed. Thus, the Fifth Environmental Action Programme⁶³, approved by the Council and the Representatives of the Governments of the Member States in 1993, was titled "Towards Sustainability"; it set longer term objectives and focused on a more global approach to environmental problems.

The Sixth Environmental Action Programme which expires in the middle of 2012 was criticized for not responding adequately to the accelerating climate change, deterioration of ecosystems and increasing overuse of natural resources. The new Seventh EAP should set the environmental framework conditions to implement a new approach to economic development, laid down in a reformulated EU Sustainable Development Strategy, and align other relevant policies with these same objectives – economic, research and innovation, industrial and employment policies.⁶⁴

Both the Strategy for Sustainable Development and EAPs reveal the European Union's distinct understanding of sustainable development, which maintains its traditional emphasis on economic growth and focuses mostly on Europe paying limited attention to the global problems (in particular social and economic improvement in the Third World). The reviewed 2006 EU SDS added promotion of sustainable development worldwide to its main objectives; however, the effectiveness of implementation of this commitment can still be questioned. The above-mentioned documents also specify the Union's commitment that the promotion of sustainable development is a shared responsibility of all the parties of EU's multi-level system of governance. Therefore, all the levels: EU, sub-national, regional and local ones have to make their contribution for the policy to be successful, to stimulate the necessary behavioural and normative changes.⁶⁵

The degree of interdependency between EU and national level policies in the field of sustainable development promotion and the degree of their mutual complementarity can be

⁶³ European Community (1993) 'Towards Sustainability', available at <http://ec.europa.eu/environment/archives/env-act5/pdf/5eap.pdf> (accessed 19 November 2011).

⁶⁴ European Environmental Bureau (2010) 'Sustainability. The 7th Environmental Action Programme', available at <http://www.eeb.org/index.cfm/activities/sustainability/7th-environmental-action-programme> (accessed 19 November 2011).

⁶⁵ Baker, S. (2006) *Sustainable Development*, London; New York: Routledge, p.146-147.

ascertained by analyzing the cooperation between both parties in working out and implementation of the EU and national strategies for sustainable development. The link between national SD strategies and the EU SD strategy can be evaluated as quite weak and insufficient. Thus, most national SD strategies were prepared earlier than the EU SDS and therefore were focused mainly on the national dimension, also when preparing the proposal for Gothenburg the European Commission has not looked into national SD strategies, these levels have tended to ignore each other.⁶⁶ The situation has shown slow progress over the recent years. The Renewed EU SDS incorporated into its principles the commitment to “promote coherence between all European Union policies and coherence between local, regional, national and global actions in order to enhance their contribution to sustainable development.”⁶⁷ It also stipulated the necessity for the Member States to elaborate their own NSDSs, determined the date till which this task should be completed, June 2007, and emphasized that future reviews of NSDSs should be undertaken in accordance with the revised EU SDS, to ensure consistency, coherence and mutual supportiveness, taking into consideration specific circumstances in the Member States.⁶⁸ Even though, the countries which had previously no NSDS worked out their strategies, the other states didn't hasten to review their NSDS and to bring them in compliance with the EU SDS. As a result, the linkage between the EU level and national level policies towards sustainable development still remain loose which retards the progress in achieving sustainability.

However, the EU SDS is not the only measure to motivate or force the individual countries to move towards sustainable development. Thus, the EU played an important role in accelerating the Visegrad countries transition towards sustainable development. As candidate countries to the EU they had to fully adopt the environmental ‘acquis’, were allowed only a limited number of transition periods, which sought to a high degree of harmonization of policies when they join the EU, considerably reducing the threat of re-nationalisation of environmental policy in the future.⁶⁹

Apart from the legislative assistance the Visegrad countries were also provided with substantial financial support from the EU. Applicant countries of Central and Eastern Europe

⁶⁶ Niestroy, I. (2005) *Sustaining Sustainability, a benchmark study on national strategies towards sustainable development and the impact of councils in nine EU member states*, Utrecht: Lemma publishers, p.13.

⁶⁷ Council of the European Union (2006) ‘Renewed EU Sustainable Development Strategy: European Council DOC 10917/06’, available at <http://register.consilium.europa.eu/pdf/en/06/st10/st10917.en06.pdf> (accessed 15 March 2012), p.4.

⁶⁸ *Ibid.*, p.28.

⁶⁹ Jehlicka, P., Tickle, A. (2005) ‘Environmental Implications of Eastern Enlargement: The End of Progressive EU Environmental Policy?’, in *EU Enlargement and Environment. Institution Change and Environmental Policy in Central and Eastern Europe*, pp. 77-95.

received a considerable assistance in the frames of the pre-accession instruments financed by the EU, such as PHARE programme (Poland and Hungary: Aid for Economic Restructuring) program, for their economies' restructuring, later supplemented with the two other mechanisms, SAPARD (Special Accession Programme for Agricultural and Rural Development) and ISPA (The Instrument for Structural Policies for Pre-Accession), which took over rural and agricultural development and infrastructural projects in the environmental and transport fields.⁷⁰

Under severe economic conditions at the beginning of the 1990s the CEE countries couldn't ensure a balance between the economic, political, social and environmental dimensions of development on their own, used to put a strong emphasis on the economic goals as the primary objective for their development; they also were not able to achieve more effective policy implementation. The pre-accession requirements gave the Visegrad countries a sufficient impetus to move towards sustainable development, and considerable financial support from the European Union helped to foster sustainable patterns of development in these states and the whole European Union.

The President of the European Commission, Jose Manuel Barroso, emphasized that “the EU's major single contribution to global sustainable development is enlargement.”⁷¹ He considers implementing of the *acquis* in the new member states to be a significant step towards transition to sustainable development, which brings essential environmental and social benefits, ensures the prospects of economic prosperity.

Thus, the EU has set out an ambitious vision of sustainable development path for Europe, proved its commitment to promote and improve the respective principles by introducing the term ‘sustainable development’ to the official discourse of the Union and continuing the process of reviewing its programmes in order to respond to the new challenges on the way to sustainable development.

⁷⁰Mercouris, P. (2002) ‘Structural Funds, Enlargement and the Cultural Sector’, available at http://www.efah.org/components/docs/structural_ngo_1.pdf (accessed 29 November 2011).

⁷¹ Barroso, J.M. (2008) ‘Sustainable Developments: Europe Leads from the Front’, in *The European Union and World Sustainable Development: Visions of Leading Policy Makers and Academics*, Luxembourg: Office for Official Publication of the European Communities, p.12.

3. Chapter: The Analysis of the Sustainable Governance Indicators (SGI)

The following analysis is based on the Sustainable Governance Indicators (SGI), developed by the Bertelsmann Stiftung in order to identify the structural and procedural challenges confronting the OECD states, to comparatively evaluate their reform mechanisms, and to use this information to assess the sustainability of these democracies.⁷² The SGI were first published in 2009 (period of review: January 2005 – March 2007) and the newest edition was released in 2011 (period of review: May 2008 – April 2010). External and internal evaluation of the 2009 pilot-edition led to various adjustments in the survey process and index design. In order to enable direct comparison between the SGI 2011 and the SGI 2009 a process of interpolation was carried out, SGI 2009 results were recalculated with reference to the methodological changes.⁷³ The SGI project goes farther than existing international ratings because it assesses OECD countries' need for reform not only from an economic perspective, but also considering such areas as education, the environment, social affairs and security; it also provides the most in-depth analysis of states' reform capacity among the other ratings worldwide. This innovative approach was supported by OECD which named the SGI project an official "correspondent" in the "Global Project on Measuring the Progress of Societies".⁷⁴

The concepts of sustainability and governance form the conceptual underpinnings of the SGI's two pillars, the Status Index and Management Index. Whereas the Status Index examines the relative success of policies implemented in recent years, assesses the need for reform with a view to sustainable policy outcomes and democracy, the Management Index concentrates on the efficiency and accountability of the underlying policy-making processes, measures countries' capacity to reform.⁷⁵ The SDI's Status Index assesses the success of OECD countries in various fields of political activity critical to sustaining the long-term feasibility and elasticity of economic, social, and environmental systems, in particular in the areas of education,

⁷² Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.21.

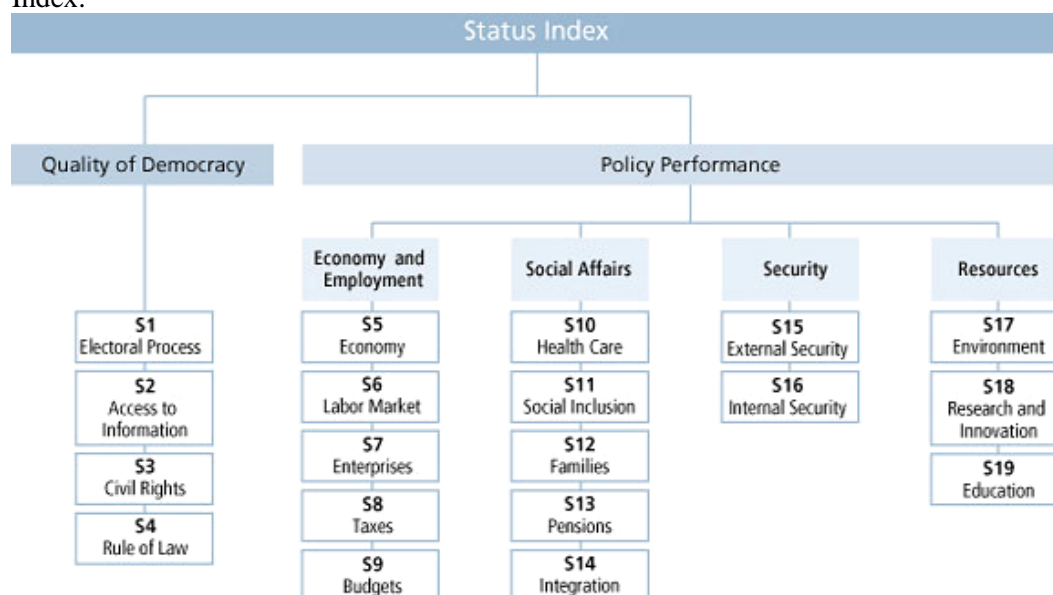
⁷³ Ibid., p.8.

⁷⁴ Ibid., p.19.

⁷⁵ Sustainable Governance Indicators 2011. Mission, available at <http://www.sgi-network.org/index.php?page=mission> (accessed 5 May 2012).

employment, health, integration, innovation and environment.⁷⁶ It also examines the quality of democracy according to definitional norms of participation rights, electoral competition and the rule of law.

Figure 2: SGI 2011 design – Status Index. The figure illustrates an overview of the key items comprising the Status Index. A total of 100 qualitative and quantitative indicators underlie the Status Index.



Source: Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD/ Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.18.

The second important dimension of SGI is the Management Index which examines the reform capacity of OECD countries; it assesses to which extent governments in cooperation with other institutions and social actors are able to identify pressing future problems, develop finely tuned political solutions, and subsequently implement them effectively.⁷⁷

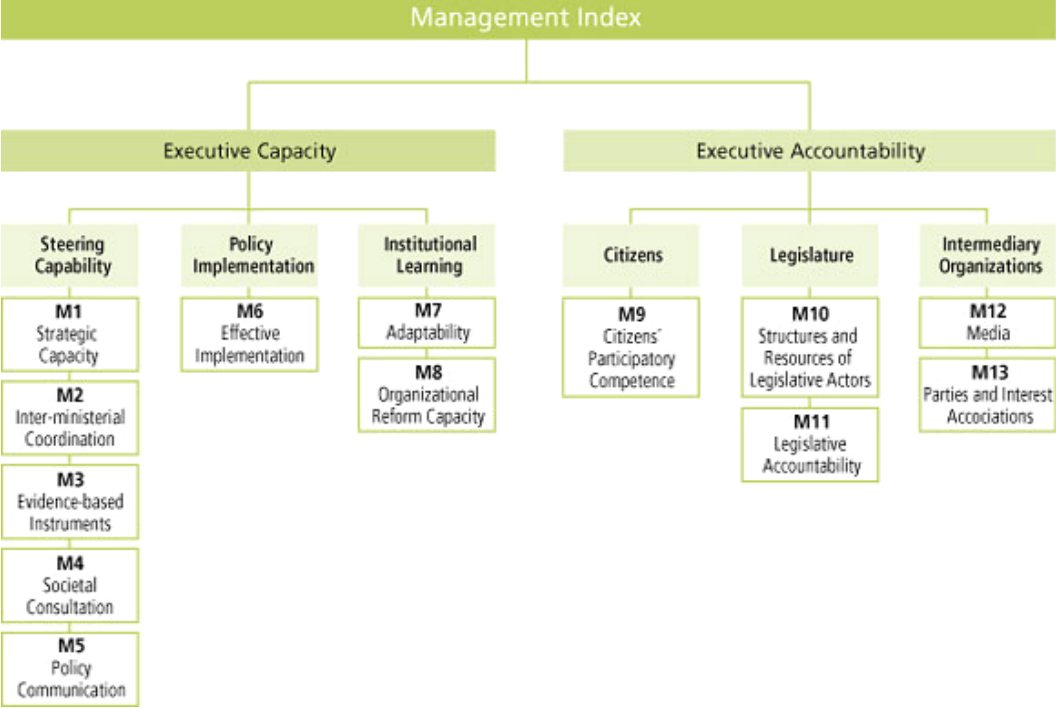
The “Executive Capacity” component of the Management Index focuses on the performance of the executive actors in respect to their steering capability, policy implementation, and institutional learning. The second dimension “Executive Accountability” examines the accountability of government to citizens, legislatures, media, political parties, interest groups, the actors which can perform oversight functions. It also evaluates the capacity of these actors to

⁷⁶ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.17.

⁷⁷ Ibid., 18.

participate in, influence on the political process through established channels, assesses whether governments consult relevant interest groups during the legislative planning process.⁷⁸

Figure 3: SGI 2011 design – Management Index. SGI 2011 design – Management Index. The figure illustrates an overview of the key items comprising the Management Index. A total of 47 qualitative and quantitative indicators underlie the Management Index.



Source: Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD/ Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.19.

More than 80 international experts contributed to this large-scale study. On the basis of nearly 150 qualitative and quantitative indicators, SGI experts created a detailed profile of each country’s strengths and weaknesses with the aim of fostering debate on good governance and sustainable policy outcomes within the OECD.⁷⁹

The four Visegrad Group member states in 2011 SGI survey on sustainable governance showed different level of performance; whereas Poland and, to a limited extent, also the Czech Republic achieved some improvements compared with the SGI 2009 results, Hungary and Slovakia have clearly deteriorated in ensuring sustainable governance.

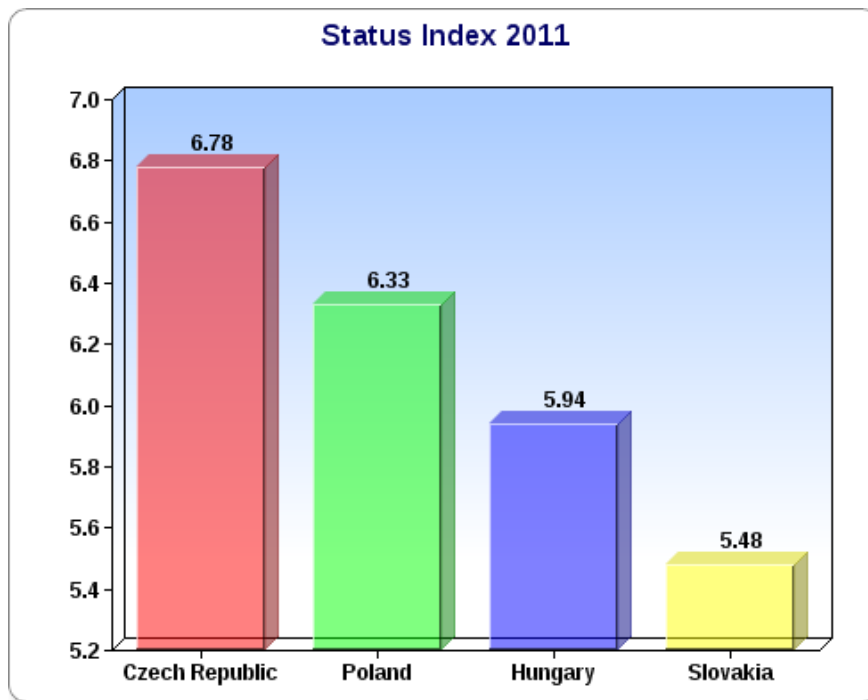
⁷⁸ Ibid., 18-19.

⁷⁹ Ibid., p.16.

3.1. The SGI Status Index

The four Visegrad countries showed different record in the SGI Status Index. According to 2011 results they are ranked in the following way: the Czech Republic – 18th place, Poland – 24th, Hungary – 25th, Slovakia – 28th. Only two states showed some improvements since 2009. The 2011 Status Index results state Poland’s improvement by three places compared to the 2009 SGI rating, and the Czech Republic moved up one place in the rating. Hungary retained its 25th place, while Slovakia showed the biggest decline, the country fell down five positions to the 28th place compared to its 23rd rank in 2009.

Graph 1: The SGI 2011 Status Index results (by country)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

In order to analyze these countries’ performance and dynamics of changes in the SGI Status Index rating it is necessary to dwell on the Quality of Democracy and Policy Performance dimensions.

3.1.1. Quality of Democracy⁸⁰

Unlike the other ratings, SGI incorporated quality of democracy into one of the main dimensions of the project. The quality of democracy and the rule of law are seen as crucial factors for ensuring long-term stability which is essential for effective government action. Systemic sustainable development is impossible without robust democratic institutions, the presence of public participation and oversight, respect for civil rights. Functional sustainability requires citizens' participation in the government action and their will to identify themselves with the political community and its institutional norms.⁸¹

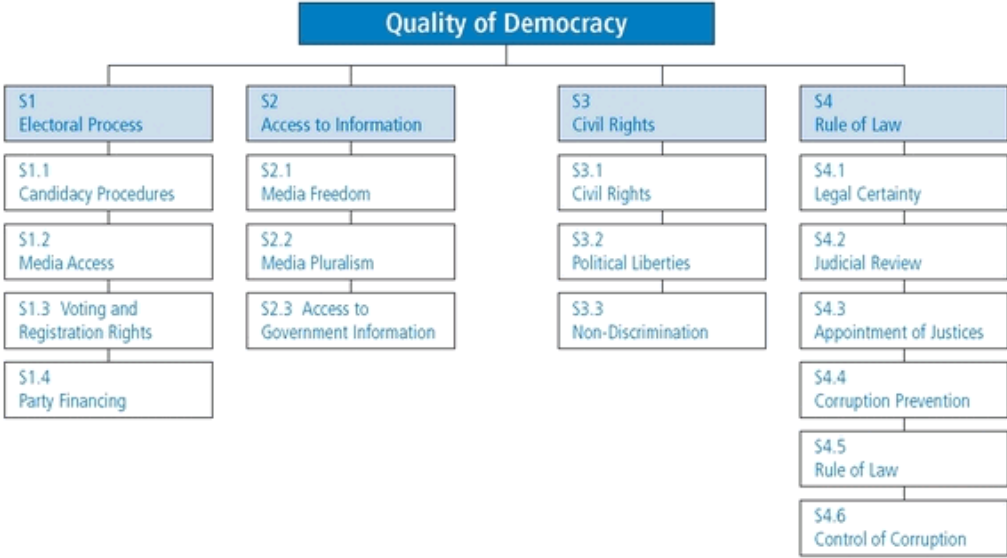
The SGI "Quality of Democracy" survey consists of important criteria of democracy: The Electoral Process, Access to Information, Civil Rights and Rule of Law, includes fourteen qualitative and two quantitative indicators.⁸²

⁸⁰ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Democracy, available at <http://www.sgi-network.org/index.php?page=category&category=SA> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): Electoral Process available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S1>, Access to Information available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S2>, Civil Rights available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S3>, Rule of Law available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S4> (accessed 26 April 2012); SGI Democracy Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=SA> (accessed 26 April 2012); SGI 2011 Quality of Democracy, *Electoral Process Status Report*, Candidacy Procedures: pp. 3-4, 9, 11; Media Access: pp. 26, 29, 31, Voting and Registration Rights: pp. 43, 45, 49, 51-52; Party Financing: pp. 61-62, 67, 71, available at http://www.sgi-network.org/pdf/SGI11_Democracy_ElectoralProcess.pdf (accessed 26 April 2012); *Access to Information Status Report*, Media Freedom: pp. 12-13, 19, 20-21; Media Pluralism: pp. 28, 35-37; Access to Government Information: 49-50, 52, 60, available at http://www.sgi-network.org/pdf/SGI11_Democracy_AccessToInformation.pdf (accessed 26 April 2012); *Civil Rights Status Report*, Civil Rights: pp. 10, 13-14, 17; Political Liberties: pp. 25, 28-29, 33; Non-Discrimination: pp. 50-52, 54, 57, available at http://www.sgi-network.org/pdf/SGI11_Democracy_CivilRights.pdf (accessed 26 April 2012); *Rule of Law Status Report*, Legal Certainty: pp. 4, 9, 11, 15; Judicial Review: pp. 27, 30-31, 35; Appointment of Justices: 41, 45, 48-49; Corruption Prevention: pp. 66, 70, 74, available at http://www.sgi-network.org/pdf/SGI11_Democracy_RuleOfLaw.pdf (accessed 26 April 2012).

⁸¹ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.27.

⁸² Ibid., p.28.

Figure 4: SGI Quality of Democracy design. The figure illustrates an overview of the key items comprising Quality of Democracy Category of the Status Index.



Source: Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.28.

The Electoral Process criterion examines fairness of candidacy process (S1.1 Candidacy Procedures), access to the media before and during elections (S1.2 Media Access), capacity of citizens to make informed decisions (S1.3 Voting and Registration), transparency of the party financing and equal access of candidates to financial support (S1.4 Party Financing).⁸³

Access to Information component assesses the degree of media freedom and its protection (S2.1 Media Freedom), the degree of Media Pluralism (S2.2) and the level of access to public documents (S2.3 Access to Government Information).

