

Sustainability “in action”, from rhetoric to public politics

Francesca Leotta (University of Catania)

Abstract: *The paper aims to analyse the enforcement of the principle of sustainable development in the Italian legal system through the legislative provisions on «BES» indicators.*

Contents: 1. Sustainability in International Declarations: just a “Rhetorical Device”? – 2. The Introduction of Sustainability in the Italian Legal System – 3. «BES» Indicators in Italian Accounting and Public Finance Law - 4. Conclusions.

1. Sustainability in International Declarations: just a “Rhetorical Device”?

The concept of “sustainable development” is as pervasive as it is undefined, but maybe this is the secret of its success, which has been growing since the 1970s¹.

The first hints can be found with specific reference to the environmental context. At the *United Nations Conference on the Human Environment* (1972)², a link between economic development and the protection of the environment was designed, according to an anthropocentric view of nature as a source of material sustenance of men, to be preserved for future generations. Among the 26 principles of the *Declaration of the United Nations Conference on the Human Environment (Stockholm Declaration)*, adopted during the forum, the need to define a rational and shared use of resources was mentioned several times, as well as the need to promote the development of

¹ The bibliography on the concept of sustainable development is huge and it is not possible to recall it in a comprehensive way: see, among others (both in English and Italian), D. PEARCE, *Economics, equity and sustainable development*, in *Futures*, Vol. 20, Issue 6, 1988, p. 598 ff.; F. LA CAMERA, *Sviluppo sostenibile: origini, teoria e pratica*, Editori Riuniti, Roma 2005; A. LANZA, *Lo sviluppo sostenibile*, IV ed., Il Mulino, Bologna 2006; A. SEN, *Sviluppo sostenibile e responsabilità*, in *Il Mulino*, n. 4/2010, p. 554 ff.; J.A. ELLIOTT, *An Introduction to Sustainable Development*, Routledge, London 2013; J.D. SACHS, *The Age of Sustainable Development*, Columbia University Press, New York 2015; A. GILLESPIE, *The Long Road to Sustainability: The Past, Present, and Future of International Environmental Law and Policy*, Oxford University Press, Oxford 2018; C.A. RUGGERIO, *Sustainability and sustainable development: A review of principles and definitions*, in *Science of The Total Environment*, Vol. 786, 2021.

² Held in Stockholm (5-16 June, 1972).

the poorest countries by using science, technology and education.

Gradually, sustainability has acquired a wider scope, referable to all areas of human action, in response to the economic and demographic growth of the post-war period. The unprecedented exploitation of natural resources and the hegemonic potentates have led to the globalisation of the economy, severe pollution of environmental matrices, exploitation, social inequality, disease and widespread poverty in large areas of the world: sustainability and its enforcement in politics worldwide is considered the imperative base of human development, the only rational way to solve all these problems.

The best-known definition of sustainable development was elaborated in 1987 by the *World Commission on Environment and Development*³, in a report with the evocative title *Our Common Future*: the «development that meets the needs of the present without compromising the ability of future generations to meet their own needs».

This statement - essentially nebulous, except for its marked emphasis on intergenerational solidarity - represents the main reference for the formalisation of sustainability in several international documents: the *Rio Declaration on Environment and Development* along with *Agenda 21*(1992)⁴;

³ Established in 1983 and chaired by a former Norwegian Prime Minister, Mrs. Gro Harlem Brundtland.

⁴ The *Rio Declaration on Environment and Development* was adopted during the *United Nations Conference on Environment and Development* (the so-called *Earth Summit*), held in Rio de Janeiro (3-14 June, 1992), together with *Agenda 21* (a dynamic program of joint actions to address environmental and development issues at international, national and local level), the *United Nations Framework Convention on Climate Change*, the *Convention on Biological Diversity*, the *Declaration on the principles of forest management*. Twenty years after the *Stockholm Declaration*, Principle 1 of the *Rio Declaration* states solemnly that sustainable development is human-centered («Human beings are at the centre of concerns for sustainable development») and principle 3 states that the right to the development of communities must be achieved by equitably taking into account the demands of progress and the environmental needs of current generations with those of future generations («The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations»). See: (in English) J.E. VIÑUALES (ed.), *The Rio Declaration on Environment and Development: A Commentary*, Oxford University Press, Oxford 2015; (in Italian) S. MARCHISIO, *Gli atti di Rio nel diritto internazionale*, in *Rivista di Diritto Internazionale*, n. 3/1992, p. 581 ff.; L. PINESCHI, *La Conferenza di Rio de Janeiro su ambiente e sviluppo*, in *Rivista giuridica dell'ambiente*, n. 3/1992, p. 706 ff.; ID., *Tutela dell'ambiente e assistenza allo sviluppo: dalla Conferenza di Stoccolma (1972) alla Conferenza di Rio (1992)*, in *Rivista giuridica dell'ambiente*, n. 3-4/1994, p. 493 ff.; T. TREVES, *Il diritto dell'ambiente a Rio e dopo Rio*, in *Rivista giuridica dell'ambiente*, n. 3-4/1993, p. 577 ff.

