

HOW TO ASSESS THE SUSTAINABILITY OF DEVELOPMENT: LINES OF EUROPEAN INTERVENTION

Gianfranco Bologna
Giulio Marco
Social Watch Italy

The route to the United Nations Conference on Sustainable Development (UNCSD) to be held in June 2012 in Rio de Janeiro, twenty years after the famous 1992 Earth Summit, is building an “exciting opportunity for a constructive confluence of the best scientific production, theory and practices dedicated to sustainable development. In these twenty years there has been deepening and consolidated research on Global Environmental Change (GEC), the central theme for all the sciences of the Earth system and its prestigious research programs (converging in the Earth System Science Partnership¹, sponsored by the world’s largest scientific organization, ICSU - International Council for Science². The Sustainability Science has also been created, with two international conferences which have been already realized and have brought together the confluence of numerous advanced disciplines (ranging from Ecological Economics and Industrial Ecology to Restoration Ecology and Conservation Biology, all the way to Earth System science³.

Moreover, the important collaboration between scientists of the natural systems and scholars of the social systems has produced important international relations, sponsored by the United Nations, such as the Millennium Ecosystem Assessment⁴ and TEEB, The Economics of Ecosystems and Biodiversity⁵, which have assessed the state of health of the Earth’s ecosystems, the services they provide to human welfare and the economy, the evaluation of natural capital and so on. Four reports of the Intergovernmental Panel on Climate Change⁶ were also produced, taking stock of the knowledge of our climate system, the effects of our actions on it, on future scenarios, the policies needed for mitigation and adaptation to climate change, and so on.

Which indicators of wealth and well-being?

The gross domestic product (GDP) is the most well known measure of macroeconomic policies. It was formulated in the 30s by economists such as Simon Kuznets, and then turned into an actual indicator of wealth and prosperity of a country. It has been used by policy makers around the world to indicate positive or negative performances of policies in general and to determine rankings among the different countries.

The reflection and actions aimed at revising our indicators of wealth and prosperity are now well under way, since it has been demonstrated that the ones used today are clearly not able to “photograph” the reality of humankind as well as the fact that, unfortunately, they ignore the health of ecosystems and biodiversity of the planet. Finally it seems now time to integrate the classical economic accounting with ecological accounting. Moreover, there is an extensive process to define a new economy that will also be part of the discussion in the UNCSD of Rio de Janeiro.

On these issues of central importance for the future of us all, official institutions like the United Nations, the European Commission, Eurostat, the OECD have produced much analysis. Non-governmental organizations as well have been involved, such as the Club of Rome and WWF, with the publication of the report, “Taking Nature into Account” (1995) and the organisation of the first major conference with the same title in Brussels in 1995, together with the European Commission and the European Parliament and subsequent initiatives, including the last major conference with the European Commission and European Parliament in Brussels in 2007⁷, which have strongly triggered world political and economic forces to realize a transition towards environmental accounting, in conjunction with economic activity. Naturally, significant contributions were also provided by the report of the committee wanted by French President Sarkozy with five Nobel Economics Prizes among its members and coordinated by Joseph Stiglitz, Amartya Sen and Jean Paul Fitoussi⁸ and the OECD’s work on the global project on new indicators of progress for society⁹.

In addition to all this, besides the work the OECD, the UN, the European Union and other international institutions and organizations are doing in creating a framework and a set of proposals, other international initiatives and practical experiences are underway through the work of research and development matured in recent years. In Canada (with the Canadian Index of Well Being) and Australia (through the work of the Australian Bureau of Statistics), there have been concrete advancements using indicators measuring well-being and supplementing GDP.

Among the many indicators used, there is the ISEW (Index of Sustainable Welfare), which calculates the environmental costs and income distribution: it has already been adopted in several national and local contexts. Social budgeting practices, gender auditing and similar assessments are spreading more and more in local areas (but there are examples of central government such as New Zealand), and cover many hundreds of municipalities and local governments all over the world.

In some of these local experience, specific indicators such as ecological footprint or QUARS (Quality of Regional Development) are used as a tool to address economic and financial policies. In Italy, this is the case of regions such as Lazio and Tuscany. In particular, the QUARS¹⁰ with the identification of seven domains and 41 indicators of social, environmental and cultural dimensions, has become an increasingly popular tool in assessing the effects and impacts of specific policies. It is used in the town of Arezzo, in provinces such as those of Trento, Ascoli Piceno and Rome, where it is taken as a reference for the implementation of the strategic plan of development of the province¹¹. There are also many local authorities in Italy who are working on the implementation of public policies on the basis of territorial welfare indicators, such as the Network of Virtuous Townships¹² and the Network for a new municipality¹³.