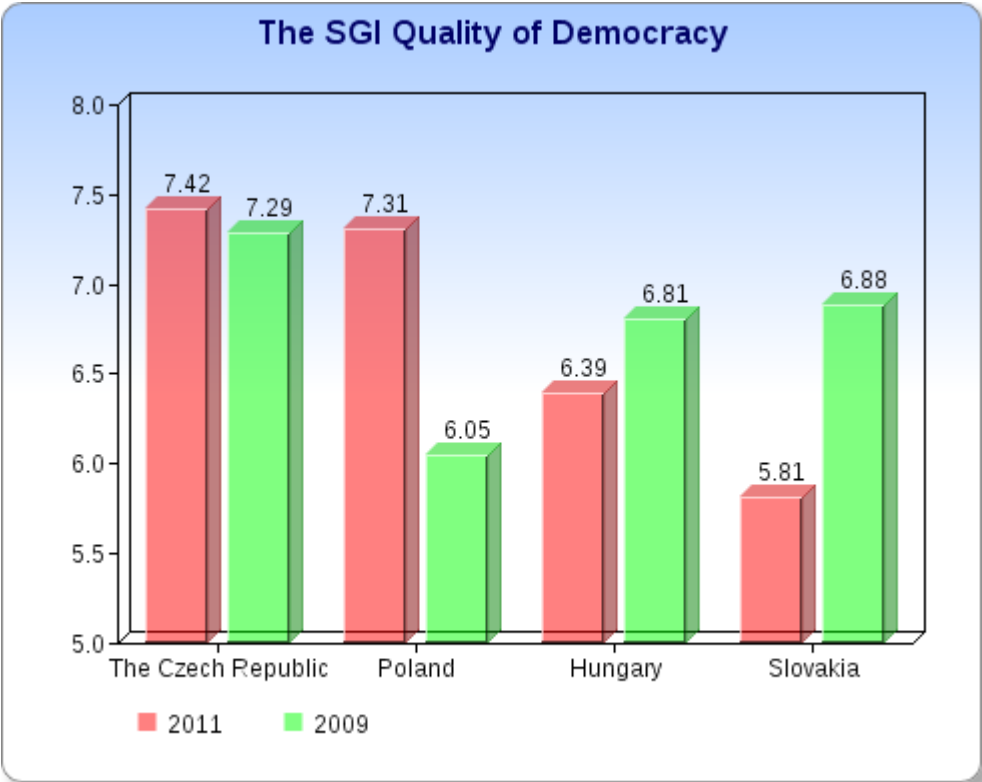
Civil Rights criterion includes Non-Discrimination (S3.3), distinguished between individual Civil Rights (S3.1) which contain and limit the exercise of state power and guarantee legal protection of life, freedom and property, and Political Liberties (S3.2) which specifies the possibility of the formulation, the presentation and the equal consideration of citizens’ preferences (right to freedom of speech, opinion, association, demonstration and petition).

Rule of Law incorporates six indicators among which Judicial Review (S4.2) that examines independent court oversight of government and administrative action, Appointment of Justices (S4.3) which assesses the process of appointing justices to the state’s supreme or constitutional court, two indicators dealing with corruption elimination objectives: Corruption Prevention (S4.4) and Control of Corruption (S4.5).

⁸³ Ibid., p.28-29.

According to the 2011 SGI results, the Czech Republic and Poland are ranked at the 18th and 20th place respectively, following Austria at the 17th place and France ranked 19th in the Status Index Quality of Democracy survey. These scores and the closeness to the long-standing European democracies in the rating prove that the basic features of democratic system are established in these two Visegrad countries and the quality of democracy can be evaluated as good. In contrast, Hungary and Slovakia are lagging behind, showing the score below 7 (6,39 and 5,81 respectively), which recons them among the countries at the bottom of the Quality of Democracy ranking list. Thus, Hungary is ranked 25th and Slovakia brings up the rear at the 28th place among 31 OECD members.

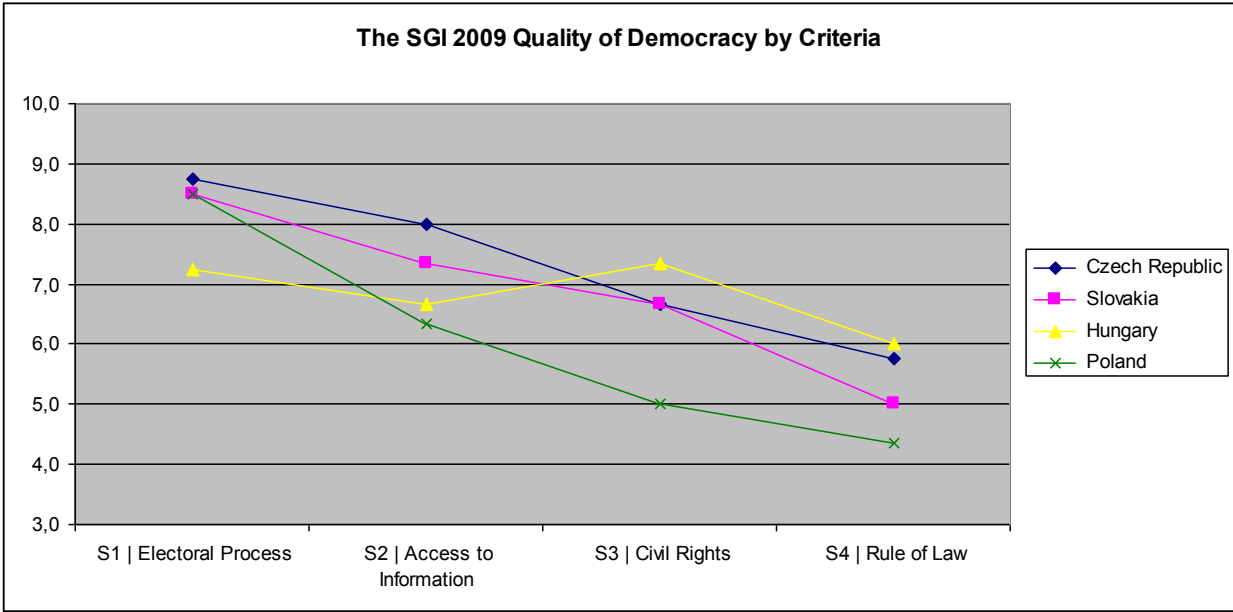
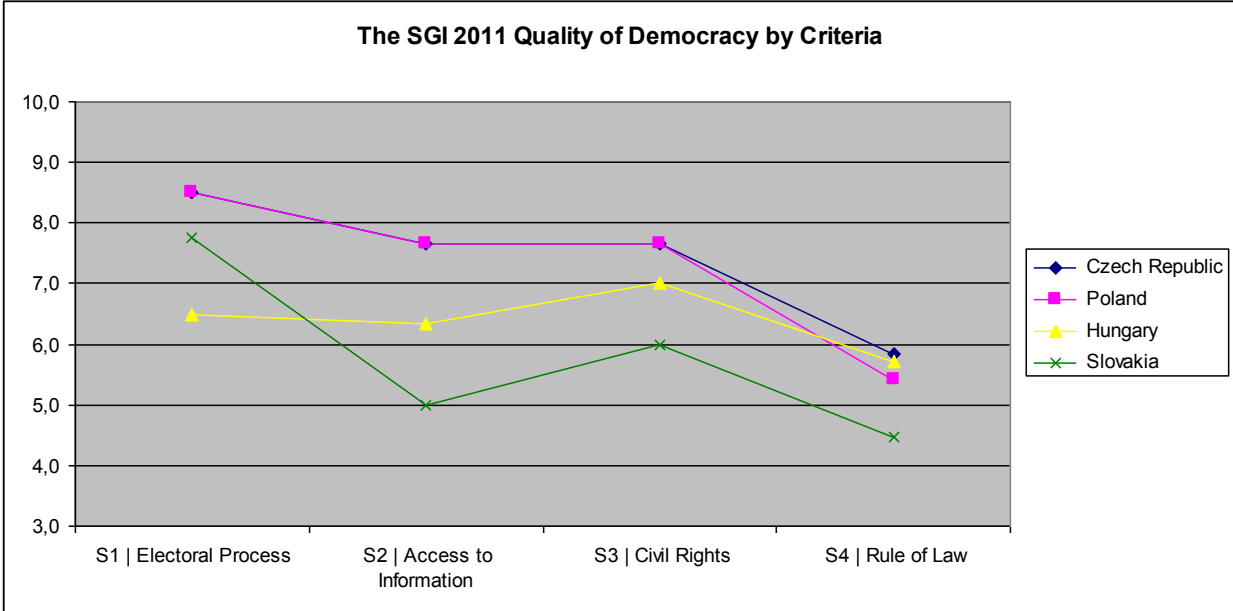
Graph 2: The SGI Quality of Democracy results (by country)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

The Czech Republic and Poland showed higher record in the Status Index Quality of Democracy than their Visegrad colleagues in the following criterions: Electoral Procedures (S.1), particularly media access, voting rights and party financing, Access to Information (S.2), especially concerning media freedom, and Civil Rights (S.3). It is necessary to give a more detailed account of the Visegrad countries’ democracy evaluation.

Graph 3: The SGI 2009, 2011 Quality of Democracy results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

The Electoral Procedures (S.1) indicators showed that all of the four Visegrad countries enjoy fair and transparent candidacy procedures, in the Czech Republic and Poland citizens face no discrimination in registration and voting, in contrast, in Hungary persons under guardianship are still not allowed to vote, and both in Slovakia and Hungary convicted prisoners are banned from voting, even though it is not in line with the European Convention on Human Rights.

In all V4 states parties enjoy largely equitable access to the media, however some biases still exist. In the Czech Republic there is also a clear bias toward more coverage and presentation

for larger parties, Polish media also tend to provide more favourable conditions to big political actors, a particularly high favour is regarded to the conservative PiS, large sectors of Hungarian media have a strong partisan bias, and in Slovakia Fico government got some concessions from public media.

The most critical situation in the electoral procedures of the four countries was revealed in party financing area. In Poland, the Czech Republic and Slovakia there are some loopholes but as a whole party financing system can be evaluated as transparent and monitored. The problems or citizens' discontent in this field can be brought about by the complications with the algorithm of public funds allocation in Poland, which favors bigger parties; in the Czech Republic small parties have also little chance because of the precise formula regulating state contribution which benefits parties with bigger share of the votes; in Slovakia monitoring of party financing is inadequate, the existing responsible institutions don't have the necessary investigative capacity to enforce legal regulations. Hungary performed much worse than its V4 colleagues, it scored only 3 points out of 10 in party financing, which shows that that the system is non-transparent, poorly monitored and violations are rigorously deterred. Country performed in the same way earlier, it is proved by SGI 2009, and didn't succeed in changing its ineffective regulations stipulating too little financial support for parties from the state which results in high corruption.

Assessed according to the indicators included in **Access to Information (S.2)** criterion of the Status Index Quality of Democracy survey the Visegrad countries showed the following scores: the Czech Republic and Poland – 7.7; Hungary – 6.3; Slovakia – 5. These results, as well as scores achieved by states in S.1 section, clearly divided V4 into two groups, the better performing Poland and Czech Republic, ranked 12th, and showing much worse results Hungary at the 23rd place, Slovakia – 30th, deep at the bottom of the ranking.

The most striking discrepancy between the two groups' performance can be mentioned in their rates for media freedom. Poland and the Czech Republic proved with their scores the high degree of media freedom, governments in these countries respect media independence, some difficulties can occur only as a result of little protection of media by regulation. In contrast, in Slovakia and Hungary (even before controversial media law took effect on 1 January 2011) the political affiliation of the media is rather strong, governments influence media through staffing, financial or other means. The greatest success in increasing media freedom over the last several years was achieved by Poland, in comparison with 2009 results in 2011 the country moved up

four points, scoring 8 and becoming a leader in media freedom among the Visegrad Group members. The biggest failure was experienced by Slovakia, which dropped 3 points and scored only 4 points in 2011. The above-mentioned outcomes are entirely to Polish and Slovak governments' credit, respectively to Tusks' and Fico's governments.

All the four Visegrad states showed more or less close scores only in media pluralism, that proved relatively diversified ownership structure of media, however, some biases and politicization of public media still exist, being especially strong in Hungary, while Slovakia continues to suffer from the lack of transparency and efficient regulation of media. The Czech Republic performed better than the other members of the group, one of the reasons which helped the country to increase media pluralism was the digitalization of television broadcasting.

Concerning the assessment of the access to governmental information, three Visegrad countries, except Slovakia, got 8 points, which means that states succeeded to provide far-reaching access to government information to their citizens, and only bureaucracy can sometimes complicate the process. In contrast, Slovakia lost 3 points since 2009, and in SGI 2011 got only 5 points out of ten as a result of Fico's government actions on limiting the access to government information; citizens' appeals are therefore largely ineffective, they get a respond with extreme delays and often the released information is heavily edited.

Another criterion for judgment in the Status Index Quality of Democracy dimension was the assessment of the level of **civil rights protection (S.3)**. The four Visegrad countries occupied the bottom half of the rating with the Czech Republic and Poland at the 17th place, Hungary ranked 24th and Slovakia lagging behind at the 28th place. In comparison with 2009 SGI results, Poland and the Czech Republic showed some improvements (Poland's score increased from 5 to 7.7 points, Czechia's – from 6.7 to 7.7), while Slovakia and Hungary, on the contrary, slightly worsened their scores in Civil Rights criterion survey (Slovakia deteriorated from 6.7 to 6 points, Hungary – from 7.3 to 7).

Political liberties are effectively protected by all state institutions in three of the four Visegrad countries, with the exception of Slovakia, where some infrequent violations remain, such as limitation of public and NGO participation in decision-making regarding highway construction and environmental issues introduced by the Fico government. Slovakia didn't show any progress since 2009, while the three remaining states from the group increased their scores

in rating, Poland performed in the most successful way, it gained four points changing its score from 5 points in 2009 to 9 points in 2011.

The Civil Rights indicator scores prove that in all four countries from the group civil rights are largely respected and protected by state institutions; the common problem that remains pressing for all these states is the length of legal proceedings. Minorities still suffer from violations of their rights in Poland where the conservatism of the Polish Catholic Church encourages strong informal social control in small localities, in Slovakia and Hungary where state institutions are not efficient enough in dealing with Roma minority, there are problems with treatment of Roma suspects by police in Slovakia and the increasing violence against minority in Hungary.

In order to evaluate the level of minority rights protection the assessment of states' anti-discriminatory efforts was also included in the SGI Quality of Democracy component. Non-discrimination indicator scores of the Visegrad countries appeared to be not very successful. Poland, being the leader of the group in this category, scored 7, the Czech Republic and Hungary got 6 points, and Slovakia scored only 4 points, worsening its record by 2 points since 2009. A number of anti-discriminatory measures were launched in all the V4 states, however, most of them proved to be limited, the prevailing discrimination against Roma minority remain in Hungary and the Czech Republic; the worst situation is in Slovakia, where the 2009 State Language Act and the 2010 Patriotism Act led to polarization of society, the substantial growth of discrimination and violence against minority groups, especially Hungarians and Roma population. In all the four Visegrad countries some degree of sexual harassment of women was observed, women still face some career disadvantages and are often paid less for their work than men.

The Status Index Quality of Democracy includes one more criterion, **Rule of Law (S.4)**. Assessed according to it all the four Visegrad countries showed low results, none of them managed to reach the top 20 in the rating among OECD member states. The Czech Republic, Hungary and Poland scored 5.8, 5.7, 5.4 respectively, and settled at the 23rd, 24th, and 26th place. Slovakia showed the lowest rate, 4.5, which brought the country to the bottom of the ranking at its 28th place.

The biggest discrepancy between the four countries' rates in S.4 criterion indicators exists in the level of legal certainty provided by the government and administrative bodies. The Czech

Republic scored 9 out of 10 possible points which proves that the government in the country acts predictably, on the basis of consistent, transparent legal regulation; the minor problems, however, arise because of the incompleteness or ambiguity of some laws with general declarations, notably the Charter of Fundamental Rights and Freedoms.

In Hungary and Poland, which got 8 and 7 points respectively, executive actions are largely guided by law, but some complications still exist, thus, in Hungary the poor preparation and low quality of legislation sometimes infringes a principle of legal certainty; in Poland the main problems are caused by complex and contradictory regulations, the implementation process was also more complicated because of the frequent use of vetoes by the president. Since the 2009 SGI, Poland gained 2 points, which indicates country's considerable progress in improving respect for the law. In contrast, Slovakia worsened its record by 2 points, contradictory legal provisions and frequent amendments resulted in decrease of the level of legal, some actions go beyond legal basis and some regulations are judged as inconsistent.

The SGI 2011 Judicial Review indicator results showed that in the three Visegrad states, Poland, the Czech Republic and Hungary, courts generally operate independently from government. In the period under review, government interference with the courts' independence in Slovakia has increased, as a result, the country lost 2 points since in comparison with the SGI 2009 results. All of the four states from the group still suffer from inefficient organization of the work of the lower courts, time-consuming procedures and cases of corruption lead to poor reputation of this tier of the court system among society.

As a result of the assessment of the level of transparency of the appointing justices processes, all the V4 countries were reckoned to one group, scoring 6-8 points they were judged as the ones where supreme or constitutional court justices are appointed in a cooperative process without requirements or different bodies appoint justices with requirements. None of the Visegrad countries showed any progress in improving appointment of justices processes in comparison with the SGI 2009 results.

The quality of democracy in all the four Visegrad states suffered greatly from high level of corruption. The SGI 2011 Corruption Prevention indicator showed poor performance of the V4 in their fight against corruption. Poland proved to be the best from the group in this field, the country scored 6 points, improving its 2009 SGI result by 2 points. The Czech Republic and Hungary got 4 points only, both worsening their 2009 record by 1 point. Slovakia, which had the

same result as the two above-mentioned states in 2009, lost 2 points and, according to the SGI 2011 Corruption Prevention indicator, scored 3 points only. Thus, corruption remains one of the main issues in the Visegrad countries, the existing legislation proved to be not effective in preventing public officeholders from abusing their position for private interests. Poland has been more successful than the other states from the group, several efficient steps were made towards elimination of corruption: a new position of a government plenipotentiary for the struggle against corruption was established and the head of the Anti-Corruption Office (Centralne Biuro Antykorupcyjne) was suspended, however, government failed to carry out thorough reform of this controversial institution. Corruption is rampant at all levels in V4 states, being especially widespread among the political elites, the abuse of entrusted power for private gain also remains high within the bureaucracy and police in the Czech Republic and Hungary, in the health sector in Poland and Hungary. Slovakia's degradation in the field of corruption prevention was caused by the increasing number of corruption scandals, flourishing party cronyism and clientelism in the period under review; in addition, Fico government abolished the special court and the special prosecutor's office for corruption cases. One of the biggest corruption scandals connected with the leak of the official Slovak secret service's file "Gorilla" (suggesting that a financial group Penta had bribed most of the parties in the 1998-2006 center-right government of Mikulas Dzurinda) erupted in December 2011. It was not included in the SGI 2011 but again proved the critical situation with corruption in Slovakia.

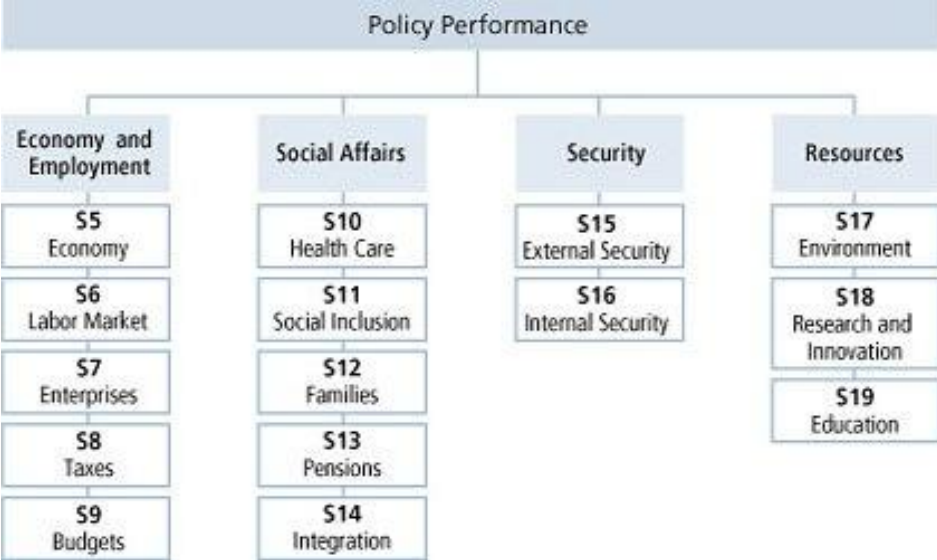
3.1.2. Policy Performance

The second dimension of the SGI Status Index is Policy Performance, which explores the success of OECD states in various fields of political activity critical to sustaining long-term feasibility and elasticity of economic, socio-political, and environmental systems, as well as to maintaining a high degree of social participation.⁸⁴ The four categories of sustainable governance are examined, Economy and Employment, Social Affairs, Security, and Resources, which embrace fifteen policy fields. Each of these fields is assigned by the SGI survey to four clusters

⁸⁴ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.17.

of tasks, which are crucial in order to enact sustainability in concrete policies: promoting the individual ability to secure a livelihood; ensuring access to basic social services; providing a state guarantee of personal, bodily integrity; and ensuring the development, just distribution, and sustainable use of environmental, human, and knowledge resources.⁸⁵

Figure 5: SGI Policy Performance design. The figure illustrates an overview of the key items comprising Policy Performance Category of the Status Index.

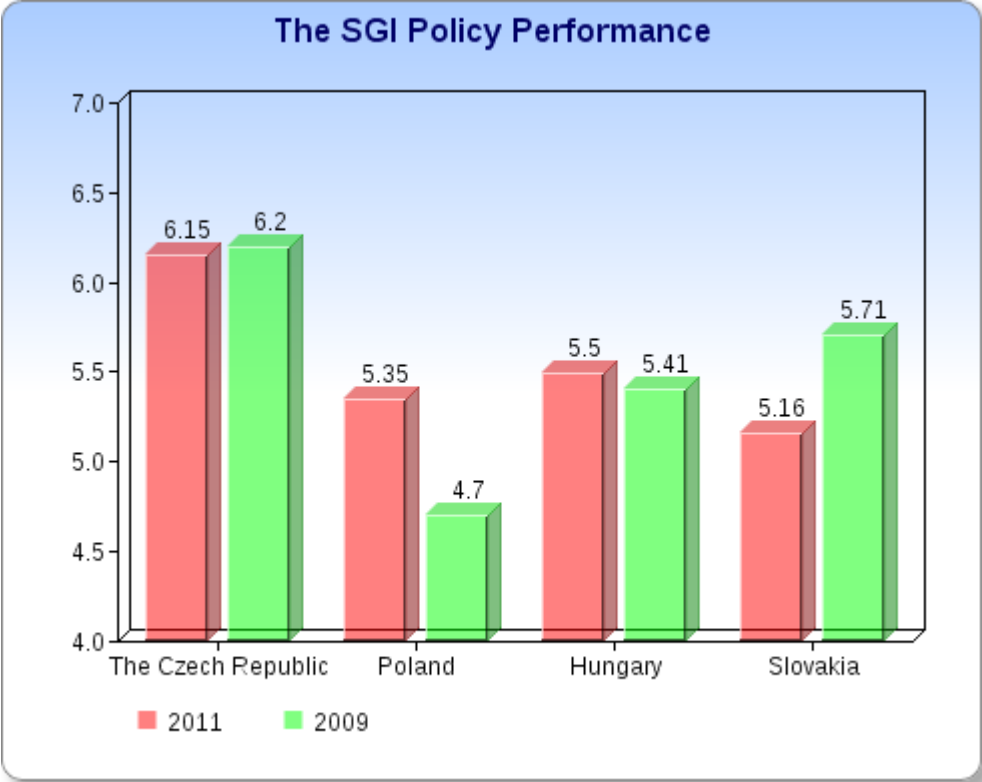


Source: Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.18.

According to the 2011 Status Index Policy Performance results, the Czech Republic proved to be the leading country within the Visegrad Group scoring 6.15 points, Hungary got 5.5 points, it is followed by Poland with its 5.35 points, and Slovakia scored 5.16 points. In comparison with the 2009 SGI records, Poland has shown the most considerable growth, improving its result by 0.65 points, Slovakia has worsened its score by 0.55; Hungary and the Czech Republic changed their results insignificantly (from 6.2 to 6.15 points, from 5.41 to 5.50 respectively).

⁸⁵ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.32.

Graph 4: The SGI 2009, 2011 Policy Performance results (by country)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

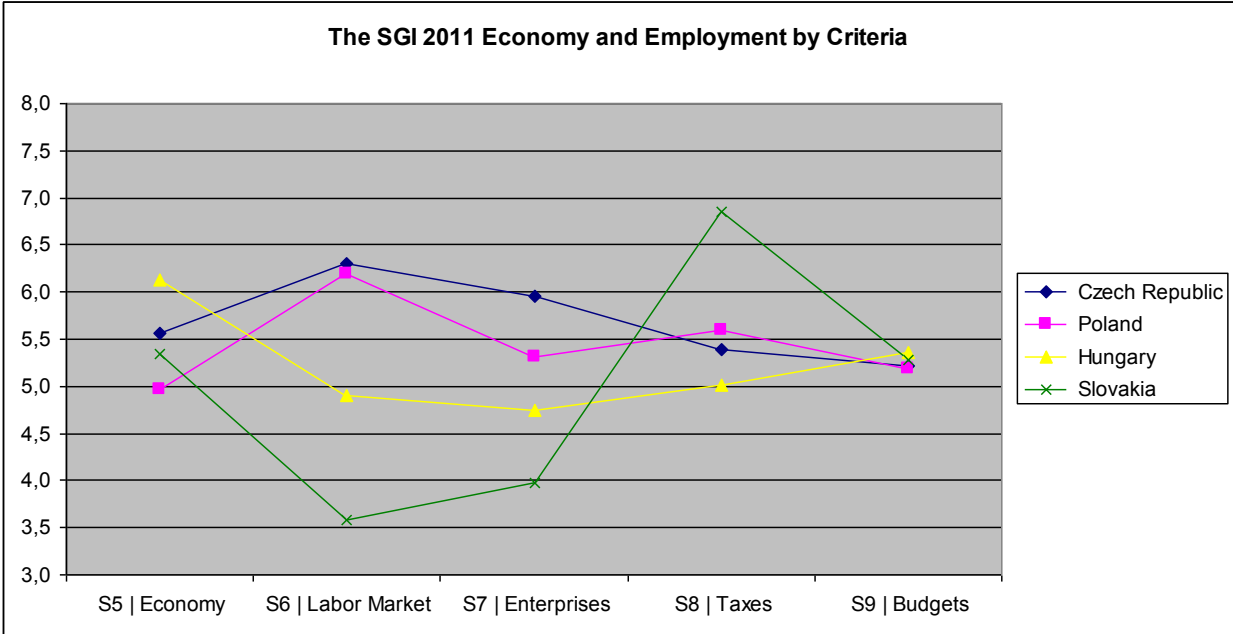
In order to analyze the Visegrad countries’ performance and dynamics of changes in the Policy Performance dimension of the Status Index it is necessary to dwell on the more specific policy fields which are explored.

3.1.2.1. Economy and Employment⁸⁶

⁸⁶ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Economy/Employment, available at <http://www.sgi-network.org/index.php?page=category&category=SB> (accessed 26 April 2012); SGI Economy/Employment Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=SB> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): Economy available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S5>, Labor Market available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S6>, Enterprises available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S7>, Taxes available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S8>, Budgets available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S9> (all accessed 26 April 2012). SGI 2011 Policy Performance, *Economy Status Report*, Economic Policy: pp. 7, 15, 20-21, 23, available at http://www.sgi-network.org/pdf/SGI11_EconomyAndEmployment_Economy.pdf (accessed 26 April 2012); *Labor Market Status Report*, Labor Market Policy: pp. 14, 16, 19, 22, available at http://www.sgi-network.org/pdf/SGI11_EconomyAndEmployment_LaborMarket.pdf (accessed 26 April 2012); *Enterprises Status Report*, Enterprise Policy: pp. 9, 13, 20, 24, available at http://www.sgi-network.org/pdf/SGI11_EconomyAndEmployment_Enterprises.pdf (accessed 26 April 2012); *Taxes Status Report*,

Economy and Employment category comprises five sectors: Economy (S5), Labor Market (S6), Enterprises (S7), Taxes (S8) and Budgets (S9). The Czech Republic ranks 18th in this SGI category (4 ranks growth relative to the SGI 2009), Poland is on the 21st place showing the strongest among the V4 improvement by 9 positions in comparison to the SGI 2009 results, Hungary ranks 23rd, and Slovakia has shown the greatest drop by losing five positions relative to the SGI 2009, the country occupied the 26th rank.

Graph 5: The SGI 2011 Economy and Employment results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

All of the Visegrad countries were affected by the world economic crisis, which questioned the efficiency of the states' *economic policies*. Poland proved to be the most successful in reacting to the crisis; it not only didn't experience a fall in GDP but actually recorded the highest GDP growth among OECD countries in 2009. The Czech economy showed considerable growth until 2008 but then suffered from a sharp drop in exports following the financial crisis, as a result budget deficit rose to 6 percent of GDP in 2009. Hungary backed by the IMF and EU managed to successfully overcome the crisis, and received the highest score among V4 in the 2011 SGI

Tax Policy: pp. 8, 13-15, 16, available at http://www.sgi-network.org/pdf/SGI11_EconomyAndEmployment_Taxes.pdf (accessed 26 April 2012); *Budgets Status Report*, Budgetary Policy: pp. 11, 13, 15-16, available at http://www.sgi-network.org/pdf/SGI11_EconomyAndEmployment_Budgets.pdf (accessed 26 April 2012).

Policy Performance Economy dimension, it got 6.1 points, followed by the Czech Republic with its 5.6, Slovakia – 5.3, and Poland – 5 points. Being highly dependent on foreign investors the Slovak economy was hit hard by the economic crisis, the Fico government acted slowly and not efficiently enough.

One of the challenges for the Visegrad countries intensified by the world financial crisis was to find effective methods to address the growing *unemployment*. All the four states from the group sought to implement active labor market policies, the processes were facilitated by the EU funds (particularly European Social Fund projects), however, not all of the measures were successful. Poland managed to increase the level of self-employment and to stimulate the decrease of the long-term unemployment, the score for early retirement was limited which resulted in the growth of participation of older workers at the labor market. The unemployment rate in Czech Republic has stayed below the EU-27 average, the government succeeded in some projects aimed at providing subsidized employment or training to those who are unemployed. In Hungary there was a trial to improve the situation by subsidizing businesses for the purpose of creating or keeping existing jobs in times of crisis, Slovakia introduced some measures to extend employment opportunities for the long-term unemployed, however the success of these projects has been limited. All of the four countries from the group still suffer from sharp regional imbalances in (un)employment, the employment rate in V4 remains among the lowest in OECD and the level of labor market flexibility remains low.

Enterprise policies pursued by the four Visegrad countries in recent years had a lot in common; all of them were largely focused on attracting foreign investment, but did little support to domestic economies, which led to a gap between the well-developed dynamic multinational economic sector and weak domestic sector of economy. These factors and the remaining lack of sophisticated business environment didn't allow the Visegrad states to improve their economies' international competitiveness. The highest record among the V4 in the SGI 2011 Enterprises(S7) dimension was shown by the Czech Republic, scoring 6 points it ranked 12th, being at the same position as the Netherlands; it managed to outrun Ireland and Sweden and occupy the position just two ranks lower than Great Britain and Luxemburg. Poland scored 5.3 points and was ranked 21st, the country made a considerable progress since 2009; it improved its rank by 8 positions, which is the record improvement among the V4. It became possible mostly because of the successful privatization programme, and adoption of the comprehensive law on the freedom

of economic activity passed in February 2008, which succeeded to some extent in lowering bureaucratic barriers to entrepreneurial activity. Hungary is on the 26th position with its 4.7 points and Slovakia ranked 29th scored only 4 points showing the biggest drop by 10 positions among the Visegrad states. The failure of Slovakia can be explained by the fact that the state's economy became highly dependent on foreign investments, lacked diversification because of the strong focus on several industrial sectors, therefore as a result of the economic crisis and output decline country couldn't reorient its economy according to the new challenges.

The SGI 2011 Policy Performance indicators assessing the Visegrad countries' *tax policies* reshaped the rating. According to this criterion Slovakia is the leader within the group, it ranked 8th and scored 6.9 points, in comparison to Poland's 18th place (5.6 points), the Czech Republic's 21st rank (5.4 points) and Hungary's 26th position with 5 points. Slovakia's lead can be explained by the early and successful overhauling of its tax system, which was made in 2004 and introduced a flat tax rate of 19% for personal income, corporate income and consumption. Fico's government brought about only minor challenges to the new system but failed to reduce growing fiscal deficit and the high non-wage labor costs caused by very high social insurance contributions; these actions led to worsening Slovakia's rank by 5 positions comparing to the SGI 2009 rating. The Czech Republic replaced the income tax by a single 15 percent rate ("flat tax") in the frames of 2008 overhaul of the tax system in 2008 but little was done to reduce the high non-wage labor costs associated with large social security contributions. Tusk's government reduced the personal income tax rates from 19%, 30% and 40% to a respective 18% and 32% percent, but failed in introduction of a flat income tax in Poland. Hungary managed to slightly reduce its high non-wage labor costs as a result of 2009 tax reform which led to the increase of standard VAT rate from 20% to 25%, reduction in social security contributions from 29% to 26%, and VAT was later reduced to 18% on some basic foodstuff.

In the term of the *budgetary policy* all of the four countries are close to each other in the 2011 SGI rating, settling between 16th and 19th ranks. In comparison to the 2009 SGI results the biggest progress was shown by Hungary which improved its score and moved 13 positions up in the ranking. Its radical fiscal adjustment helped to stabilize the fiscal deficit and decrease the negative impacts of worldwide recession. Poland gained 8 ranks, an amendment of the Public Finance Act in August 2008 proved to be successful, but the level of state's dependency on privatization revenues and EU funds remains quite high. The public debt rate remained relatively

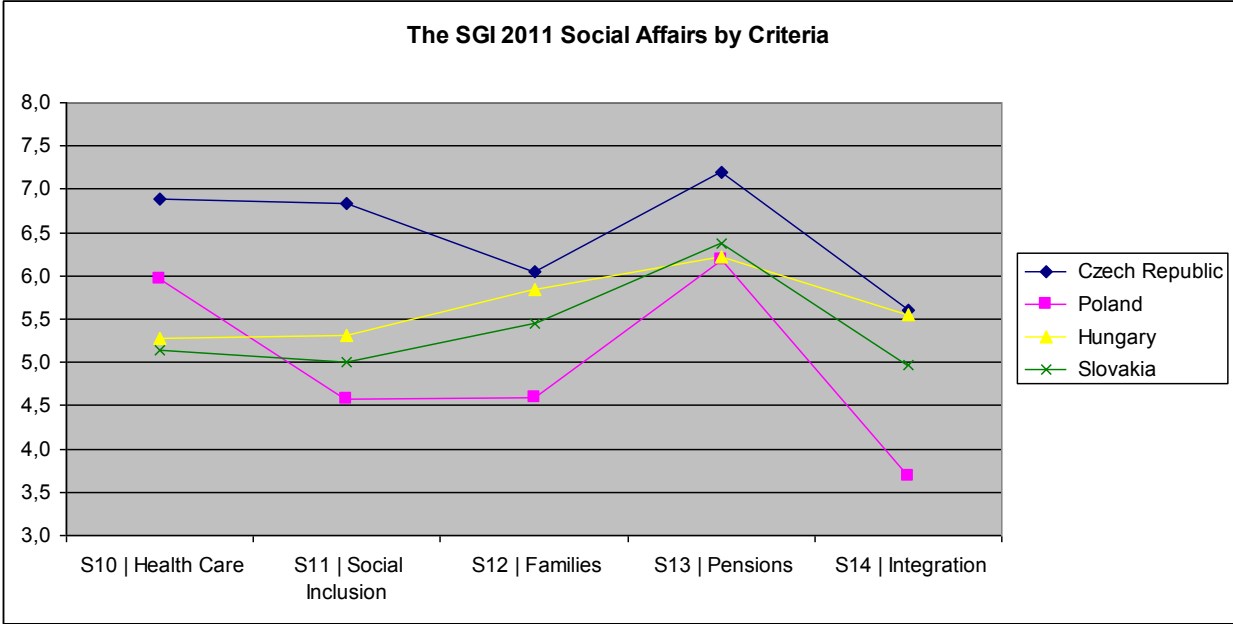
low in the Czech Republic and Slovakia during the period under review, however the new pressures caused by the crisis demanded new effective measures from the governments, but Slovakia failed to prevent the sharp increase in deficits, and the Czech Republic's budget strategy was not implemented because of the lack of political consolidation.

3.1.2.2. Social Affairs⁸⁷

Social Affairs category of the Status Index Policy Performance dimension consists of five criteria: Health Care (S10), Social Inclusion (S11), Families (S12), Pensions (S13), and Integration (S14), each of them contribute one-fifth of the total score. In the overall 2011 Social Affairs category ranking the Visegrad countries has shown only slight changes since 2009, none of them improved or worsened its result substantially. Assessing sustainable governance in social affairs the SGI 2011 provides the following results for the V4 in the rating: the Czech Republic is at the 16th position (6.5 points), Hungary is ranked 22nd (5.6 points), Slovakia is at 26th rank (5.4), and Poland occupies the lowest position among V4 countries – 29th (5 points).

⁸⁷ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Social Affairs, available at <http://www.sgi-network.org/index.php?page=category&category=SC> (accessed 26 April 2012); SGI Social Affairs Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=SC> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): Health Care available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S10>, Social Inclusion available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S11>, Families available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S12>, Pensions available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S13>, Integration available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S14> (accessed 10 May 2012). SGI 2011 Policy Performance, *Health Care Status Report*, Health Policy: pp. 10-11, 23, 25, available at http://www.sgi-network.org/pdf/SGI11_SocialAffairs_HealthCare.pdf (accessed 10 May 2012); *Social Inclusion Status Report*, Social Inclusion Policy: pp. 10, 16-18, available at http://www.sgi-network.org/pdf/SGI11_SocialAffairs_SocialInclusion.pdf (accessed 10 May 2012); *Families Status Report*, Family Policy: pp. 13, 15, 17, available at http://www.sgi-network.org/pdf/SGI11_SocialAffairs_Families.pdf (accessed 10 May 2012); *Pensions Status Report*, Pension Policy: pp. 11-14, available at http://www.sgi-network.org/pdf/SGI11_SocialAffairs_Pensions.pdf (accessed 10 May 2012); *Integration Status Report*, Integration Policy: pp. 18-19, 22, available at http://www.sgi-network.org/pdf/SGI11_SocialAffairs_Integration.pdf (accessed 10 May 2012).

Graph 6: The SGI 2011 Social Affairs results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

Assessment of the Visegrad countries according to the *health care* criterion indicated that the quality of the health care system is higher in the Czech Republic than in the other states of the group. The country proved to be successful in terms of progress in increasing life expectancy and reaching low infant mortality rate, it was ranked 20th (6.9 points). The complications which didn't allow the Czech Republic to achieve even higher result were connected to a periodic failure of the insurance system in covering rising costs and controversial reaction to introduction of fees for some services as a result of the 2008 health care system reform. The situation is much worse in Poland, Hungary and Slovakia, ranked 26th (6 points), 28th (5.3) and 30th (5.1) respectively, these countries suffer from inefficient and low-quality health care systems. Among the most disputable issues are introduction of fees and opening the system to private health insurance companies, these questions remain unsettled and often hamper the progress of the health care reform.

In terms of sustainability of *social inclusion policy* the Czech Republic also excels the three other Visegrad countries. The state was ranked 14th scoring 6.8 points, which allowed Prague to be reckoned among OECD members of the upper middle group, whose government programs aimed at mitigating exclusion were judged as mostly successful, however, some elements of inequality remains in these countries.

The Czech Republic managed to considerably outrun Hungary and Slovakia at the 21st (5.3 points) and 22nd (5 points) position respectively, and left Poland ranked 26th (4.6 points) far behind in 2011 SGI Social Inclusion ranking. All of the four Visegrad countries suffer from growing income inequality between the center and the regional level, across different sectors, to a larger extent driven by economic crisis, which also resulted in decrease of the level of life satisfaction among society. Critical risk factors in social exclusion of Roma population in Slovakia, Hungary and the Czech Republic complicate the situation.

Indicators included in the SGI Social Inclusion survey showed that the Czech Republic proved to be much more successful than other V4 countries in implementation of measures aimed at poverty eradication and increase of the share of youth in education and employment, the latter still remains a pressing problem for Slovakia and Poland.

Family policy of the Visegrad countries can be evaluated as moderately sustainable. The worst result within the group in this field was shown by Poland, scoring 4.6 points the country was ranked 27th, which brought it to the bottom group in the ranking. However, Poland appeared to be the only country within the V4 which improved its record relative to the SGI 2009; the Polish government managed to efficiently use EU funds in order to expand child care availability and introduce a paternal leave program. The scores for family policy of the three other Visegrad countries don't vary considerably, the Czech Republic got 6 points (19th rank), Hungary scored 5.8 (20th position), and Slovakia's result is 5.4 points (23rd place). The employment rate for women in all of the V4 states is below OECD average, however, the in Czech Republic this ration is the highest among the post-socialist member states of the OCED. Much work has still to be done in order to improve the labor market integration of women and encourage a balanced division of labor among sexes in all Visegrad Group member states. The lack of child care facilities, appropriate infrastructure is urgent and pressing issue for Slovakia and Poland.

All the four Visegrad countries have a modern three-pillar pension system, however, in two of them, Slovakia and Hungary, a second pillar is mandatory and strong, while in the Czech Republic a public pillar is dominant in the state's pension model. In 2011 SGI ranking assessing to which extent OECD countries' *pension systems* are able to address sustainability threats and contribute to preventing of poverty the V4 states were evaluated in the following way: the Czech Republic at the 11th position (7.2 points), Slovakia took the 17th place (6.4 points), Poland and Hungary were both ranked 19th (6.2 points). In all of the countries the sharpest debate arouse

concerning increase of the retirement age. During the period under review, Hungary increased the retirement age from 62 to 65, Poland limited access to early retirement but didn't succeed in equalizing the retirement ages for men (65 years) and women (60 years), the Czech Republic implemented measures which should result in gradual increase of the retirement age in order to reach 63 for men and 61 for women in 2012. The Slovak government sought to strengthen the first pillar of pension system but failed to do so because of wide popularity of the second pillar and failure to make the public pillar more financially viable. In comparison with the 2009 SGI results, the most considerable improvement was shown by Hungary, which gained 8 positions in the ranking, in contrast, Slovakia suffered from the greatest decline within the group, it lost 8 positions.

In the final subfield of social policy, the *integration of migrants*, there are striking differences in results shown by the Visegrad countries. Two of them, the Czech Republic and Hungary, achieved somewhat better scores here, they were ranked 16th (5.6 points) and 18th (5.5 points) respectively. Slovakia's integration policy was judged as less effective, the country took the 24th position (5 points). The remaining Visegrad Group member, Poland, performed the worst not only among the V4 but among all OECD countries; its integration policy was evaluated as undeveloped, the one supporting primarily ethnic Poles and was ranked 31st (3.7 points).

All of the Visegrad countries failed to develop a systematic integration policy for immigrants, however, because of the differences in the immigration rates between the countries they have different amount of work to be done in this field. Thus, the Czech Republic has experienced the highest level of immigration within the group since EU accession, in Poland and Slovakia the number of migrants is considerably lower, and Hungary is still primarily seen as a transit country but not a final destination by migrants. Integration policy of the Czech Republic is yet seen as more sustainable, the country showed higher scores according to foreign-born secondary attainment⁸⁸ and foreign-born-to-native employment⁸⁹ indicators.

Poland performed the worst among OECD countries, mostly because of the fact that other groups of migrants, except ethnic Poles and refugees, are not even included in integration

⁸⁸ Values reflect 2007 percentage of foreign-born population, aged 15 years or more, with upper secondary education (ISCED levels 3 or 4). Source: OECD A Profile of Immigrant Populations in the 21st Century 2008.

⁸⁹ Values reflect the 2007 ratio of foreign-born to the native employment rate for the 15-64 population. Source: OECD Factbook 2010; OECD A Profile of Immigrant Populations in the 21st Century 2008.

programs, besides it was mostly the EU membership requirements that led to the working out of the state's legal framework of migration. The country completely failed according to the indicators reflecting foreign-born population, aged 15 years or more, with tertiary education and ratio of foreign-born to the native employment rate for the 15-64 population, scoring circa 1 point only.

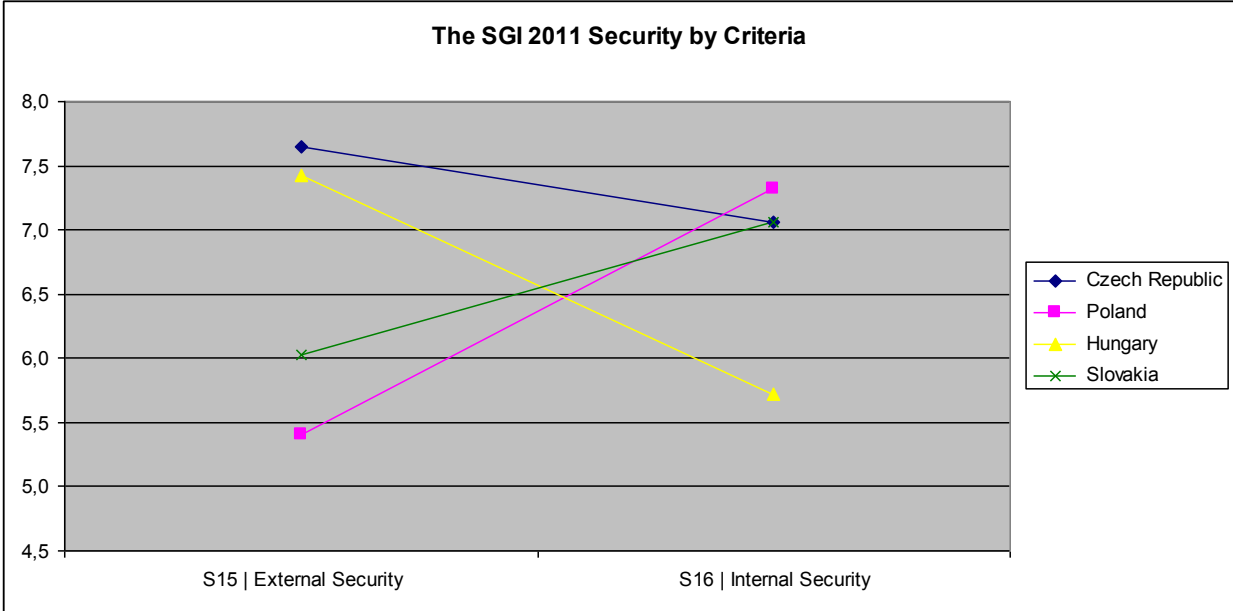
3.1.2.3. Security⁹⁰

The third category of the Status Index Policy Performance is Security; it explores countries' external and internal security policy in terms of their sustainability. Thus, it comprises of two main criteria: External Security (S15), which assesses to what extent OECD states' security policy is able to respond to security threats and protect national interests, and Internal Security (S16) which examines the efficiency of countries' policies in protecting citizens against crime cross-border cooperation in place

Since SGI 2009, all of the Visegrad countries worsened their scores in the security category. According to the 2011 SGI results, the Czech Republic was ranked 21st (7.4 points) outrunning the rest of the V4 states, Hungary, Slovakia, Poland, which go one by one settling on the 26th, 27th and 28th positions respectively.