1 <www.essp.org>.

2 <www.icsu.org>.

3 <www.sustainabilityscience.org>.

4 <www.maweb.org>.

5 <www.teebweb.org>.

6 <www.ipcc.ch>.

7 See: <www.beyond-gdp.eu>.

8 <www.stiglitz-sen-fitoussi.fr>.

9 <www.oecd.org/progress>.

10 <www.sbilanciamoci.org>.

11 <capitalemetropolitana.provincia.roma.com>.

12 <www.comunivirtuosi.org>.

13 <www.nuovomunicipio.org>.

Networking cities that use new indicators in their public policies

Many concrete experiences have been carried out by municipalities and local governments – and at the international level - within the framework of Agenda 21.

Among the European capitals, there are the significant examples - inspired by Agenda 21 - of Dublin and Helsinki¹⁴. The movement of the “Covenant of Mayors” must also be mentioned: it has undertaken to translate into concrete commitments local policies on energy efficiency and use of renewable energy, in accordance with the goals of 20/20/20. It networks more than 2,600 mayors, representing over 126 million people¹⁵. These are only a few examples, some linked to an organic application of welfare indicators, others limited to certain sectors, which reflects the growing importance of the debate and the elaboration of practical means using indicators for public policy making. In this way, from a confined use as broader statistical and articulated representation and well-being, these indicators are becoming instruments that impose constraints, objectives, audits on public policies, at the same level of other indicators of macroeconomic nature.

GDP is still today considered a proxy indicator for overall development of society and progress in general. However, given its nature and its purpose, the GDP can not be the key to understanding all issues subject to public debate. In particular, the GDP does not measure environmental sustainability or social inclusion, and these limitations should be considered when it is used in the analysis or in policy debates.

Significant policies, from this point of view, are collected within the European Union. It is no

accident that the European Commission’s Communication to the Council and the European Parliament dated August 20th, 2009 and titled “GDP. Measuring progress in a changing world”, foresees that by 2013 for all EU countries physical environmental accounts will be available, along with the classic economic accounts.

The attempt that the Commission is making is to also summarize in one indicator the status of global environmental health to be summed to the GDP. It is believed that indicators that summarize important issues in the single digits are essential communication tools that trigger public debate, allowing people to see if progress has been actually achieved. GDP and unemployment rates and inflation are significant examples of such summary indicators, but their purpose is not to take stock of the situation on issues such as environment or social inequalities.

Four lines for European intervention

In recent years, in conclusion, we have tried to translate the welfare indicators in public policy and good practices. Regarding the relationship between indicators and policies, there are the four lines that could be followed by governments, parliaments and local authorities on a European scale. The first is the adoption of the indications made by the “Stiglitz Commission”, which could be appropriately used in financial, budgetary laws and in the economic and financial planning documents.

The second is the definition of a “economic, social and environmental stability pact, setting objectives and constraints for public policies related to the chosen indicators.

The third is the use of welfare indicators in the Economic and Financial Planning: depending

on the countries and territories, there are several tools, areas and fields of application which can usefully be referenced to help build the identified indicators.

Finally, there is the point of so-called “satellite accounts”: with environmental budgeting, social and gender auditing it is possible to build instruments to measure well-being and to assess the effects and impact of policies, and which are able to help indicate the choices and verify the results.

One point that emerges in the debate between indicators and public policies is the legitimacy of the choice of indicators¹⁶. In this context, the public process of building participatory and shared indicators with all stakeholders concerned becomes a crucial point in defining a set of domains and indicators that have institutional and social legitimacy.

In this context, an example is the progress in Italy, where on the initiative of ISTAT (National statistics agency) and CNEL (National Council for Economy and Labour), a “steering committee on the inter-institutional initiative to develop indicators of progress and prosperity” began its work in 2011 and will conclude in 2012, with the aim to “develop a shared definition of the progress of Italian society, to express the economic, social and environmental major areas (...) Furthermore, we intend to select a set of high quality statistical indicators and representative of the various domains (...) these indicators will then be disseminated to citizens through a widespread distribution of the evolution of these indicators.¹⁷

For Italy, this could be a decisive step towards the widespread use of indicators in public policy at national and local levels.

14 <www.un.org/esa/dsd/agenda21>

15 <www.eumayors.eu>

16 On the dimension of the relationship between indicators and public policies, an important reference is the document “Health and solidarity” of the campaign Sbilanciamoci (www.sbilanciamoci.org) operating in Italy.

17 See: <www.cnel.it/19?shadow_comunicati_stampato=3090>