⁹⁰ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Security, available at <http://www.sgi-network.org/index.php?page=category&category=SD> (accessed 26 April 2012); SGI Security Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=SD> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): External Security available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S15>, Internal Security available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S16> (accessed 10 May 2012). SGI 2011 Policy Performance, *External Security Status Report*, External Security Policy: pp. 8, 11-13, 17-18, available at http://www.sgi-network.org/pdf/SGI11_Security_ExternalSecurity.pdf (accessed 10 May 2012); *Internal Security Status Report*, Internal Security Policy: pp. 9, 12, 14-15, 19, available at http://www.sgi-network.org/pdf/SGI11_Security_InternalSecurity.pdf (accessed 10 May 2012).

Graph 7: The SGI 2011 Security results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

In Central Europe there are no serious *external security* threats, moreover the Visegrad Group member states’ membership in NATO and the EU guarantees stability and security in the region. Among the common tendencies of V4 states’ external security policy developments are: move towards decline of military spending and active participation in a number of peacekeeping missions, particularly in Afghanistan, Cyprus, and Bosnia and Herzegovina. Nevertheless, in comparison with 2009 SGI results, all of the four Visegrad states have dropped in external security ranking, the Czech Republic lost 14 positions, Hungary – 13 ranks, Slovakia worsened its result by 8 positions and Poland - by 6.

Assessed by 2011 SGI external security indicators, two of the four Visegrad countries, the Czech Republic and Hungary, showed better performance than the rest of the group. Prague succeeded in its relations with neighbors, scoring 10 points out of 10 according to the respective indicator, while Hungary appeared to be the most efficient among V4 in fighting external and internal conflicts, getting almost twice as high score as the rest of the group according to conflicts fought indicator. However, some controversy concerning the placing of a radar tracking station in the Czech Republic as part of a U.S. anti-missile protection system remains and complicates the situation in the region.

Slovakia and Poland performed worse in terms of their external security policies. Slovakia's rapprochement with Russia, in particular backing up Russian position concerning the 2008 Russian-Georgian conflict, country's refusal to recognize Kosovo's independence, and sharp deterioration of Slovak-Hungarian relations led to considerable drop in 2011 SGI ranking. Conflicts between the Tusk government and President Kaczyński didn't allow to implement effective changes to the state security policy and reduced the influence of the country in the international arena. However, Polish government succeeded in improving relations with Germany and Russia.

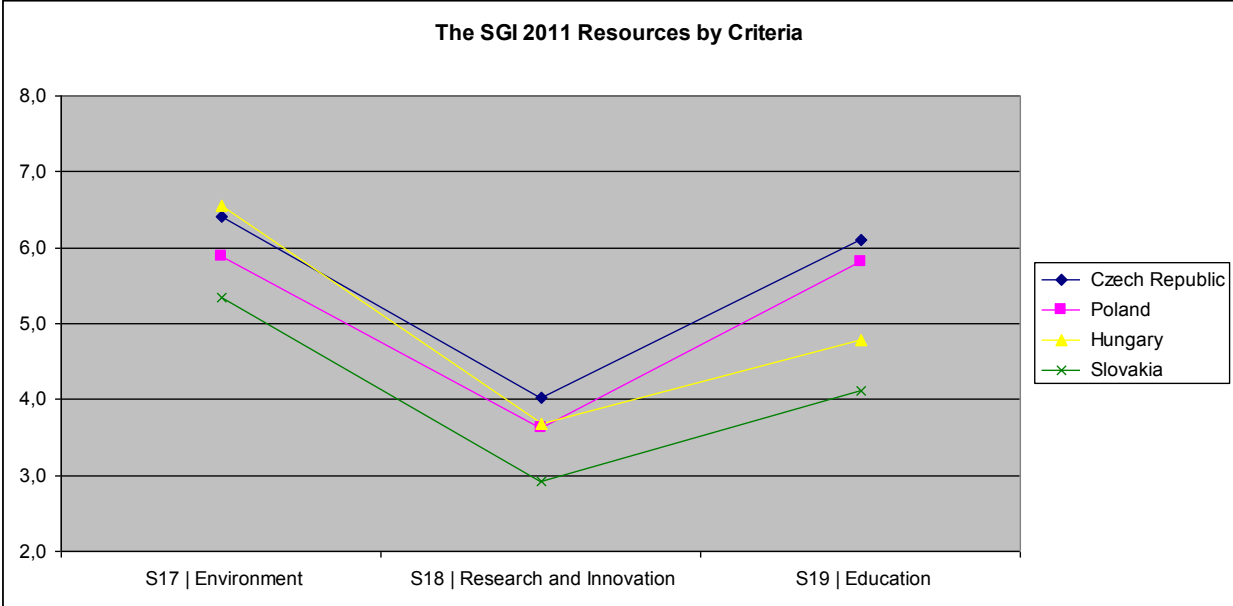
Assessment of the Visegrad countries according to the *internal security* criterion indicated that all of them, except Hungary, have managed to substantially improve internal security policies since their accession to the Schengen zone in December 2007. It allowed them to increase police cooperation with other EU members, to modernize equipment, contributed to professionalization of police forces and border controls. The V4 countries economic development and growth of standard of living also played an important role in ensuring internal security within these states. According to SGI 2011 Internal Security survey, Poland was ranked 18th (7.3 points), both the Czech Republic and Slovakia took the 20th place, while Hungary's performance in this field was judged as the worst among Visegrad countries, it was ranked 29th, outrunning (leaving behind) only Turkey and Mexico within OECD members rating. The biggest improvement over the recent years was shown by Poland, it has gained 8 positions comparing to the 2009 SGI rating, in contrast, Hungary fell down 11 ranks, showing the biggest decline among the Visegrad states. The failure of Hungary in the 2011 SGI survey can be explained by government's inefficiency in dealing with the rising internal insecurity, in particular street fights and political violence of the extreme right. Police corruption and low level of trust among population remain pressing problems in Slovakia.

3.1.2.4 Resources⁹¹

The last category of Status Index Policy Performance explores the extent of sustainability of OECD countries' policies in dealing with their natural resources. This category includes three main criteria: Environment (S17), which explores if the states' environmental policy preserve and protect resources and the quality of the environment, Research and Innovation (S18) that assesses to what extent countries' R&D policy support technological innovation, and Education (S19). The overall scores of the V4 states in this category placed them on the following positions: the Czech Republic was ranked 18th, Poland took the 22nd place, improving its result by 3 ranks relative to the SGI 2009, it is followed by Hungary on the 23rd position, Slovakia's record of resource sustainability was judged as poor by OECD standards, the country occupied the 28th place.

⁹¹ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Resources, available at <http://www.sgi-network.org/index.php?page=category&category=SE> (accessed 26 April 2012); SGI Resources Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=SE> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): Environment available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S17>, Research and Innovation available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S18>, Education available at <http://www.sgi-network.org/index.php?page=criteria&criteria=S19> (accessed 10 May 2012). SGI 2011 Policy Performance, *Environment Status Report*, Environmental Policy: pp.7-8, 14-15, 21, available at http://www.sgi-network.org/pdf/SGI11_Resources_Environment.pdf (accessed 10 May 2012); *Research and Innovation Status Report*, Research and Innovation Policy: pp. 16-18, 20, available at http://www.sgi-network.org/pdf/SGI11_Resources_R&D.pdf (accessed 10 May 2012); *Education Status Report*, Education Policy: pp. 8, 15, 21, 24-25 (accessed 10 May 2012).

Graph 8: The SGI 2011 Resources results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

During the EU accession process all of the Visegrad states paid much attention to improvement of their *environmental policies*. EU requirements and funds helped to secure significant energy savings, assisted in efficient and innovative waste management, canalization, sewage projects. However, after joining the EU the V4 states substantially decreased spending on environmental protection, and most of them set a clear priority on economic goals, taking a step back in their move towards environmental pillar of sustainable development.

The SGI 2011 results indicated that over the recent years Hungary performed the best among the V4 countries in making its environmental policy more efficient and sustainable. The state moved from the 12th to the 8th position in the ranking relative to the SGI 2009 and showed the highest scores within the group according to CO2 Emissions (S17.2) and Energy Intensity (S17.3) indicators. The Czech Republic took the 12th place, Poland was ranked 17th and Slovakia occupied the 23rd place. All the V4 states proved to be very successful and showed very high scores in waste management (S17.6) and good enough results in water usage (S17.5).

The remaining problems in the Visegrad countries' environmental policies are related to poor share of the renewable sources use in the total percentage of energy use (S17.4); the Czech Republic and Poland also up to now didn't manage to reduce the level of CO2 emissions. In the Czech Republic these are the strong lobbies which hamper further steps toward eco-friendly

regulatory policies, Polish government announced the emphasis on environmental protection but failed to implement some efficient measures towards this objective. Slovakia didn't abandon the idea of restarting the Jaslovské Bohunice nuclear plant and building of a new coal-fired power plant under the Fico government. And in spite of Hungary's achievements in this field, environmental policy there still suffers from tough fiscal consolidation.

In terms of *research and innovation policies* Visegrad countries were reckoned in the bottom group of the SGI 2011 rating. Their R&D policies were evaluated as weak and not sustainable enough. According to this criterion, the Czech Republic ranks 23rd (4 points), followed by Hungary on the 24th place (3.7 points), Poland occupies the 26th position (3.6), and Slovakia ranks 28th (2.9 points). The V4 countries' scores in all the indicators included in the SGI R&D survey are quite low. They all suffer from low R&D expenditures, inefficient infrastructure and framework conditions, weak links between science and industry.

In the Czech Republic one of the main problems in the field is that much of the research that can lead to innovation is performed by foreign-owned multinational companies, while the domestically owned high-tech sector doesn't show any considerable progress in its development. The Tusk's government in Poland managed to introduce a reform aimed at R&D policy strengthening, however the effects of this and other measures have been limited so far. Hungarian government still doesn't pay much attention to research and development, some steps were made, but it didn't manage to reorganize the sector and reduce its high reliance on foreign direct investment. Moreover, the trial to overhaul Hungary's basic research institution, the Hungarian Academy of Sciences has failed. Slovakia also showed low level of state support for research and innovation, the Fico government continued to implement the policy line introduced by the previous government, failed to raise overall spending on R&D.

The last criterion of the Resources category explores OECD countries' capacity to provide high-quality, equitable *education*. Assessment of the Visegrad countries according to the chosen indicators led to the recognition of the need of reform in this field. All Visegrad countries suffer from low public spending on education, some regional disparities and relatively low enrolment in tertiary education. In the 2011 SGI Education rating the Czech Republic took the 14th place (6.1 points), Poland scored 5.8 points and appeared to be the top gainer in comparison to the 2009 SGI, the state improved its result by 7 positions, moving from the 26th to the 19th rank,

Hungary occupied the 22nd place (4.8 points), and Slovakia was ranked 26th (4.1 points) worsening its record by 5 positions relative to 2009 results.

The Czech Republic, Poland and Slovakia are among the six OECD countries with the highest proportions of people with secondary education. However, tertiary attainment rates in all the four Visegrad countries are quite low; the weakest tertiary achievements were shown by the Czech Republic and Slovakia. Vocational training is poorly developed in Poland, Hungary and Slovakia, and only the Czech Republic managed to develop a relatively well-functioning system of professional training. Among the biggest obstacles for educational policies improvement in the V4 states are: the lack of synchronization with the labor market in Poland, decrease of public spending on higher education in Slovakia, and the lack of funds and resources in Hungary.

3.2. The SGI Management Index

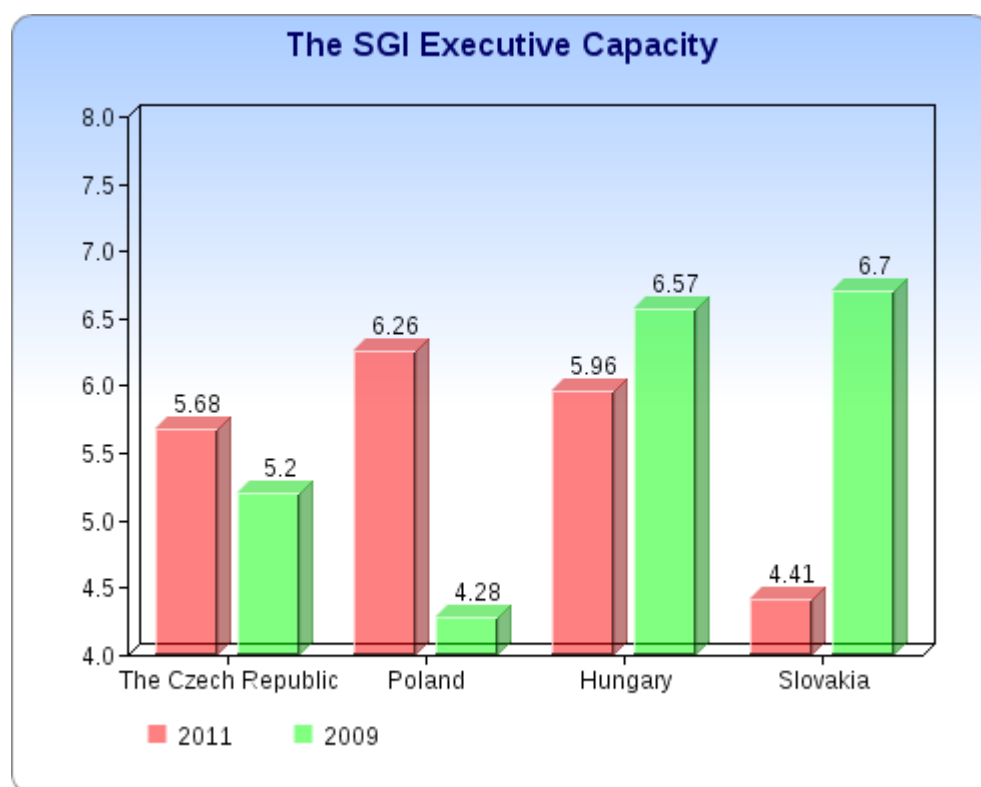
The Visegrad Group member states didn't manage to reach the top 20 among 31 OECD countries in the 2011 SGI Management Index; their management performance was, thus, evaluated as weak in nearly all measures. The Czech Republic at rank 23 and Poland on the 26th position, however, showed considerable improvements relative to SGI 2009, gaining 5 and 3 ranks respectively. In contrast, Slovakia's and Hungary's rating has declined dramatically since 2009, countries worsened their records by 11 and 8 positions, and found themselves on the bottom of the ranking on the 30th and 28th positions.

In order to better understand the Visegrad countries' performance and dynamics of changes in the SGI Management Index ranking it is necessary to dwell on the main categories Executive Capacity and Executive Accountability.

3.2.1. Executive Capacity

Within the Executive Capacity dimension of the Management Index, governments' capacities for strategic policy making are examined, this component refers to the preparation of policy, but also to its formulation and implementation.⁹² It comprises of the three main categories Steering Capability, Policy Implementation, and Institutional Learning.

Graph 9: The SGI 2009, 2011 Executive Capacity results (by country)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

⁹² Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.58, 119.

3.2.1.1. Steering Capability⁹³

Steering Capability here refers to the phase in which the substance of policy is prepared and formulated, it is focused on the directive capacity, the organization of the government apparatus and the presence of certain instruments of paramount importance, in particular the available information, the selection of information, and the ability to identify and solve conflicts.⁹⁴

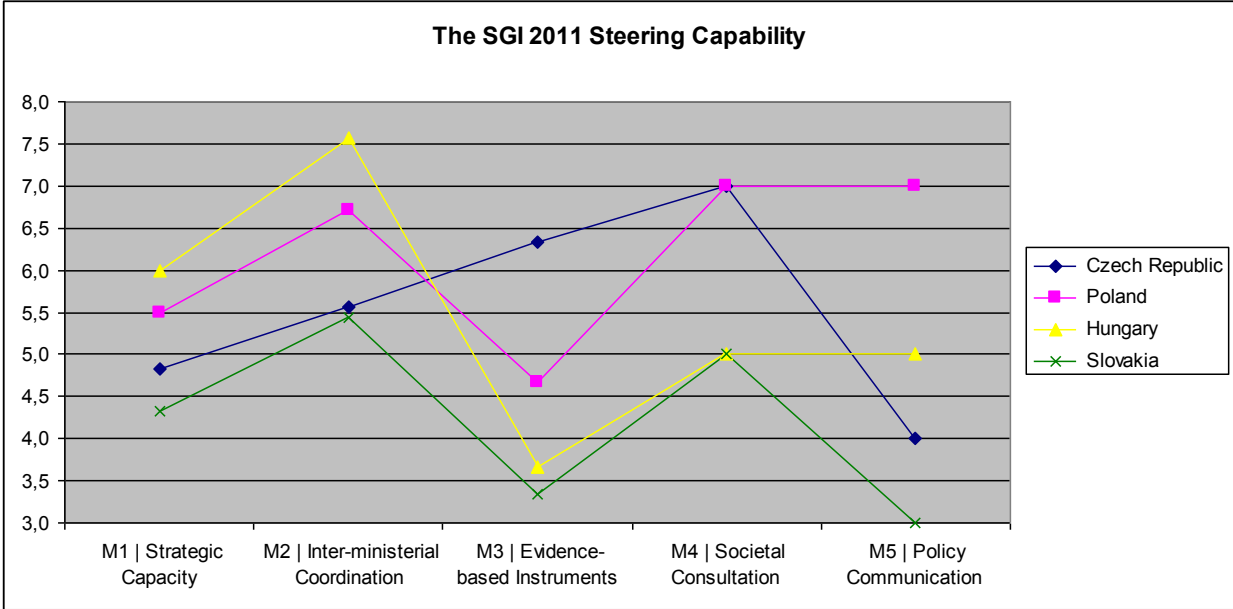
This SGI Management Index category comprises of the five relevant criteria: Strategic Capacity (M1), Interministerial Coordination (M2), Evidence-based Instruments (M3), Societal Consultation (M4), and Policy Communication (M5); each of the five criteria contribute one-fifth of the total value of the score.

According to the 2011 SGI Steering Capability survey, the Visegrad countries were ranked as follows: Poland took the lead on the 17th position, the Czech Republic and Hungary occupied the 26th and 27th ranks respectively, and Slovakia brought up the rear of the V4 in the rating, the country found itself on the 30th place among 31 OECD member states.

⁹³ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Steering Capability, available at <http://www.sgi-network.org/index.php?page=category&category=MA> (accessed 26 April 2012); SGI Steering Capability Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=MA> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): Capacity available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M1>, Coordination available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M2>, RIA available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M3>, consultation available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M4>, Communication available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M4> (accessed 10 May 2012). SGI 2011 Executive Capacity, *Strategic Capacity Report*, Strategic Planning: pp. 10, 16, 19, 22, Scholarly Advice: pp. 28, 30, 36, 39 available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_Capacity.pdf (accessed 10 May 2012); *Inter-ministerial Coordination Report*, GO Expertise: pp. 7-8, 14, 16, GO Gatekeeping: pp. 20-21, 25-26, 28, Line Ministries: pp. 32, 38, 40-41, Cabinet Committees: pp. 48-50, 53, Senior Ministry Officials: pp. 58, 63-65, Line Ministry Civil Servants: pp. 73, 75-76, Informal Coordination Procedures: pp. 84-88, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_Coordination.pdf (accessed 10 May 2012); *Evidence-based Instruments Report*, RIA Application: pp. 7, 13, 15, Needs Analysis: pp. 24-26, Alternative Options: pp. 32, 34-35, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_RIA.pdf (accessed 10 May 2012); *Societal Consultation Report*, Negotiating Public Support: pp. 9, 11, 15, 18, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_Consultation.pdf (accessed 10 May 2012); *Policy Communication Report*, Coherent Communication: pp. 10, 14-15, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_Communication.pdf (accessed 10 May 2012).

⁹⁴ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.58-59.

Graph 10: The SGI 2011 Steering Capability results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

In terms of their *strategic capacity*, the Visegrad countries relatively weakly rely on sustained strategic planning, and often the quality of the performed strategic planning is quite low. Hungary and Poland, however, showed considerably better scores in the 2011 SGI survey, they scored 6 and 5.5 points, were ranked 14th and 18th. It’s important to mention that Poland appeared to be the top gainer within the group according to this criterion relative to the SGI 2009, country improved its result by 11 ranks, while Hungary’s rating fell substantially by 10 positions. Poland’s success can be explained by numerous measures of the Tusk government which proved to be efficient in improving strategic planning. In particular, the giant step was made when the government decided to establish the Board of Strategic Advisers; in cooperation with this body many crucial reports were prepared which helped to provide a long-term perspective for policy-making. Under the Tusk administration much work was also done for institutionalization of scholarly advice, a number of commissions involving academic experts to prepare important reforms were set up, and a new Economic Council composed of scientists and practitioners was established.

In contrast, in Hungary the two cabinet committees founded for the purpose of elaborating long-term strategies, the Committee of State Reform (ÁRB) and the Development Policy Steering Board (FIT), were shut down in 2007 and 2008. The only visible improvement is

adoption of the New Hungary Development Plan (ÚMFT), socioeconomic development strategy for the years 2007-2013, which proved to be vital in providing strategic guidance, getting and absorbing EU transfers. The government's decision-making in the country is still very weakly backed by the scholarly advice.

The Czech Republic (4.8 points) and Slovakia (4.3 points) performed worse, their strategic planning was evaluated as relatively undeveloped and they were put into the bottom group of the ranking, on the 22nd and 29th positions. Moreover, Slovakia's strategic capacity rating fell the most in comparison to the SGI 2009, the country lost 25 ranks.

Strategic planning is relatively undeveloped in the Czech Republic and Slovakia. In both countries there is no central policy planning unit in the Government Office, thus, the quality of the performed strategic planning is comparatively low. In the period under review, both the Czech and Slovak governments didn't manage to develop any long-term strategies, however, some medium-term frameworks for policy-making were set by the Topolanek's and Fischer's governments manifestoes presented in January 2007 and May 2009 in the Czech Republic.

In terms of the scholarly advice, the Czech Republic performed slightly better than Slovakia. The SGI 2011 survey proved that the influence of academic experts on government decision-making is modest in the Czech Republic, most ministries consult experts and have advisory boards but the involved academics do not enjoy much prestige as advisors in case they do not have strong party links.⁹⁵ Under the Fico government in Slovakia, the influence of non-governmental academic experts in government decision-making decreased substantially, the government stopped its cooperation with most of the important think-tanks because it regarded them as allies of the previous government.

The next criterion, according to which the Visegrad countries were assessed in the frames of the SGI Executive Capacity dimension, is *inter-ministerial coordination*. Here the records of each of the V4 states vary considerably; the countries were placed in three different groups according to their scores. Hungary showed the best result – 7.6 points, it was ranked 14th and found itself in the upper middle group of the rating, showing slightly worse record than Norway and Island. Thus, coordination between the core executive and the wider administration in the

⁹⁵ SGI 2011 Executive Capacity, *Strategic Capacity Report*, Scholarly Advice: p. 36, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapacity_Capacity.pdf (accessed 10 May 2012);

country was evaluated as generally strong, however, some weaknesses exist in the policy processes mostly because of the remaining hierarchy and departmentalism.

Poland took the 22nd place in the ranking, it was placed in the lower middle group with its score - 6.7, similar to Portugal and Switzerland. Poland is the top gainer in this category relative to the SGI 2009, it gained 8 positions showing substantial improvements in the government office's sectoral expertise and power. Coordination in the two remaining Visegrad states, the Czech Republic and Slovakia, was judged as quite weak; the countries were ranked 28th and 26th respectively and found themselves in the bottom group of the rating. The SGI 2011 survey showed that both of the countries lack sufficient sectoral expertise to guide government policy.

The leading among the Visegrad states Hungary achieved high scores for almost all indicators included in the SGI inter-ministerial coordination criterion. The Prime Minister's Office in the country, being traditionally strong, expanded its sectoral policy expertise even more during the period under review. It has also very strong gatekeeping powers and enjoys profound influence on preparation of the line ministries' policy proposals. Senior ministry officials and line ministry civil servants play a significant role in policy coordination, however, some complications still arise because of hierarchical structures within the ministries, a culture of departmentalism, and differences in the political affiliation of ministries.⁹⁶

Poland showed quite high records according to this criterion as well. The Tusk's government strengthened the role of the Chancellery of the Prime Minister in sectoral policy expertise and gatekeeping and the Prime Minister himself enjoyed a strong informal authority in gatekeeping in the period under review. The country performed worse in the terms of ensuring cabinet committees and line ministry civil servants involvement in inter-ministerial coordination. Their role, as well as the impact of line ministries, in these processes remained limited. Coordination is also complicated because of a strong culture of departmentalism.

In the Czech Republic and Slovakia the Government Offices are weaker, they lack the capacity and sectoral expertise to evaluate draft bills' policy content. Substantial discussions take place between all ministries in the Czech Republic concerning draft bills or policy proposals, but the prime minister's office has no formal authority beyond that of any other participant in the discussion. In Slovakia the gatekeeping role of the Government Office is limited because the

⁹⁶ SGI 2011 Executive Capacity *Inter-ministerial Coordination Report*, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_Coordination.pdf (accessed 10 May 2012), p. 8, 20, 32, 48.

policy-making takes place in a coalition council, where most of the legislative projects are discussed beforehand.

There are a lot of permanent or temporary ministerial committees in the Czech Republic but they are not formally and systematically involved in the preparation of cabinet meetings. Senior ministry officials also play an important role in coordination processes in the country but their formal role is poorly defined, and they do not meet regularly to work out the agenda of cabinet meetings. In Slovakia, the Government Office is not systematically involved in line ministries' preparation of policy proposals. A strong departmentalist culture in the country doesn't allow line ministry civil servants to coordinate policy proposals efficiently.

Visegrad countries' evaluation according to the *evidence-based instruments* criterion indicated considerably different results than the ones from the previous Steering Capability component survey. In terms of the integration of regulatory impact assessments (RIAs) into the policy-making process the Czech Republic appeared to be the most successful within the group. The country scored 6.6 points, took the 14th position in the rating, improving its record by 9 ranks relative to the SGI 2009. Poland took the 21st place scoring 4.7 points, in the period under review Polish government contributed substantially to institutionalization of tools aimed at strengthening the process. Hungary and Slovakia performed worse; they scored 3.7 and 3.3 points and were ranked 24th and 25th respectively. RIA quality in these countries was evaluated as low, thus, in Hungary EU-derived guidelines were drafted but not officially adopted, in Slovakia regulatory impact assessments are not obligatory.

RIA was introduced in Poland in 2001 (new RIA guidelines were adopted in 2006), in the Czech Republic - in 2005, and Hungarian Ministry of Justice and Public Order published new regulatory guidelines, modeled on EU approaches, in 2006. In Slovakia, RIA was not made obligatory and, therefore, as the SGI experts mention assessments can be circumvented relatively easily.⁹⁷

Regulatory impact assessments are quite well-integrated into the policy-making process in the Czech Republic, since 2008 all draft laws were to be subjected to RIA. In Poland, in contrast, the quality of assessments is often poor, the main reason of this is the lack of well-trained staff. However, in the period under review Polish government launched a number of effective

⁹⁷ SGI 2011 Executive Capacity, *Evidence-based Instruments Report*, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_RIA.pdf (accessed 10 May 2012), p. 15.

measures, particularly introduced a new training system, created an electronic platform for widening access to analytical tools and good practices, and set up RIA audits in order to strengthen ex post quality control.⁹⁸

Hungary failed to officially adopt new guidelines published in 2006, based on EU approaches; RIAs are not performed systematically in the country and suffer from unclear and fragmented competencies. The provisions on RIA are still in the stage of development in Slovakia, assessments are not obligatory and their quality is still quite low.

All the four Visegrad countries have problems with the alternative options consideration. In the Czech Republic this analysis is often treated as a pure formality, RIAs are mostly focused on a course already proposed by a ministry; in Hungary the consideration of alternatives is limited, however, the Bajnai government slightly improved the situation. Most assessments in Poland and Slovakia rarely explore alternative options.

According to the records for the next SGI Steering Capability criterion, *societal consultations*, the Visegrad countries were divided into two groups. The Czech Republic and Poland both were ranked 13th (7 points), their result proved that consultations with economic and social actors in the course of policy preparation is institutionalized, common and quite effective. Moreover, Poland improved its performance in this field dramatically relative to the SGI 2009, the country gained 17 positions, managed to move from the 30th rank to the 13th place. Hungary and Slovakia were not to the same extent successful, they both took the 23rd place with a score 5 points, thus government consultation with outside groups in these states was judged as not a routine or deeply influential part of the policy-making process.

In all the four Visegrad countries consultation with economic and social actors is institutionalized in the form of tripartite councils. However, the efficiency of their work is highly dependent on the willingness of government to listen to alternative views. While in the Czech Republic and Poland governments pursued a cooperative policy style, in the two remaining V4 states governments weather did not pay much attention to the consultation of economic and social actors as in Hungary, or even expressed strong unwillingness to consult with economic and social actors as did the Fico government in Slovakia.

⁹⁸ SGI 2011 Executive Capacity, *Evidence-based Instruments Report*, available at http://www.sgi-network.org/pdf/SGI11_SteeringCapability_RIA.pdf (accessed 10 May 2012), p. 13.

Policy communication in the Visegrad countries is not coherent and centralized enough; coalition partners quite often express contradictory statements. Poland is the only state within the group, which made a considerable progress in ensuring that the ministers' statements align with government strategy in the recent years.

3.2.1.2. Policy Implementation⁹⁹

The next important category of the SGI Management Index assesses policy implementation through the Effective Implementation criterion (M6). This category, comprised of eight different indicators, seeks to evaluate how well the government is able to implement its policy goals and how well this is supported by the way in which government is organized. In particular, it deals with whether possible individual inclinations and preferences of each minister or leading ministries are contained, and whether their support can be gained for the government's general program.¹⁰⁰

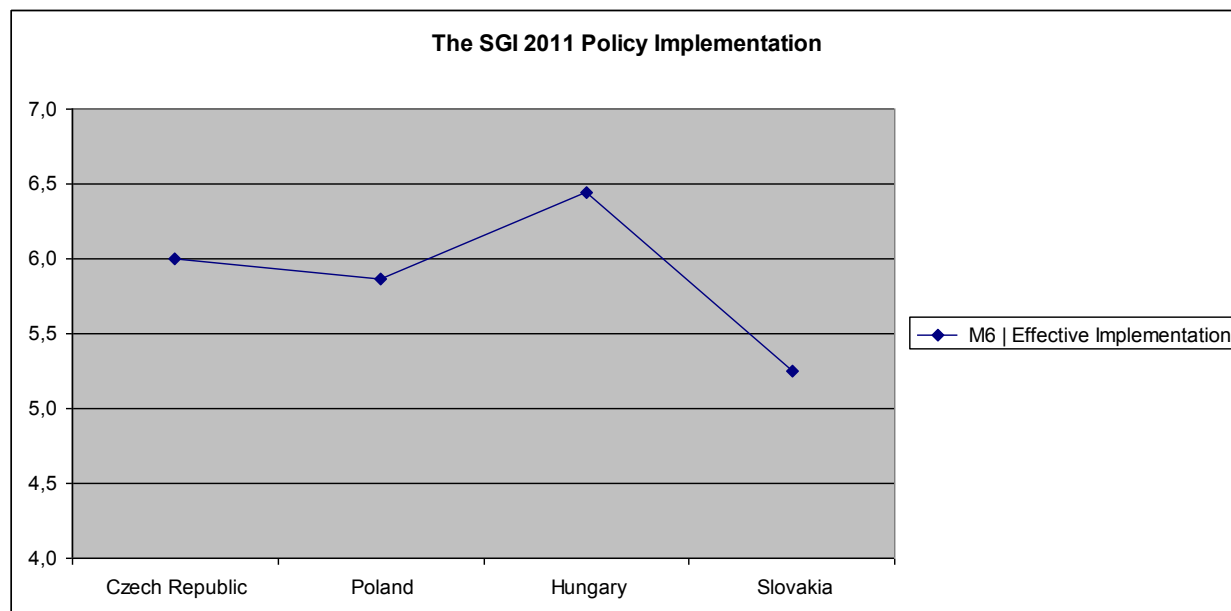
According to the 2011 SGI policy implementation survey, the Visegrad countries didn't manage to reach the top 20 OECD member states whose governments implement policies effectively and successfully translate their main objectives into implemented policies. Hungary showed the highest score among the V4, its policy implementation capacity record improved by 4 ranks relative to the SGI 2009, and the country was ranked 21st. The Czech Republic, Poland and Slovakia performed worse, they were all placed in the bottom group, occupying the 26th, 27th and 29th positions respectively. These three countries still suffer from some structural political weaknesses which threaten smooth policy implementation; the situation became even more complicated because of the economic crisis.

⁹⁹ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Policy Implementation, available at <http://www.sgi-network.org/index.php?page=category&category=MB> (accessed 26 April 2012); SGI Policy Implementation Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=MB> (accessed 26 April 2012); SGI 2011 Implementation Key Findings available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M6> (accessed 10 May 2012). SGI 2011 Executive Capacity, *Effective Implementation Report*, Government Efficiency: pp. 10, 15-16, Ministerial Compliance: pp. 26, 28, 31-32, Monitoring Line Ministries: pp. 38, 42-44, Monitoring Agencies: pp. 50, 53-54, 56, Task Funding: pp. 64, 68-69, 72, 74, Constitutional Discretion: pp. 79-80, 83, 85, National Standards: pp. 93-94, 96, 99-100, available at http://www.sgi-network.org/pdf/SGI11_PolicyImplementation_Implementation.pdf (accessed 10 May 2012).

¹⁰⁰ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.127.

Hungary's governments in the period under review appeared to be the most efficient among the Visegrad countries. Despite the existing economic problems in the country, the Gyurcsány and Bajnai governments succeeded in improving Hungary's fiscal situation and preventing a currency crisis. However, less success has been made in addressing long-term issues.

Graph 11: The SGI 2011 Policy Implementation results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

The governments in the three remaining Visegrad countries performed much less effectively, however, Slovakia got slightly higher scores because of its government's ability to meet the well-specified goals, particularly the introduction of the euro in January 2009. Polish government's efficiency suffered greatly by reason of far-reaching veto powers of President Kaczyński, which didn't allow implementation of many crucial reforms. Some initial achievements of the Topolánek's government were brought to naught by its inability to survive a full electoral period. The succeeding Fischer's government faced its crisis when the Civic Democratic Party (ODS) blocked discussion of all bills through the use of procedural obstructions.

In the terms of ministerial compliance, Poland and Hungary proved to be more successful than the two other V4 countries in keeping ministers in line, prime minister plays a strong role in

both states' political systems. The Czech governments sought to ensure ministerial compliance largely through the use of well-defined programs and coalition agreements, however, some disagreements often occur between parties and threaten a parliamentary majority. In Slovakia ministers are inadequately prevented from realizing their departmental self-interests and show more loyalty to their parties than to the government.

It was only Hungary within the Visegrad group where prime-minister's office monitoring of line-ministries was evaluated by the SGI 2011 as comprehensive and effective. In the Czech Republic and Poland monitoring has remained largely formal, and in Slovakia activities of line ministries were not heavily monitored, moreover, substantial indulgences were given to the line ministries led by Prime Minister Fico's coalition partners.

As a result of the assessment of the frequency of internal auditing units inside line ministries all the Visegrad countries showed the highest possible score, 10 points.

Since the end of the 1990s and the beginning of the 2000s the responsibilities of the Visegrad countries' subnational governments were increased, however, none of the states managed to allocate the necessary financial resources for the local and regional governments to effectively carry out tasks assigned to them. The Czech Republic and Slovakia performed better, but some pressing problems remain in both countries: regions are still highly dependent financially on the central government in the Czech Republic, and the subnational governments in Slovakia suffered from substantial fiscal difficulties aggravated by the government's tax policy. Poland succeeded in making the usage of regional and cohesion EU funds more efficient which helped subnational governments to perform their duties, however, the resources provided by the central government are still inadequate.

Hungary showed the worse result for the task funding indicator within the group, local governments in the country are highly dependent on the central government, receiving about 90% of their revenues in this way, and thus, they are often financially hard-pressed to fulfill the tasks assigned to them. In spite of some financial difficulties, the central governments in the Czech Republic and Poland ensure that subnational governments can to a larger extent exercise their constitutional scope of discretion. The Tusk's government contributed a lot to the solution of pressing conflict caused by the dual structure of the regional executive, it supported clarification of the division of powers at the regional level and reduced the central government's intervention in the affairs at lower levels. Slovakia and Hungary performed worse, the Fico

government sought to strengthen the position of central government which led to the conflicts with municipalities, and the Gyurcsány government often narrowed subnational discretion exploiting Hungarian municipalities' weaknesses connected to their fiscal dependency and fragmentation. The both countries have also problems with ensuring that public services performed by subnational governments meet national standards.

3.2.1.3. Institutional Learning¹⁰¹

The last category of the SGI Steering Capability is Institutional Learning, which assesses to which extent institutions are able to respond to a variety of inside and outside influences. It comprises of the two main criteria Adaptability (M7) and Organizational Reform Capacity (M8). In the frames of the first M7 criterion, not only governments' ability to converge with international frameworks but also to adjust their requirements to the domestic needs and peculiarities is examined. The relevant indicators and SGI experts' opinions help to assess how effectively governments adopted their internal/domestic structures to international and supranational developments, how actively they participate in international institutions and contribute to shaping international policies.¹⁰²

Organizational Reform Capacity criterion explores the ability of governments to reflect adequately to the outcomes of their own decisions and make the necessary institutional adjustments, when needed. The assessment is carried out by examining the degree to which state actors monitor the continuing suitability of organizational structures.¹⁰³

According to the 2011 SGI evaluation of the Visegrad countries' institutional learning capacity, Poland showed the best result, it scored 6.8 points, and appeared to be the top gainer

¹⁰¹ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Institutional Learning, available at <http://www.sgi-network.org/index.php?page=category&category=MC> (accessed 26 April 2012); SGI Institutional Learning Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=MC> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): Adaptability available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M7>, Reform Capacity available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M8> (accessed 10 May 2012). SGI 2011 Executive Capacity, Institutional Learning, *Adaptability Report*, Domestic Adaptability: pp. 5, 8, 12-13, 16, International Coordination: pp. 21, 24, 29-30, 32, available at http://www.sgi-network.org/pdf/SGI11_InstitutionalLearning_Adaptability.pdf (accessed 10 May 2012); *Organizational Reform Capacity Report*, Self-Monitoring: pp. 10, 12-14, Institutional Reform: pp. 22, 24-25, 29, available http://www.sgi-network.org/pdf/SGI11_InstitutionalLearning_ReformCapacity.pdf (accessed 10 May 2012).

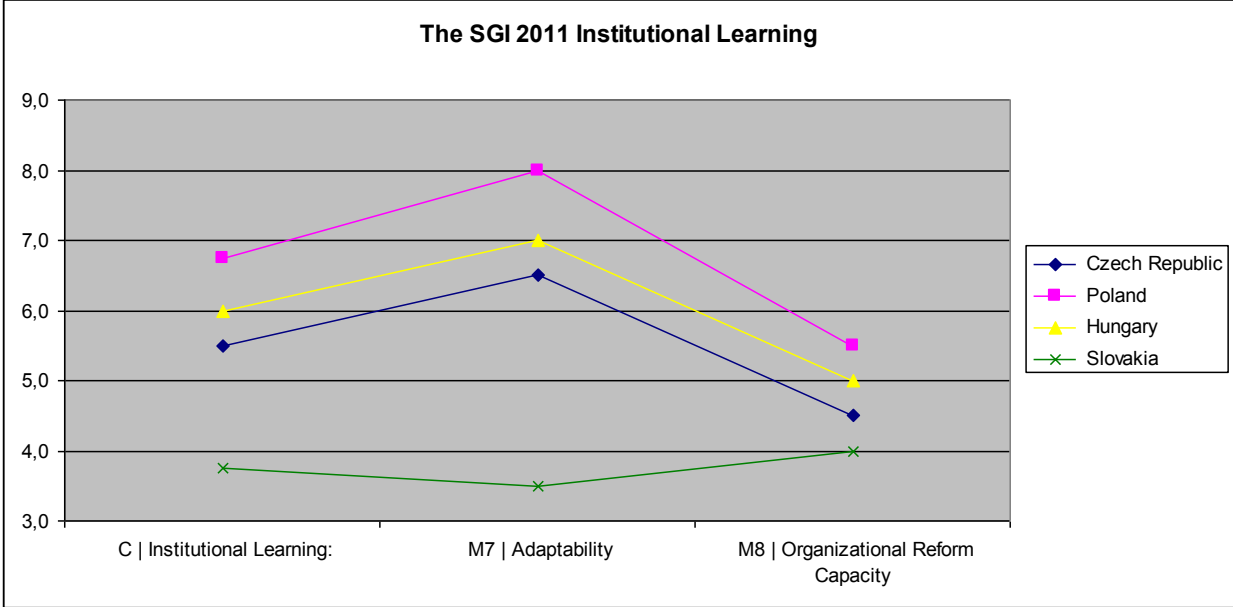
¹⁰² Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.130.

¹⁰³ Ibid., p.61-62.

among the V4, it was ranked 12th and improved its result by record 17 positions relative to the SGI 2009. The next Visegrad state in the institutional learning capacity rating is Hungary, the country has worsened its record substantially since 2009, falling from the 9th rank to the 23rd position (6 points). The Czech Republic’s institutional learning capacity was judged as the one near the OECD’s bottom, despite some small improvements relative to the SGI 2009, the country was ranked 26th with its 5.5 points score. Showing the same 14 positions plunge as Hungary, Slovakia found itself at the very bottom of OECD ranking, on the 31st place, scoring only 3.8 points.

In order to understand the Visegrad countries’ performance and dynamics of changes in the Institutional Learning rating of the Management Index it is necessary to dwell on the more specific criteria explored within this SGI dimension.

Graph 12: The SGI 2011 Institutional Learning results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

The most striking discrepancy between the Visegrad countries records is seen in the scores for *adaptability* indicators. Poland performed much better than its V4 colleagues; it was placed on the 5th position (8 points) in the ranking together with such countries as Germany, France, Finland and Canada, thus, securing a place in the upper middle group of OECD countries

according to their adaptability capacity. This result proves Poland's active participation in international forums, however, leaving some space for remaining domestic political constraints.

The country showed the largest gains relative to the SGI 2009, it rose from the 29th rank to the 5th position. In contrast, the top decline in this criterion was shown by Slovakia, it worsened its position by 26 ranks in comparison to the SGI 2009 and fell to the last 31st place in the rating. Hungary and the Czech Republic, at the 17th and 24th positions respectively, were placed in the lower middle group according to their adaptability records. They both engage in international forums but often have difficulties with efficient transposition of agreements into internal realities.

In the terms of domestic adaptability Poland and the Czech Republic perform better than the other Visegrad countries, the government's activities in these states are strongly influenced by the EU's legislative framework and to a larger extent managed to adapt to the main EU requirements. The successful use of EU funds by Poland indicates its more or less smooth adjustment to EU rules. Among the most pressing problems in the Czech Republic remains the failure to reorganize the main structures of government and methods of functioning according to EU requirements; SGI experts also emphasized the necessity of a more strategic vision of EU-Czech relations. Hungary showed slightly worse results than the above-mentioned countries, it achieved some considerable improvements in coordination of EU affairs at the central government level but failed to bring its administrative-territorial division in compliance with EU standards, and therefore couldn't succeed in improving the policy implementation capacity of the subnational governments.

Slovakia's performance in the terms of domestic adaptability was judged as one of the worst among OECD states, no efficient institutional reforms aimed at strengthening Slovakia's influence in the EU or to make full use of the available EU funds were adopted in the country in the period under review. Coordination in EU affairs lacks some comprehensive long-term vision and remains ad hoc.

Assessment of the Visegrad countries international policy coordination capacity indicated that Poland and Hungary participate in international organizations and contribute their own initiatives to international policies much more actively than the remaining V4 states. In the period under review, Poland managed to adopt a more constructive position within the EU, it was one of the countries which took the lead in launching the Eastern Partnership, and initiator

of a number of activities within the Visegrád Group during its chairmanship (July 2008 - June 2009). Poland's international image, however, suffered because of considerable discrepancies between the government's and President Kaczyński's visions of country's foreign affairs goals and priorities, which, in particular led to the delay in signing the Lisbon Treaty. In contrast, Hungary was the first member state to ratify the Lisbon Treaty, the country made a great step towards widening its European integration. Hungary also played an important role in developing the Eastern Partnership and contributed a lot to elaboration of the Danube Strategy. However, not much work was done in order to improve relations with Slovakia, which remained tense.

The Czech Republic continued to enjoy its role of a passive follower in international organizations which is caused by the lack of experience on the world stage, and by the strength of a domestic euroscepticism. During the country's EU presidency in the first half of 2009, the Czech Republic didn't become more active and influential. Among the main obstacles which hampered EU-Czech Republic relations were: country's unwillingness to ratify the Lisbon Treaty, and Czech government's non-recognition of the seriousness of the economic crisis in early 2009 which resulted in its passive position concerning a coordinated European response to this challenge.

The lowest score for international coordination indicator among the Visegrad states was shown by Slovakia. The country's role in EU and in other international organizations decreased substantially, the Fico government focused on domestic issues and largely ignored foreign affairs.

The Visegrad countries' *organizational reform capacity* scores are lower than for the previous Institutional Learning criteria and there is no such wide discrepancy between their positions in the SGI ranking. Poland showed the best result within the group, the country appeared to be this criterion's top gainer relative to the SGI 2009, it was ranked 19th and scored 5.5 points. Hungary, the Czech Republic and Slovakia occupied the 23rd, 26th and 28th positions respectively; all of them worsened their results in comparison to the SGI 2009.

None of the Visegrad states ensures systematic monitoring of the institutional arrangements of governing, moreover reports issued by governmental institutions in the Czech Republic and Slovakia can be characterized as formal and self-congratulatory.

In terms of reform capacity the best result was shown by Poland, the country launched a number of institutional reforms aimed at bringing its policies in compliance with EU

requirements and strengthening the position of the prime minister within the cabinet. However, the governing coalition lacked the majority necessary for changing the constitution, therefore no changes have been introduced.

The Czech Republic's and Hungary's institutional reform performance was evaluated with the same score, 5 points out of 10 possible. In the period under review, institutional structures in these countries have undergone little change, the implemented reforms didn't allow to improve states' strategic capacity. Slovakia, with the lowest record within the V4 group, didn't carry out any institutional reform; the Fico government used mostly informal means to strengthen his authority.

3.2.2. Executive Accountability¹⁰⁴

The last category of the SGI Management Index is focused on the assessment of the extent to what non-governmental actors are involved in policy-making in OECD countries. The Executive Accountability survey examines various actors involved with interest-aggregation and interest-mediation, including citizens, interest associations, non-governmental organizations, parliaments, political parties, and the media.¹⁰⁵ The category consists of the five main criteria: Citizens, Legislature, Oversight, Media, Parties/Associations, the overall accountability scores

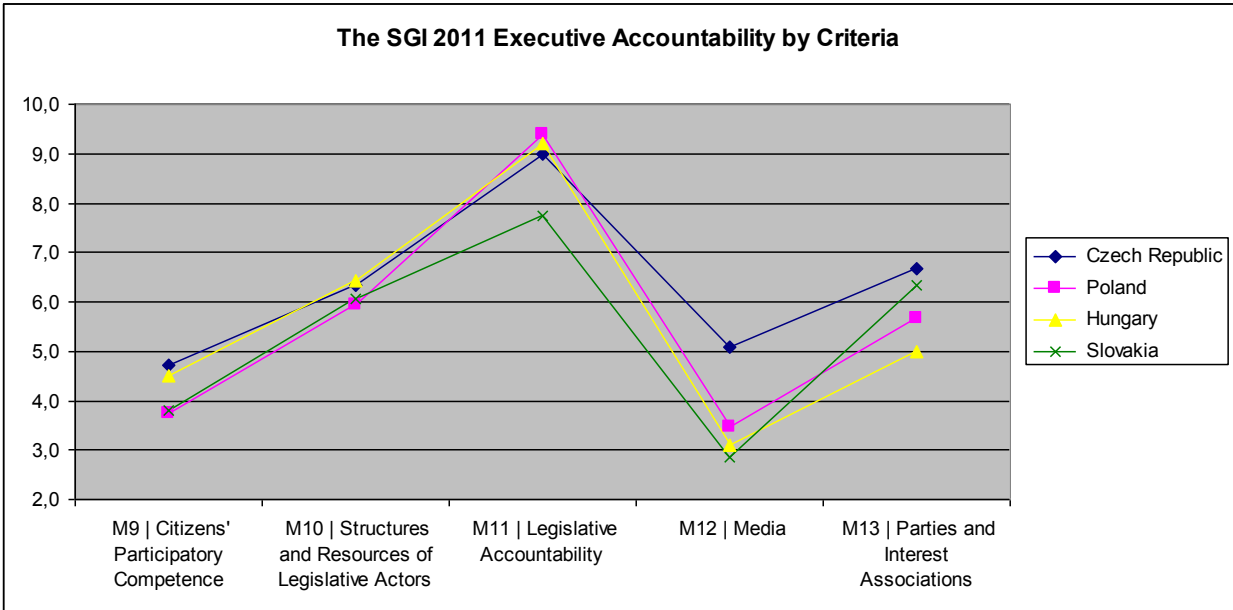
¹⁰⁴ In this subchapter quantitative and qualitative data from the following sources are used: Bertelsmann Stiftung, Sustainable Governance Indicators 2011, pp. 100, 110-115, 169-172, 193-195, 231-232, 237-239; SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012); SGI 2011 Accountability, available at <http://www.sgi-network.org/index.php?page=category&category=MD> (accessed 26 April 2012); SGI Accountability Scores, available at <http://www.sgi-network.org/index.php?page=scores&category=MD> (accessed 26 April 2012); SGI 2011 Key Findings (by criteria): Citizens available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M9>, Legislature available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M10>, Oversight available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M11>, Media available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M12>, Parties/Associations available at <http://www.sgi-network.org/index.php?page=criteria&criteria=M13> (accessed 10 May 2012). SGI 2011 Executive Capacity, *Citizens' Participatory Competence Report*, Policy Knowledge: pp. 11, 14, 16, available at http://www.sgi-network.org/pdf/SGI11_Accountability_Citizens.pdf (accessed 10 May 2012); *Legislative Accountability Report*, Obtaining Documents: pp. 2-3, 6, 12, Summoning Ministers: pp. 14-15, 21, Summoning Experts: pp. 23, 25-26, 30, Task Area Coincidence: pp. 32, 34, Audit Office: pp. 46, 48, 52-53, Ombuds Office: pp. 59-61, available at http://www.sgi-network.org/pdf/SGI11_Accountability_Oversight.pdf (accessed 10 May 2012); *Media Report*, Media Reporting: pp. 9, 11, 14-15, available at http://www.sgi-network.org/pdf/SGI11_Accountability_Media.pdf (accessed 10 May 2012); Parties and Interest Associations Report, Party Competence (business): pp. 9, 15-16, Association Competence: pp. 26-27, 30-31, Association Competence (others): pp. 40, 42-43, available at http://www.sgi-network.org/pdf/SGI11_Accountability_PartiesAndAssociations.pdf (accessed 10 May 2012).

¹⁰⁵ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.62.

are weighted composites, the Citizens criterion counts for a third of the score, while the four other criteria collectively provide the remainder.

According to the SGI 2011 Executive Accountability rating, the Visegrad countries occupy the following positions: the Czech Republic – 18th, Hungary – 24th, Poland – 25th, and Slovakia – 27th. The Czech Republic performed better than the other V4 states and was placed into the OECD’s lower middle range. Executive accountability in the three other countries from the group was evaluated as low by OECD standards and they were put into the bottom group in the SGI rating. Only Poland managed to show some improvements in this category, it gained 4 ranks relative to the SGI 2009.

Graph 13: The SGI 2011 Executive Accountability results (by criteria)



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

3.2.2.1. Citizens

As a result of assessment of the extent to what *citizens* possess the information and knowledge needed to evaluate government policies, all the Visegrad countries got very low scores and found themselves at the bottom group of the ranking. The Czech Republic and Hungary performed slightly better, they took 22nd and 25th positions scoring 4.7 points and 4.5 points respectively, while Slovakia and Hungary showed worse results, they were ranked 29th and 30th falling short of 4 points. Voter participation rates are low in all the four Visegrad

countries, however they are almost twice higher in the Czech Republic and Hungary than in Poland and Slovakia. However, voter participation in Poland has doubled relative to the SGI 2009, in contrast, Slovakia has shown substantial decline in the voter turnout since the previous SGI edition. It can be partially explained by the low public interest in policies in all the V4 countries, Slovak case could be caused by the numerous corruption scandals, which led to frustration and disappointment of citizens.

The Visegrad countries scores for policy knowledge indicator showed that their citizens' knowledge of government policy is limited. Among the remaining problems in this area are: existing public media's political bias in favor of opposition parties in Poland, limited access of Czechs to reliable expert opinions, and low media literacy of population in Slovakia. Hungarian record is lower than that of the other V4 states mostly because of the political polarization which tends to exaggerate unimportant issues and low quality of media in the country. These factors don't allow Hungarian citizens to understand political processes and evaluate government policies.

3.2.2.2. Legislature

The next criterion included into the SGI Executive Accountability survey deals with *legislature*, its ability to affect government policy and monitor its activities. Assessment of the four Visegrad countries according to this criterion showed quite high results for all of these states. Hungary scored 7.8 points, the Czech Republic and Slovakia got 7.7 points, and Slovakia's record is the lowest within the group – 6.9 points.

In order to analyze these countries' performance and dynamics of changes in the SGI Legislature rating it is necessary to dwell on the two main dimensions of this criterion: Structures and Resources of Legislative Actors (M10) and Legislative Accountability (M11).

In terms of the records for legislature's resources the Visegrad countries were divided into two groups. Hungary and the Czech Republic performed better, they occupied the 9th and 13th ranks and were placed to the upper middle group of OECD countries. Slovakia and Poland showed worse results, they were ranked 17th and 21st respectively and joined the lower middle group of the ranking.

The number and size of parliamentary committees is optimal in the Czech Republic and Hungary, and it is near optimal in Slovakia and Poland. Evaluation of governing parties'

influence in the V4 indicated that the lowest ratio of pro-government committee chairpersons to the number of deputies is in Hungary (3rd rank), in Poland (10th) and Slovakia (13th) this ratio is slightly higher, while the Czech Republic (23rd) scored the worst within the group with respect to government party control over committee chair decisions. Expert staffing resources are to some extent limited in the Czech Republic and Poland, while in Slovakia and Hungary ratio of legislative research staff to the number of deputies is quite low.

Assessment of the *legislative accountability* showed that the legislature has considerable executive oversight powers in three of the four Visegrad countries: Poland, Hungary, and the Czech Republic. These states got high scores and were ranked 5th, 8th and 9th respectively, which prove that parliamentary bodies there have broad oversight powers. In contrast, Slovakia worsened its result by 7 positions relative to the SGI 2009 and reached the 22nd position only.

Parliamentary committees in Poland, Hungary, and the Czech Republic may ask for almost all government documents, some complications in obtaining documents in Hungary can occur because of the high number of classified documents. Slovakia scored worse according to this indicator; parliamentary committees there suffer from delays in delivering draft bills and other documents.

Ministers and the leading personnel of state administration are obliged to take part in committee meetings when the issues discussed are within the committee's particular area of competence in Poland and the Czech Republic; in Hungary parliamentary committees can summon ministers for hearings. In all of these three countries it is a common practice, and no restrictions are observed. There are also no complications in experts' participation in hearings, parliamentary committees in these states have a right and often invite experts. Thus, Poland, Hungary and the Czech Republic received the highest possible score for the both, summoning ministers and summoning experts indicators. Slovakia performed worse, under the Fico government the number of invitations of ministers declined and they were often short-spoken, most of the experts were perceived as opponents to the regime and, therefore, were not invited to hearings.

All the Visegrad countries got the same high score for the task area coincidence indicator, in all of them the number of committees exceeds the number of ministries, the subject areas of committees normally do not coincide and their division among committees does not infringe upon parliament's ability to monitor ministries.

The 2011 SGI Management Index survey indicated that the main state auditing offices in Poland and Hungary have wide-range competencies, work efficiently and play an important role in monitoring the government's activities. Poland got the highest score for the audit office indicator, and Hungary received 9 out of 10 possible points. The Czech Republic and Slovakia performed worse in this area, they scored 7 points. The reputation of the Supreme Audit Office in the former state was damaged by the conflict between its president and parliament in autumn 2009, when the president was accused of financial irregularities over expenses, but refused to cooperate in the investigation process.¹⁰⁶ The lower record of Slovakia is caused mostly by a lack of resources, auditors are underfunded in the country, which hampers their ability to monitor the government's activities effectively.

The legislature in Hungary has an effective ombuds office, according to the indicator of the same name the country scored 9 points. In the Czech Republic, Poland, and Slovakia the advocacy role of the legislature's ombuds office is somewhat limited, they all scored 8 points. Nevertheless, ombuds offices in these three countries are quite effective in settling issues even though their mandate is more limited than in some other OECD countries. In Poland, where the ombuds office has traditionally enjoyed a high esteem, in the recent years its reputation suffered from the controversial views of the officeholder's on issues such as homosexuality and the death penalty.¹⁰⁷

3.2.2.3. Intermediary Organizations

The next criterion of the SGI Executive Accountability category deals with the role of *intermediary organizations*, particularly focusing on *media* (M12) and *parties and interest associations* (M13). In terms of media, the proposed indicators seek to explore whether high-quality information on government policy, a plurality of opinions, and authoritative analysis is available, and examines the circulation of newspapers and magazines, because these factors contribute to increase of transparency, to better oversight and accountability.¹⁰⁸ The criterion survey also assesses parties' and interest associations' ability to propose coherent and reasonable policies.

¹⁰⁶ SGI 2011 Executive Capacity, *Legislative Accountability Report*, available at http://www.sgi-network.org/pdf/SGI11_Accountability_Oversight.pdf (accessed 10 May 2012), p.52.

¹⁰⁷ *Ibid.*, p.61.

¹⁰⁸ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD / Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.65.

The discrepancy between the Visegrad countries' records for the media criterion is wide. The Czech Republic showed the best result among these states, it scored 5.1 points (12th rank) and brought up the rear of the upper middle group very slightly yielding to such countries as the UK, New Zealand, Denmark and Germany. Poland was placed in the lower middle group with its 3.5 points score, it took the 23rd position. Hungary and Slovakia with their 3.1 and 2.9 points respectively found themselves in the bottom group, were ranked 25th and 29th in the overall rating of OECD countries.

According to the SGI 2009 survey the four Visegrad countries scores for media reporting indicator were similar, 7 points. The 2011 edition indicated that only two of them remained at the same level within the recent years, the Czech Republic and Poland, while Hungary's and Slovakia's record declined considerably, by two points relative to the SGI 2009.

The main TV and radio stations in the Czech Republic and Poland provide daily news programs and some deeper discussion on government decisions, however there is a growing tendency towards infotainment in the both states. The quality of information on government decisions has improved in the Czech Republic with the digitalization process. However, much of the commentary broadcasted in the country is superficial, and debates often favor the views of the main political parties.¹⁰⁹ The quality of Poland's public TV stations programs also suffer from political biases, particularly pro-PiS bias, it is also weakened by declining resources.

The quality of media reporting is lower in Hungary and Slovakia, the coverage of government policy is superficial and biased. Because of the sharp political polarization in Hungary, public and private media in the country to a large extent suffer from political bias and tend to focus on scandals instead of providing comprehensive analysis of the government's decisions. Thus, the country showed this criterion's top decline relative to the SGI 2009. In Slovakia the public TV and radio programming have lost market shares, the other pressing problem in the country is a lack of highly trained journalists which are able to provide in-depth analysis of government policy.

Newspaper circulation rates are much higher in the Czech Republic than in the other Visegrad countries. In terms of the number of quality newspaper, the Czech Republic also leads the group. In the overall rating of OECD countries according to the indicator of the same time,

¹⁰⁹ SGI 2011 Executive Accountability, *Media Report*, available at http://www.sgi-network.org/pdf/SGI11_Accountability_Media.pdf (accessed 10 May 2012), p.9.

the country was ranked 7th (5.08 points), while Hungary took the 19th position (2.01 points), Slovakia occupied the 24th place (1.54 points), and Poland found itself on the 30th place only with a score 1.28 points. This indicator's results contribute to understanding the extent to which high-quality political information is likely to be disseminated in the Visegrad countries.

Assessment of the Visegrad states' *parties and interest associations* in the frames of the SGI 2011 showed that in the Czech Republic and Slovakia the major political parties present more coherent and recognizable policies than the ones in Poland and Hungary. According to this criterion rating, the V4 countries took the following positions: the Czech Republic and Slovakia at the 19th and 20th rank, Poland took the 24th place, and Hungary – the 29th position.

In terms of party competence, the Czech Republic performed the best within the group (7 points), the major political parties in the country present coherent and recognizable policies that fit into the traditional left-right spectrum, however, they tend to argue for an urgent rebalancing of the budget without higher taxes or an increase in the progressiveness of the tax system.¹¹⁰

Poland and Slovakia both scored 5 point for the party competence indicator, coherence of the party programs in these countries is limited. In Poland most of the parties fail to provide realistic and reasonable policy proposals, often appealing to national, Catholic values, and emotions (PiS), only the governing PO's program was judged as coherent. Slovak parties' programmatic capacity is limited, while the smaller parties' electoral platforms are focused completely on the issues in which their particular electoral groups are interested, Smer-SD's program, in the period under review, represented strongly declaratory character and SKDU's one was largely abstained from providing some new approaches to economic and social policies. Hungary scored less than other V4 countries for the party competence indicator, 4 points. Because of the strong political polarization in the country the parties' platforms contain unrealistic or vague proposals, tend to emphasize such issues as legitimacy and corruption rather than crucial policies.¹¹¹

Assessment of the extent to which economic interest associations in the Visegrad countries are able to propose reasonable policies showed the following scores: the Czech Republic – 7 points, Poland and Slovakia – 6 points, Hungary – 5 points. In the Czech Republic employers'

¹¹⁰ SGI 2011 Executive Accountability, *Parties and Interest Associations Report*, available at http://www.sgi-network.org/pdf/SGI11_Accountability_PartiesAndAssociations.pdf (accessed 10 May 2012), p.9.

¹¹¹ Ibid., p.16

union and the main trade union center have considerable resources and expertise with which to develop coherent policies, and have the ability to lobby ministries and parliament and to influence government directly through the tripartite consultation structures.¹¹²

In Poland and Slovakia business associations and trade union sectors are relatively developed, policy competence of the interest associations differs, some of them have the expertise and the resources and are able to develop reform proposals, others suffer from lack of resources and therefore their analytical output is limited. Hungarian interest associations are often narrow-minded and lack proper expertise in order to develop coherent policies.

Civil society organizations are much more active and efficient in Slovakia than in the other V4 states. The third sector in the country was evaluated as vibrant, the one that demonstrate considerable policy knowledge and is able to elaborate comprehensive policy proposals. In contrast, in the three remaining Visegrad countries, regardless the wide discrepancy in the number of interest associations registered, most of them lack the resources to develop full-blown policy proposals.

¹¹² SGI 2011 Executive Accountability, *Parties and Interest Associations Report*, available at http://www.sgi-network.org/pdf/SGI11_Accountability_PartiesAndAssociations.pdf (accessed 10 May 2012), p.26-27.

4. Chapter: Profile of the Visegrad Region in Terms of the SGI

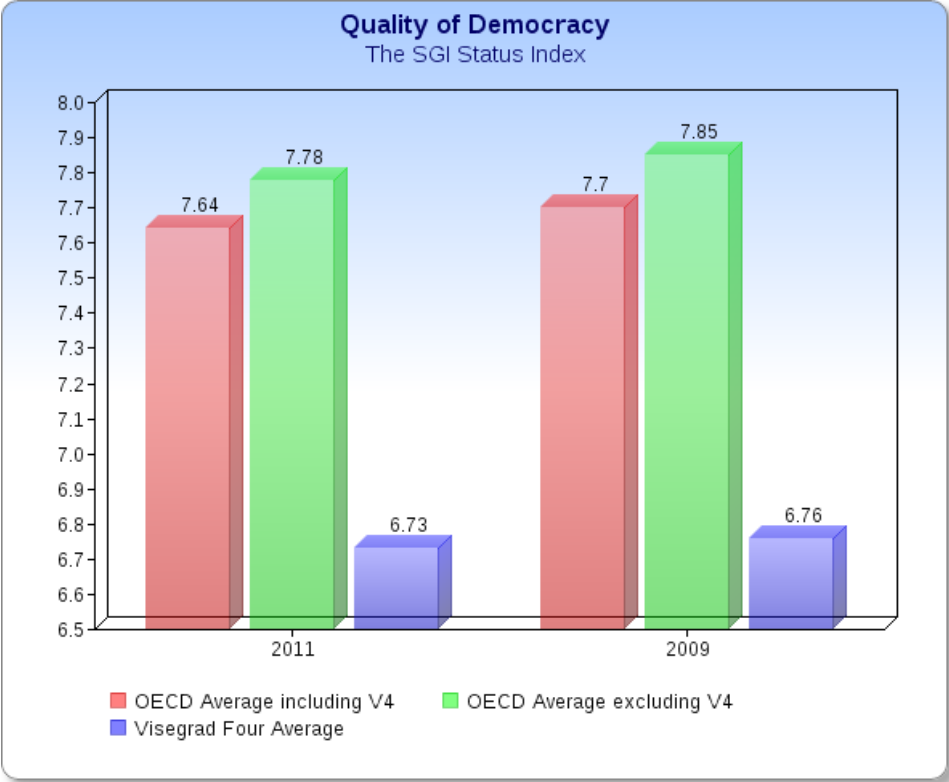
Accession to the European Union in May 2004 was a challenge for the Czech Republic, Slovakia, Poland and Hungary as the new EU member states to prove their ability to implement the necessary reforms in accordance with high EU standards and sustainable development principles. The other formidable challenge for the Visegrad region was the global economic crisis, which adversely affected these Central and Eastern European countries. The years of impressive growth of the Visegrad Four after their joining the EU was followed by relative economic decline, in 2009, with the exception of Poland, the V4 were plunged into a recession. Under the changed domestic and international conditions the Visegrad countries had to elaborate and introduce significant adjustments to their policies.

The Sustainable Governance Indicators (SGI), developed by the Bertelsmann Stiftung, seek to explore the relative success of policies implemented in recent years in OECD countries and these states' reform capacity. The data analyzed in the two SGI editions was collected from January 2005 till April 2010, and therefore it allows to create a full picture of the countries' success or failure in implementing reforms in various fields of political activity. The following chapter intends to analyze the peculiarities of the Visegrad region development after joining the EU, taking into consideration influence of the economic crisis on the V4 until April 2010, to distinguish the main strengths and weaknesses of the region regardless a particular country. It is focused primarily on the analysis of the SGI Status Index records since this pillar provides a comprehensive assessment of the states' policies implemented in recent years, concrete policy outcomes and allows to define and to explore the common development tendencies of the four countries from 2005 to 2010. However, some aspects deriving from the analysis of the results of the SGI Management Index were also incorporated into this chapter.

The Status Index Quality of Democracy survey included into the 2009 and the 2011 SGI editions helps to analyze the dynamics of the changes in the Visegrad Four countries' performance in such issues as democracy and the rule of law. The average score of the V4 states according to the above-mentioned category in 2009 was 6.76 points, the region's record for the year 2011 was evaluated as 6.73 points, which means that the overall Visegrad Four score for the

quality of democracy showed change of 0.03 points. In order to understand the region’s performance and the extent of transformations, it’s necessary to compare these records with the average OECD members’ score. The OECD average record including the V4 countries in 2009 was 7.7 points (approx. 1 point higher than the V4’s), and it changed to 7.64 in 2011, thus the change of 0.06 points occurred, which is twice bigger decline in a quality of democracy than the one in the Visegrad region itself. The dynamics of changes of the OECD average score excluding V4 is 0.07 points decline. Therefore, in the recent years the quality of democracy in the Visegrad region has worsened twice less than in all OECD countries taken together, regardless if calculation is made including the V4 states or excluding them. However, the Visegrad countries’ quality of democracy still falls short of the OECD average, lacking approximately 1 point, which brings the region to the lower midrange group according to the SGI ranking, while the OECD average represents the upper midrange group.

Graph 14: The SGI 2009, 2011 Quality of Democracy results, OECD and V4 average scores



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

The SGI ranking indicates that the basic features of democratic system are established in the region, however, some weaknesses still remain.

In the period under review, the Visegrad countries faced a number of policy challenges, which undoubtedly affected the quality of democracy in the region. Political polarization, unstable governments with small majorities, ideological heterogeneity and recurring conflicts between coalition members or between government and president led to inadequate or partial solutions on many crucial issues, infringed upon the quality of democracy in the region.

According to the SGI surveys, electoral procedures in the V4 are fair and transparent enough, candidates, parties and citizens don't face any considerable discrimination. Party access to media is largely balanced, however, some biases towards larger parties exist, and, depending on the ruling party, some limitations can still occur. The most problematic issue in this field is party financing, which is not transparent enough and often poorly monitored, ineffective regulations and inequitable distribution of state financial support often result in violations and corruption. Moreover, no improvements were seen in party financing area in the Visegrad region in the recent years, which proves that most of the political parties are interested in keeping the system non-transparent, and leaving some loopholes for their future electoral campaigns.

Media freedom principles are not properly secured in the region, insufficient protection of media by regulation often leads to serious infringement on press freedom. Political elites may still make some efforts to strengthen their control over media and politicize the influential public media sources in order to enlist support for their political parties. Nevertheless, the ownership structure of media is relatively diversified. Citizens in the Visegrad Four enjoy far-reaching access to governmental information.

Assessment of the extent to which **civil rights** are protected in the Visegrad region showed the diverse performance of this group of states in several dimensions included. There is a stable and substantial improvement in the area of political liberties protection in the region, progress is seen in ensuring freedoms of thought, speech, assembly and petition. There are more complications in guaranteeing civil rights, the Visegrad Four still suffer from slow court proceedings and preconceived attitude to minorities by state institutions. However, the overall level of citizens' awareness of their own rights increases steadily in the region demanding new efficient solutions from the governments. Discrimination remains one of the most pressing problems in the field of civil rights and liberties protection. Homosexuals suffer from

infringement of their rights in the Visegrad countries, and women still do not enjoy the same working conditions as men, they often receive lower salaries and are engaged in sexual harassment. Growing discrimination against national minorities, in particular Roma and Hungarians, resulted in exacerbation of ethnic tensions in the period under review. Thus, membership in the EU had a positive influence on development of the V4 states' civil rights protection policies, but anti-discrimination policies in these countries' were still not brought completely in compliance with EU anti-discrimination legislation.

Rule of law in the Visegrad countries is considerably lower than in most of the OECD members. Slight progress is seen only in improving legal certainty in the region, at present most of the institutions act in accordance with the law, respecting the main legal arrangements. However, the predictability of administrative behavior sometimes suffers from low quality or contradictory regulations, in particular inconsistency of some domestic laws with international agreements and declarations.

The Visegrad region has worsened its performance in terms of judicial review independence in the recent years, governments' attempts to influence court decisions became more frequent and the work of the lower tier of the court system didn't improve, particularly the existing problems with slow and inefficient procedures of lower courts, often provoking corruption, were not eliminated. No progress was seen in the V4 countries' ability to ensure that the process of appointing justices guarantee the independence of the judiciary, taking into consideration the comparison of the GSI 2009 and the SGI 2011 editions results.

A challenge to prevent and fight corruption was not responded to adequately by the Visegrad countries, on the contrary corruption remains the major shortcoming that infringes upon the quality of democracy in the region. Being especially high at the level of political elites, corruption, however, is widespread also at lower levels, affecting citizens in police offices, hospitals and educational establishments. The situation has deteriorated in the Visegrad region since the 2009 SGI survey, some of the anti-corruption solutions elaborated by governments appeared to be not efficient, not capable of exposing and fighting corruption, and preventing public officeholders from abusing their position for private interests.

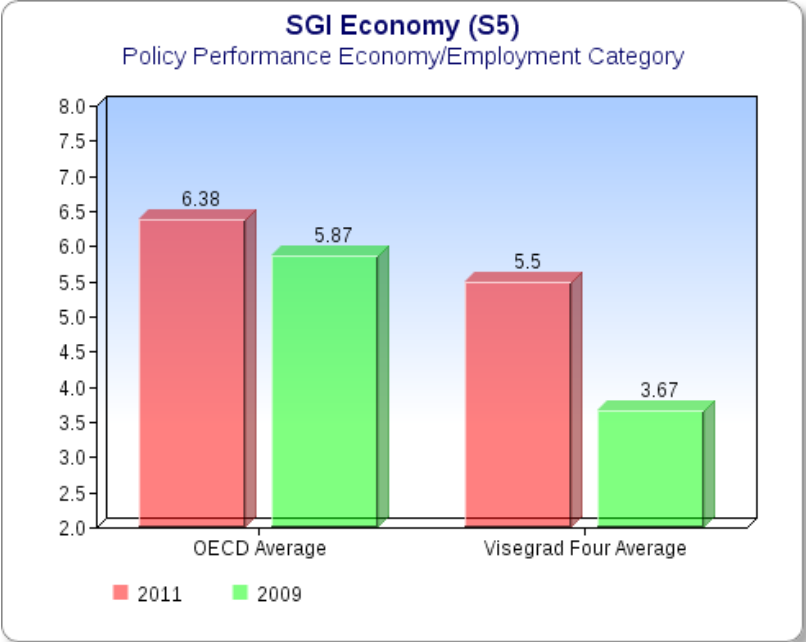
Since the beginning of the 1990s the Visegrad Four has enjoyed more or less steady economic growth which was to a large extent driven by inward investment from multinational

companies exporting to other EU countries.¹¹³ The global economic crisis, however, brought some new challenges to the region's **economic development** and underlined the vulnerability of the Visegrad countries' economies. Among the main weaknesses of these states' economies appeared to be high level of dependency on foreign investments, inequality between regions and corruption. Financial assistance provided by the EU and IMF helped the V4 to minimize the losses caused by the crisis. Nevertheless, the countries faced some serious difficulties in coping with a sharp drop in exports, preventing budget deficit growth, and dealing with a deteriorating fiscal stance. Poland set the most successful example within the Visegrad region of how to elaborate an efficient reform package and react swiftly to the financial crisis

According to the SGI Economy criterion survey, assessing if economic policies in the countries ensure a reliable framework and contribute to fostering competitiveness, the average OECD countries' score in 2011 is 6.38 points, while the Visegrad Four average record is 5.5 points. The Visegrad region still falls short of the OECD states' average (by 0.88 points) but it managed to substantially improve its result in the recent years. According to the SGI 2009, the V4 average was 3.67 points (1.83 points less than the record in the SGI 2011). The overall progress of all OECD countries in their economic development in the years 2008-2010 was not so tangible, the average OECD score improved by 0.51 points in comparison to the SGI 2009 results. Thus, the Visegrad region continued to show rapid economic growth even in the period of the financial crisis, but much work should still be done in order to reach the average OECD rates.

¹¹³ Sustainable Governance Indicators 2011: Policy Performance and Governance Capacities in the OECD/ Bertelsmann Stiftung (ed.), Gütersloh: Bertelsmann-Stiftung, p.171.

Graph 15: The SGI 2009, 2011 Economy results, OECD and V4 average scores



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

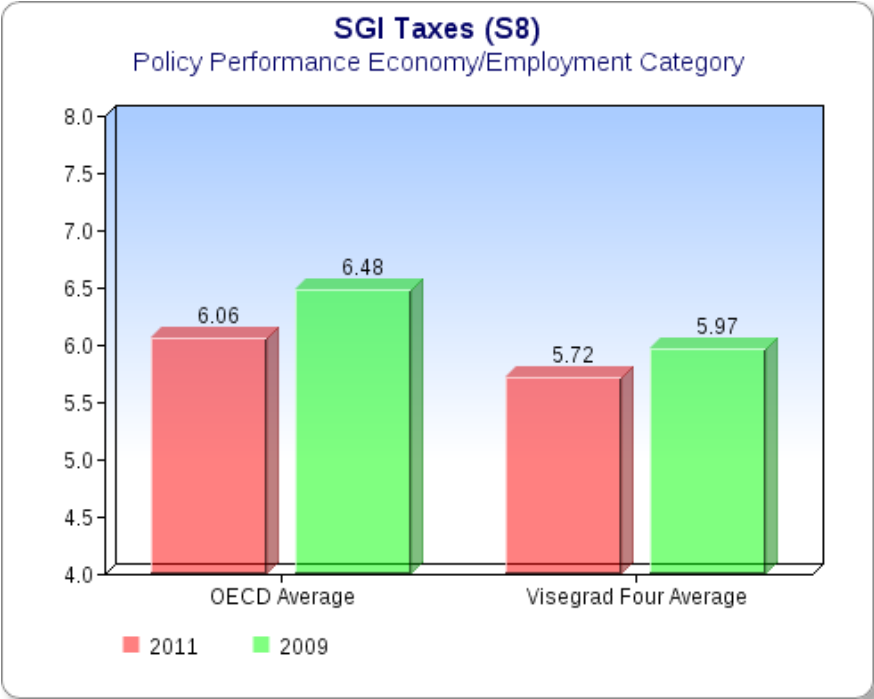
The Visegrad Four placed a particular emphasis on attracting foreign investors ignoring the need to facilitate home-grown investment and provide support to domestic economies. As a result, economic growth was largely provided by well-developed multinational economic sector, but international competitiveness of the Visegrad region didn't improve.

Labor market policies have yielded some positive results, such as lowering the overall unemployment rate, but had limited capacity. Thus, high rates for long-term unemployment remain a pressing problem for the Visegrad Four, as well as substantial regional disparities in employment distribution. Some progress was made with the help of the EU funds, but the level of employment in the region still remains among the lowest in OECD and labor market is not flexible enough.

Aggravated by the crisis, the Visegrad countries' **fiscal stance** demanded an overhaul of existing tax systems. Some of the tough tax policies adjustments helped to reduce high non-wage labor costs, to increase the official retirement age, to cut personal income taxes rates and introduce flat income taxes, and proved to be quite effective and timely. But problems still exist in the region because of some countries' failure to reduce growing fiscal deficit, to relieve their dependency on EU funds and privatization revenues. However, the dynamics of changes in the average Visegrad region's score for the SGI Tax criterion is almost the same as the change of the

OECD average record. The V4 fiscal performance worsened by 0.25 points relative to the SGI 2009, and the OECD average score lost 0.32 points, which proves that all of the European countries examined suffered from fiscal complications accentuated by the world economic recession.

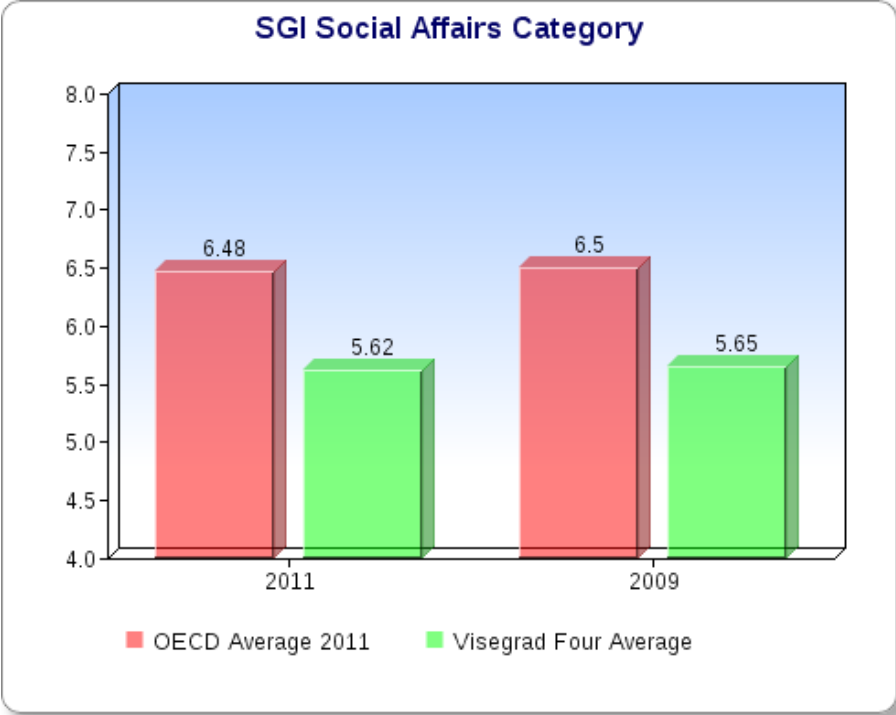
Graph 16: The SGI 2009, 2011 Taxes results, OECD and V4 average scores



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

In terms of the quality of **social policies**, the Visegrad Four is approximately 1 point behind the OECD average score according to the SGI 2011. Indicators included show that no considerable progress has been made in the region over the recent years. The average V4 record for Social Affairs criterion decreased by 0.3 points relative to the SGI 2009, while the average OECD countries' score also worsened by 0.02 points. Thus, the tendency of slight decline of the quality of social affairs, or its relative stability is common for all the OECD countries including the Visegrad region.

Graph 17: The SGI 2009, 2011 Social Affairs results, OECD and V4 average scores



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

In the period under review, *health care* system reforms in the V4 states didn't progress a lot further. The quality of the services provided in the region remain quite low and inefficient, there are constant wide debates about introduction of fees and opening the system to private health insurance companies which often appear to be too controversial and main political parties can not reach the consensus on these issues, fearing to lose public support because of unpopularity of tough measures. The lack of long-term and clear strategy on health care system development doesn't allow to implement some effective solutions.

Welfare policies of the Visegrad Four don't adequately foster equal opportunity in society and are not efficient enough in preventing poverty. The economic crisis even more aggravated inequality in income between the center and rural areas, as well as between different sectors. In some parts of the Visegrad region the share of youth in education or without a job remain quite high, and there are still some areas where people live in a relative poverty. One of the most pressing problems in the Visegrad Four is high degree of *social exclusion* of Roma minority, little attention was paid and no effective measures were taken in order to integrate them into society and improve other citizens' attitude to them.

Family policies in the region don't provide the adequate environment for women to be able to balance child-rearing and careers. With the help of the EU funds some progress was made in developing child care infrastructure. First steps were made for the men to be able to use maternity leave and involve into their children's upbringing. However, these improvements are insufficient and can not increase substantially the employment rate for women in the Visegrad region that remains below OECD average. Traditional gender and family roles of women were not overcome, in the period under review too little attention was also paid to the question of labor market integration for women.

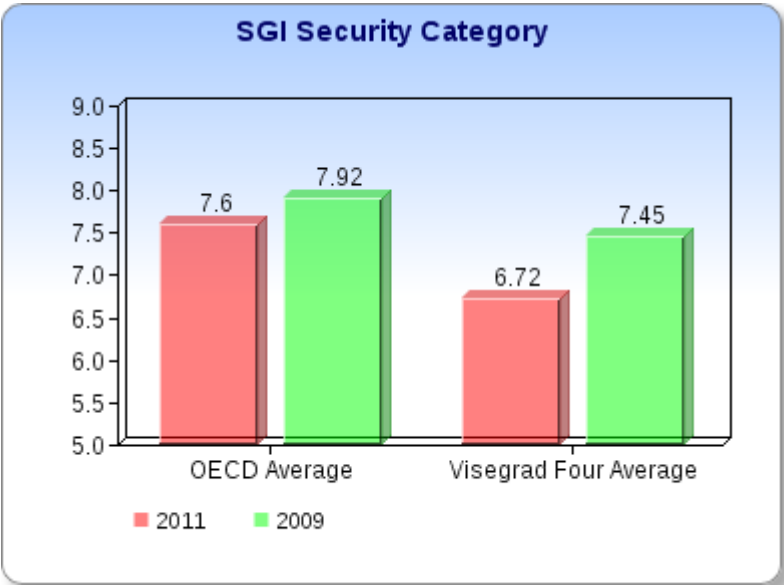
The Visegrad Four experienced a long path of continuous reforms of their *pension systems*. The countries managed to introduce a modern model of three-pillar pension system and increase intergenerational equity of their pension policies. The global economic crisis, however, exacerbated fiscal problems in the Visegrad states' pension systems, and demanded their governments to develop new effective solutions in order to make their pension policies meet the principles of fiscal sustainability. New pension reforms proposed by governments in the Visegrad region stirred up heated discussions about changes of the retirement age, strengthening or weakening of some particular pillars of pension systems in the region, appropriateness of rising general-budget subsidies or deficits in the situation of the relentless aging of populations. The main tendency in the V4 countries' pension systems development over the recent years is their move towards increase of the retirement age or limitation of access to early retirement, which often arouses society's sharp criticism.

Migrants in the Visegrad region still suffer from a number of difficulties, in particular they often have limited educational and employment opportunities. *Integration policies* in the V4 states are underdeveloped, integration of migrants is not yet considered as a way to overcome the lack of labor force and to balance local demographic stance affected by aging population process. The rates of foreign-born population who completed tertiary education are still very low in the Visegrad states, and the level of unemployment among these people remains high. The procedures for recruiting foreign workers are very bureaucratic, and new regulations developed often made them more and more complicated for both employers and workers. State institutions do not provide all the necessary support to migrants, but NGOs act much more effectively, showing high level of familiarity with the reality of migrants' daily life and their main problems. The level of public tolerance towards immigrants is still low in some areas of the Visegrad Four,

which also prevents successful integration of migrants into local communities. The biggest obstacle, however, is a lack of policy interest in facilitating integration of migrants and ensuring the equal rights and opportunities for locals and migrant communities. The big impetus given by the EU pre-accession and membership requirements in this field do not work so effectively anymore after the states joined the Union.

The next important criterion of the SGI Policy Performance survey examines the countries' ability to ensure their domestic and external security, and evaluates states' **security policies** in the terms of their sustainability. The average score for the Visegrad Four for the SGI 2011 Security criterion is 6.72 points, which is almost 1 point (0,88 points) less than the OECD average (7.6 points). The interesting fact is that the V4's record worsened by 0,73 points relative to the SGI 2009, which is a considerable decline; while the OECD average score for security decreased twice less, by 0.32 points.

Graph 18: The SGI 2009, 2011 Security results, OECD and V4 average scores



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

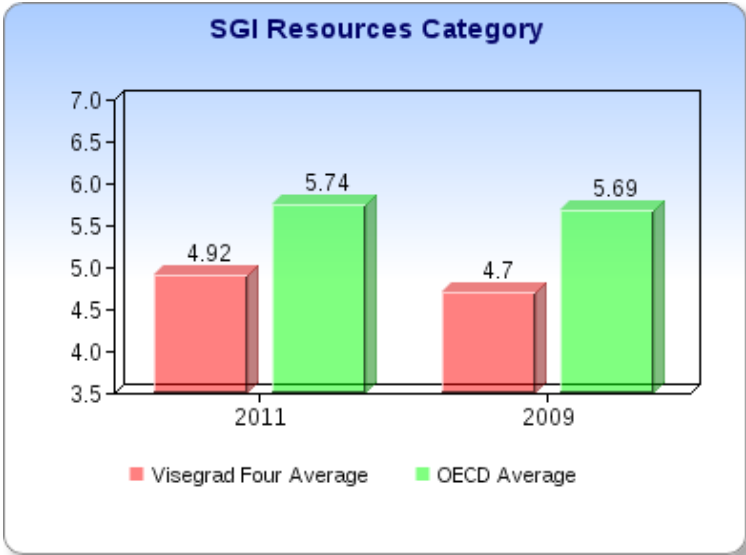
No serious *external security* threats exist in the Visegrad Four, moreover countries' membership in NATO and the EU guarantees them safety. The region is well represented in a number of peacekeeping missions in Afghanistan, Cyprus, and Bosnia and Herzegovina, and in the recent years a decisive move towards decline of military spending can be mentioned. The common tendency of the V4 countries in this field is quite unstable relations with their

neighbors, which are highly dependent on the ruling political party and its particular vision of state's foreign policy. These peculiarities can from time to time substantially influence countries' image in the international arena. Thus, rapprochement with Russia brought about by any Visegrad country usually leads to considerable irritations among some of the EU states and the USA. Moreover, some of the Visegrad member states still have conflicts between each other, in particular Slovak-Hungarian relations remain very tense. Most of the states from the region enjoy good relations and quite close cooperation with the U.S.; the decision to postpone placing of the planned U.S. anti-missile shield system in the Czech Republic and Poland resulted in disappointment of enthusiastic supporters of this project in the Visegrad Group and abroad. One of the most pressing V4's problems remains their energy security, the region is highly dependent on imports of strategic energy sources such as oil or gas often relying on one or several suppliers. Therefore, in order to improve this situation Visegrad countries should look for the alternative suppliers and ensure diversification of transport routes for oil or gas.

Visegrad countries' *internal security* has substantially increased since their accession to the Schengen zone, which intensified and strengthened these states' police cooperation with other EU members, gave a strong impetus to modernization and professionalization of police force and border controls. However, law-enforcement reforms were not comprehensive enough, loopholes still exist, and shortcomings were revealed by the SGI experts in such areas as coordination between different institutions involved in fighting crime, adequacy of witness protection, funding of police forces, police corruption also remains a pressing problem in the Visegrad region. Thus, over the recent years the Visegrad Four have succeeded in combating traditional crime, the number of homicides, burglaries and robberies has declined substantially; however, much work should still be done in order to increase the level of reliability of police services in the region, which is now seen by the V4 states' citizens as quite low.

The last SGI Policy Performance category explores if the countries are dealing with **natural resources** in a sustainable way. The Visegrad Four's record according to the included indicators is comparatively weak. The average V4 score for resources sustainability in the SGI 2011 edition is 4.92, while the OECD average is 5.74, thus the Visegrad region still lags behind many European countries in terms of efficiency and sustainability of its environment, research and development, and educational policies.

Graph 19: The SGI 2009, 2011 Resources results, OECD and V4 average scores

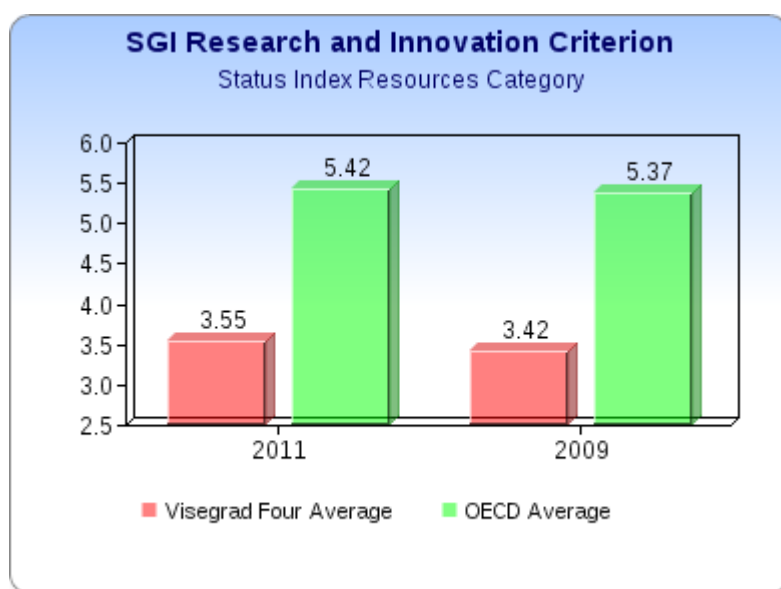


Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

Before their accession to the EU all the Visegrad states had to accept the ‘*acquis communautaire*’, an important component of which included a set of the *environmental policy* requirements. EU legislative support to the V4, supplemented with substantial financial assistance, gave a strong impetus to improvement of environmental policies in the Visegrad region. However, after joining the EU, the Visegrad countries substantially cut their spending on environmental protection, to the level below the EU average. The V4 proved to be successful in the areas of waste management and water usage, according to the same name indicators the region showed very good record and can be placed in the group of high-scoring OECD countries. The Visegrad Four, however, were not so successful in reducing the level of CO2 emissions and completely failed in increasing the share of the renewable sources use in the total percentage of energy use. Strong lobbies and unwillingness or inability of political elites to negotiate with the main stakeholders adequate solutions, which will reconcile with the states’ international commitments to limiting climate change, hampers implementation of tough environmental reforms and influence the region’s image in the international arena. The ruling governments in the V4 still do not put a strong emphasis on environmental issues; they tend to prioritize economic growth objectives over environmental and social pillars, and therefore redirect funding primarily aimed at eco-friendly regulatory policies to the other sectors.

The Visegrad region performed the worst in *research and innovation policies* within the SGI Natural Resources criterion. The Visegrad Four's average score for R&D policies in 2011 is 3.55 points, which is 1.87 points less than the OECD average. This record is very low and it brings the region to the bottom group of the SGI ranking. Moreover, no considerable progress was made by the V4 in this field relative to the SGI 2009; the countries managed to improve their average score by 0.13 points only, and reduced their lag behind the OECD average by slight 0.08 points in comparison with the SGI 2009 results.

Graph 20: The SGI 2009, 2011 Research and Innovation results, OECD and V4 average scores



Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

The overall spending on R&D relative to GDP in the Visegrad region remains lower than the EU average. Public expenditures are inadequate throughout all the V4 states, while private R&D expenditures are increasing in some areas.¹¹⁴ The biggest share of research that can lead to innovation is conducted by multinational companies, while domestically owned high-tech sector is progressing very slowly in the Visegrad Four. The links between production and research are still very weak in the region, most of the measures taken in order to improve cooperation between enterprises and universities, other public research institutes met the obstacle of insufficient funding and, therefore couldn't be implemented effectively. To strengthen their

¹¹⁴ SGI 2011 Policy Performance, *Research and Innovation Status Report*, available at http://www.sgi-network.org/pdf/SGI11_Resources_R&D.pdf (accessed 10 May 2012), pp. 16-18, 20.

competitiveness the Visegrad countries must significantly improve their research and innovation policies; this is not only a question of higher spending levels but also one of improving the infrastructure and framework conditions for effective public and private R&D efforts.¹¹⁵

The Visegrad Four have still significant need for reform on their *educational policies*. Some progress was made over the recent years in secondary and pre-primarily education, the rate of children involved and the ones who complete these tiers of education are quite high. However, enrolment in tertiary education is still relatively low in the Visegrad region, as well as the percentage of people who participate in continuing job-related education. Public spending on education is quite low, regional and social disparities remain in some areas, as well as inequality in access to quality and up-to-date resources, these factors hamper progress in educational field. The other important problem is the lack of interdependency between the labor market and education which doesn't allow to elaborate some effective solutions and to bring educational systems in the V4 in compliance with major labor market requirements.

Therefore, in the period under review of the two SGI editions the Visegrad region faced significant challenges brought by their new status of the members of the European Union, which required rapid implementation of a set of reforms in order to bring the V4 policies in compliance with EU standards, and by the world economic crisis that demanded elaboration of urgent and effective adjustment policies in order to reply to the damage inflicted to the sectors which were hit severely by the crisis. The quality of democracy suffered from strong political and social polarization, inability of political parties or particular political leaders to unite in strong coalitions able to reach consensus and introduce effective long-term reforms. Electoral process in the Visegrad region is fair and transparent enough, but considerable loopholes still exist in party financing, state financial support is often distributed in an inequitable way, which often results in corruption. Media don't enjoy adequate level of protection by regulation in the Visegrad Four, which gives some space for abuse of press freedom by authorities.

Political liberties are effectively secured by the V4 states' institutions. In contrast, there are still a lot of complications in guaranteeing civil rights in the region, the level of discrimination against national minorities, homosexuals and women is quite high, and this issue is not tackled effectively mostly because of the lack of political will. The major shortcoming that infringes

¹¹⁵Bertelsmann Stiftung 'Mixed Prospects for the Visegrad Four', available at <http://www.sgi-network.org/index.php?page=news> (accessed 10 May 2012).

upon the quality of democracy in the region is corruption at all the levels; anti-corruption measures elaborated by governments appeared to be not efficient and not able to prevent public officeholders from abusing their position for private interests.

The Visegrad countries' intensive economic development after their accession to the European Union was largely driven by EU funds and inward investment from multinational companies. Economic growth contributed considerably to the raise of income levels and living standards in the Visegrad Four; however the region didn't manage to reach the level of the richest European countries. Among the main obstacles hampering further economic progress are: high level of dependency on foreign investments, inequality between regions and corruption. The other crucial shortcoming is connected with the Visegrad states' inadequate attention to development of domestic research and innovation potential, which is still largely dependent on foreign companies' investments, interested in low-cost locations and capacities. Education system is also in need of reform, access and quality of higher education is limited and remains below the level of western European countries, moreover there is a lack of synchronization between the labor market and education.

Migration policies of the Visegrad Four lack long-term objectives and effective solutions of aggravating problems. Integration of migrants is not yet considered in the region as a way to overcome the lack of labor force and to balance local demographic stance affected by aging population process. Migrants still face discrimination and limited access to some tiers of education and employment.

5. Conclusion

The Visegrad countries' accession to the European Union gave a sufficient impetus to their move towards sustainable development. The EU legal pressures in the form of the 'acquis communautaire' adoption requirement and the Union's financial instruments helped to foster sustainable patterns of development in the Visegrad Four. The countries have undergone substantial reforms, brought their policies into compliance with EU standards and regulations.

Having become the members of the EU the Visegrad countries subscribed to the fundamental objective of the Union under the Lisbon Treaty – sustainable development. The Czech Republic, Poland, Slovakia and Hungary kept pace with the other EU member states and elaborated their national sustainable development strategies throughout the 2000s.

However, the Visegrad countries didn't manage to integrate sustainable development approach into all of the fields of political activity, to ensure effective mechanisms for coordination and improving policy coherence between central bodies, line agencies and stakeholders in order to implement sustainable development goals. The lack of long-term strategic solutions remains the other important obstacle that doesn't allow the Visegrad Four respond effectively to the sustainability matters.

The most pressing problem, however, is inadequate political will for implementation of sustainable development policies. Politicians at different levels of government in the Visegrad countries are not committed to sustainable development integration into policies; sustainable development is still seen as a separate objective, but not as the only acceptable approach to shape all the policy areas, the only way to achieve long-term economic growth, and social and environmental improvements.

The Czech Republic, Poland, Slovakia and Hungary didn't create any effective regional network aimed at cooperation on sustainable development issues, the Visegrad Group, established in 1991, didn't incorporate sustainability matters, therefore most of the joint projects implemented in this field are excursive and limited. In contrast to the Nordic and Baltic countries, the Visegrad region has no extensive platform for governments, business and civic institutions to cooperate effectively in their joint sustainable development efforts.

Analysis of the Visegrad countries according to the data provided by the two editions of the Sustainable Governance Indicators, developed by the Bertelsmann Stiftung, and published in 2009 (period of review: January 2005 – March 2007) and in 2011 (period of review: May 2008 – April 2010), allowed to compare the Visegrad states' performance in ensuring sustainable governance, to distinguish the main tendencies of Visegrad region's development, its main strengths and weaknesses compared with OECD average scores.

The four Visegrad Group member states in 2011 SGI survey on sustainable governance showed different records; whereas Poland and, to a limited extent, also the Czech Republic achieved some improvements compared with the SGI 2009 results, Hungary and Slovakia have clearly deteriorated.

The average score of the region showed only slight changes relative to the SGI 2009, the Czech Republic's and Poland's growth more or less balanced the decline of Slovakia and Hungary. Even though the dynamics of changes of the Visegrad region's records according to the most of the SGI criteria is quite stable, the region still falls short of the OECD average scores.

The key element of sustainability, the quality of democracy, is still prone to high risks in some parts of the Visegrad region. On the one hand stable democratic orders in the V4 can still be threatened by actions of decision-makers. Democratic institutions can be harmed and civil rights can be restricted by elected governments, new institutional reforms and laws introduced can also influence the quality of democratic processes. Thus, strong political and social polarization in Hungary and Slovakia under the Orban and the Fico governments over the recent years infringed upon the quality of democracy in these countries. It resulted in growing politicization of the media and judiciary, flourishing party cronyism and clientelism, limitation of NGOs involvement in decision-making.

Media still don't enjoy adequate level of protection by regulation in the Visegrad countries, which gives some space for abuse of press freedom by authorities. Considerable loopholes exist in party financing in all of the countries from the region. Among the main factors undermining the quality of democracy in the Visegrad Four remains corruption, rampant at all levels, especially among the political elites, it was not fought effectively throughout the recent years, anti-corruption measures elaborated by governments appeared to be limited and couldn't prevent public officeholders from abusing their position for private interests.

Discrimination against minorities remain a pressing problem in the Visegrad region, a number of anti-discriminatory measures were launched in all the V4 states, however, most of them proved to be limited. Roma minority still suffer from violations of their rights in Hungary, the Czech Republic and Slovakia; the 2009 State Language Act and the 2010 Patriotism Act adopted in Slovakia led to substantial growth of discrimination against Hungarian minority in this country. The conservatism of the Polish Catholic Church also contributes to polarization of society, particularly encourages strong informal social control in small localities.

The Czech Republic performed better than the other members of the group and showed the highest score within the group according to the quality of democracy criterion. It was Poland, however, that managed to show the biggest improvements in most of the SGI categories; still, it should be mentioned that the Polish threshold at the beginning was considerably lower than those of the other Visegrad countries. Under the Tusk government the quality of democracy has substantially improved, progress has been shown in ensuring respect for the freedom of media and the independence of the judiciary, civil rights and political liberties. Poland proved to be the most successful in reacting to the financial crisis; it not only didn't experience a fall in GDP but actually recorded the highest GDP growth among OECD countries in 2009. The country's ambitious reform program launched in October 2008 succeeded in limiting the scope for early retirement, cutting personal income tax rates, privatizing a number of companies.

The economies of the rest of the Visegrad Group member states were hit hard by the global economic crisis, Hungary and Slovakia suffered the most. Severe fiscal problems forced Gyurcany and Bajnai governments to ask for help from IMF and the European Union, which allowed the country to introduce necessary far-reaching fiscal adjustments. The Fico government was very slow in responding to the crisis and most of its measures failed.

The global economic crisis has underlined the vulnerability of the Visegrad countries' economies. Their intensive economic growth after accession to the EU, largely driven by EU funds and inward investment from multinational companies, couldn't last long in the progressing economic crisis. Such ways of economic development, which led to the rising income levels and improving living standards in the region, however, couldn't provide a basis for the Visegrad Four to reach the level of economic development of the richest western European states.

The Visegrad countries' excessive focus on attracting foreign investment and the lack of support to domestic economies over the last decade led to a gap between the well-developed

dynamic multinational economic sector and weak domestic sector of economy. In the conditions of the crisis, high level of dependency on foreign investments, inequality between regions and corruption hampered further economic progress of the region.

The other substantial obstacle for Visegrad countries' move towards sustainability is inadequate attention of governments to development of domestic research and innovation potential, which hampers the growth of the states' economies international competitiveness. Most of R&D efforts in the region are still largely dependent on foreign companies' investments whereas domestic infrastructure and framework conditions for effective research and innovation remain undeveloped.

Education systems in the Visegrad Four often fail to deliver high-quality, equitable education and training, and require some deep adjustments. While the proportion of people with secondary education is quite high in the region, tertiary attainment rates remain low, especially in the Czech Republic and Slovakia. Vocational training is poorly developed in the V4, with the exception of the Czech Republic, which managed to develop a relatively well-functioning system of professional training over the recent years. Moreover, there is no effective synchronization between the labor market and education in the region.

In terms of social affairs much work should still be done in improving health care and pension systems in the Visegrad Four, their adaptation to demographic changes. Social inclusion policy also requires reforms; growing income inequality between the center and the regional level, as well as across different sectors causes much concern. Social exclusion of Roma population in Slovakia, Hungary and the Czech Republic also remain a pressing problem. Migration policies of the Visegrad Four lack long-term objectives and are not efficient enough. Integration of migrants is not yet considered in the region as a way to overcome the lack of labor force and to balance local demographic stance affected by aging population process.

Thus, taking into consideration the major challenges faced by the Visegrad countries since the year 2005, it should be emphasized that the strong political polarization and problems in the field of quality of democracy and the rule of law remain the main threats for the states' sustainable governance. The four CEE countries, united by community of their interests after the collapse of the Soviet Union, particularly common aspirations towards joining the EU, responded differently to the global economic crisis. It was only Poland that managed to maintain its steady economic development showing the highest GDP growth among OECD countries. The

Czech Republic was not so successful and suffered from the rising budget deficit. Hungary and Slovakia couldn't respond adequately to the crisis, their economies' vulnerability appeared to be too substantial and required implementation of deep adjustments. The governments in the two latter countries failed in reaching consensus on urgent issues, which hampered implementation of effective long-term reforms. These developments reinforced struggle for power in the countries, led to strong political polarization, and concentration of political powers in the center. As a result, the quality of democracy in Hungary and Slovakia deteriorated significantly and long-term system stability appeared to be an unattainable goal for these states. Therefore, at present, ensuring functioning of robust democratic institutions and practices, an essential precondition for establishing long-term systemic sustainability, remains the most pressing problem for particular Visegrad countries, which hampers their further progress towards sustainable development.

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Appendix 1: The SGI 2009, 2011 Quality of Democracy category and criteria scores (table)

	Quality of Democracy		Electoral Process		Access to Information		Civil Rights		Rule of Law	
	2009	2011	2009	2011	2009	2011	2009	2011	2009	2011
Czech Republic	7,29	7,42	8,8	8,5	8	7,7	6,7	7,7	5,8	5,8
Poland	6,05	7,31	8,5	8,5	6,3	7,7	5	7,7	4,4	5,4
Hungary	6,81	6,39	7,3	6,5	6,7	6,3	7,3	7	6	5,7
Slovakia	6,88	5,81	8,5	7,8	7,3	5	6,7	6	5	4,5
Visegrad Four Average	6,75	6,73	8,25	7,82	7,08	6,67	6,42	7,07	5,28	5,35
OECD Average	7,7	7,64	8,35	8,13	7,67	7,45	7,60	7,74	7,20	7,24

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012). Average scores are calculated on the basis of the countries scores provided by the above-mentioned source.

Appendix 2: The SGI 2009, 2011 Economy and Employment category and criteria scores (table)

	Economy and Employment		Economy		Labor Market		Enterprises		Taxes		Budgets	
	2009	2011	2009	2011	2009	2011	2009	2011	2009	2011	2009	2011
Czech Republic	4,5	5,7	4,5	5,6	6,5	6,3	6,3	6,0	5,8	5,4	5,3	5,2
Poland	2,7	5,5	2,7	5,0	5,5	6,2	4,3	5,3	4,9	5,6	4,2	5,2
Hungary	2,9	5,2	2,9	6,1	4,2	4,9	4,9	4,7	5,3	5,0	3,5	5,4
Slovakia	4,6	5,0	4,6	5,3	4,6	3,6	6,0	4,0	7,9	6,9	6,1	5,3
Visegrad Four Average	5	5,35	3,67	5,5	5,22	5,25	5,37	5	5,97	5,70	4,76	5,25
OECD Average	6,33	6,09	5,87	6,38	6,79	6,47	5,99	5,72	6,48	6,06	6,53	5,8

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012). Average scores are calculated on the basis of the countries scores provided by the above-mentioned source.

Appendix 3: The SGI 2009, 2011 Social Affairs category and criteria scores (table)

	Social Affairs		Health Care		Social Inclusion		Families		Pensions		Integration	
	2009	2011	2009	2011	2009	2011	2009	2011	2009	2011	2009	2011
Czech Republic	6,6	6,5	6,8	6,9	7,3	6,8	6,4	6,0	7,1	7,2	5,3	5,6
Poland	4,6	5,0	5,3	6,0	4,5	4,6	3,5	4,6	6,1	6,2	3,8	3,7
Hungary	5,6	5,6	5,9	5,3	5,3	5,3	5,9	5,8	5,2	6,2	5,8	5,5
Slovakia	5,8	5,4	5,3	5,1	6,0	5,0	5,2	5,4	7,3	6,4	5,2	5,0
Visegrad Four Average	5,65	5,6	5,81	5,8	5,76	5,4	5,24	5,5	6,40	6,5	5,01	5,0
OECD Average	6,50	6,48	7,10	7,02	6,52	6,28	6,36	6,53	6,50	6,60	6,03	5,97

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012). Average scores are calculated on the basis of the countries scores provided by the above-mentioned source.

Appendix 4: The SGI 2009, 2011 Security category and criteria scores (table)

	Security		External Security		Internal Security	
	2009	2011	2009	2011	2009	2011
Czech Republic	7,9	7,4	9,0	7,7	6,9	7,1
Poland	6,9	6,4	7,4	5,4	6,4	7,3
Hungary	8,2	6,6	9,0	7,4	7,3	5,7
Slovakia	7,5	6,5	7,9	6,0	7,1	7,1
Visegrad Four Average	7,62	6,7	8,33	6,6	6,92	6,8
OECD Average	7,92	7,60	8,41	7,77	7,43	7,43

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012). Average scores are calculated on the basis of the countries scores provided by the above-mentioned source.

Appendix 5: The SGI 2009, 2011 Security category and criteria scores (table)

	Resources		Environment		Research and Innovation		Education	
	2009	2011	2009	2011	2009	2011	2009	2011
Czech Republic	5,3	5,5	6,3	6,4	3,5	4,0	6,2	6,1
Poland	4,4	5,1	5,9	5,9	3,1	3,6	4,3	5,8
Hungary	4,9	5,0	6,0	6,6	3,6	3,7	5,2	4,8
Slovakia	4,2	4,1	5,0	5,3	3,0	2,9	4,6	4,1
Visegrad Four Average	4,72	4,95	5,79	6,05	3,29	3,57	5,06	5,20
OECD Average	5,69	5,74	5,36	5,98	5,37	5,42	5,81	5,82

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012). Average scores are calculated on the basis of the countries scores provided by the above-mentioned source.

Appendix 6: The SGI 2009, 2011 Steering Capability category and criteria scores (table)

	Steering Capability		Strategic Capacity		Inter-Ministerial Coordination		Evidence-based Instruments		Societal Consultations		Policy Communications	
	2009	2011	2009	2011	2009	2011	2009	2011	2009	2011	2009	2011
Czech Republic	4,3	5,5	4,2	4,8	5,3	5,6	2,0	6,3	6,0	7,0	4,0	4,0
Poland	3,4	6,2	3,3	5,5	4,6	6,7	3,0	4,7	3,0	7,0	3,0	7,0
Hungary	5,9	5,4	7,7	6,0	8,0	7,6	3,0	3,7	5,0	5,0	6,0	5,0
Slovakia	5,4	4,2	7,7	4,3	6,3	5,4	3,0	3,3	6,0	5,0	4,0	3,0

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

Appendix 7: The SGI 2009, 2011 Policy Implementation category and criterion scores (table)

	Policy Implementation		Effective Implementation	
	2009	2011	2009	2011
Czech Republic	6,6	6,0	6,6	6,0
Poland	5,2	5,9	5,2	5,9
Hungary	6,5	6,4	6,5	6,4
Slovakia	7,9	5,3	7,9	5,3

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

Appendix 8: The SGI 2009, 2011 Institutional Learning category and criteria scores (table)

	Institutional Learning		Adaptability		Organizational Reform Capacity	
	2009	2011	2009	2011	2009	2011
Czech Republic	4,8	5,5	5,0	6,5	4,5	4,5
Poland	4,3	6,8	5,0	8,0	3,5	5,5
Hungary	7,3	6,0	7,5	7,0	7,0	5,0
Slovakia	6,8	3,8	8,0	3,5	5,5	4,0

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

Appendix 9: The SGI 2009, 2011 Citizens category and criterion scores (table)

	Citizens		Citizens' Participatory Competence	
	2009	2011	2009	2011
Czech Republic	4,5	4,7	4,5	4,7
Poland	3,0	3,7	3,0	3,7
Hungary	5,1	4,5	5,1	4,5
Slovakia	5,6	3,8	5,6	3,8

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

Appendix 10: The SGI 2009, 2011 Legislature category and criteria scores (table)

	Legislature		Structures and Resources of Legislative Actors		Legislative Accountability	
	2009	2011	2009	2011	2009	2011
Czech Republic	7,9	7,7	6,5	6,3	9,3	9,0
Poland	7,6	7,7	5,7	5,9	9,6	9,4
Hungary	7,8	7,8	6,4	6,4	9,3	9,2
Slovakia	7,5	6,9	6,1	6,1	9,0	7,8

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).

Appendix 11: The SGI 2009, 2011 Intermediary Organizations category and criteria scores (table)

	Intermediary Organizations		Media		Parties and Interest Associations	
	2009	2011	2009	2011	2009	2011
Czech Republic	6,0	5,9	5,0	5,1	7,0	6,7
Poland	4,6	4,6	3,6	3,5	5,7	5,7
Hungary	4,6	4,1	4,1	3,1	5,0	5,0
Slovakia	5,0	4,6	3,6	2,9	6,3	6,3

Source: SGI 2011 and 2009 Scores and Values, available at http://www.sgi-network.org/pdf/SGI11_Scores_Values.xls (accessed 26 April 2012).