the *Millennium Declaration* (2000)⁵, which affirms eight global objectives (*Millennium Development Goals*) in order to preserve the priceless heritage given to us by nature⁶; the *Johannesburg Declaration on Sustainable Development* (2002)⁷, which emphasises the interconnection between environmental, economic and social profiles of sustainable development, the so-called “three pillars of sustainability”⁸.

Those that were initially considered as development problems related to the environment and natural resources were gradually investigated for their serious repercussions in economic and social terms, especially in the less developed countries, where the undisturbed exploitation of natural capital for the benefit of the strongest economies not only determines very serious risks to the ecosystem, but also exacerbates the already extreme conditions of poverty, hunger, disease, and illiteracy of the local population.

Therefore, from the *Rio Conference* onwards, the concept of sustainable development is variously present in several international conventions, not only those concerning the protection of the environment, but also the ones concerning the protection of human rights and the main economic, social and cultural issues, thus confirming the interconnection between all areas affected by human activities.

States definitely agree on the concept that “development”, viewed as the progress of human civilization, is enriched by many profiles that transcend economic data, in order to highlight the social, cultural, ethical implications, in a perspective of “multilevel” responsibility, which concerns all institutional actors, from the international to the local level.

Nevertheless, until now, the concrete policies in achieving global goals have been very disappointing, due to States rarely joining their efforts in

⁵ Adopted during the *Millennium Summit*, held in New York (6-8 September, 2000). See, among others: A. FODELLA, *Il vertice di Johannesburg sullo sviluppo sostenibile*, in *Rivista giuridica dell’ambiente*, n. 2/2003, p. 385 ff.; G. TAMBURELLI, *La Conferenza di Johannesburg sullo sviluppo sostenibile*, in *Ambiente & sviluppo*, n. 1/2003, p. 33 ff.

⁶ The document expresses the need for a decisive change in development models: «The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants».

⁷ Adopted during the *World Summit on Sustainable Development*, held in Johannesburg (26 August - 4 September, 2002).

⁸ The declaration poses a political commitment on the part of Member States: «Accordingly, we assume a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development - economic development, social development and environmental protection - at the local, national, regional and global levels».

promoting models of development which are truly fair and balanced for the entire planet.

Be that as it may, the United Nations continue to organise various meetings to verify and relaunch sustainability, including the *Rio+20 Conference (2012)*⁹, during which new guidelines on the green economy were adopted, with specific strategies to finance sustainable development interventions, as well as a *10-Year Framework of Programmes on Sustainable Consumption and Production (10YFP)*.

In 2013¹⁰, a review of the Millennium Global Development Goals began in order to overcome their application challenges, and finally, in 2015, during the *United Nations Summit on Sustainable Development*¹¹, a new global development plan was launched with the resolution *Transforming our world: the 2030 Agenda for Sustainable Development*, which provides a catalogue of 17 *Sustainable Development Goals (SDGs)*¹² together with 169

⁹ *United Nations Conference on Sustainable Development*, organised in Rio de Janeiro (20-22 June, 2012) 20 years after the historic meeting held in 1992. See, among others: P. COMINETTI, S. VERGALLI, *Lo sviluppo sostenibile da Rio 1992 a Rio + 20*, in *Equilibri*, n. 1/2012, p. 57 ff.

¹⁰ At the meeting organised on September 25 in New York by the President of the U.N. General Assembly (*President of the General Assembly's Special Event towards Achieving the Millennium Development Goals*).

¹¹ Held in New York (25-27 September 2015).

¹² «Goal 1: End poverty in all its forms everywhere. Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. Goal 3: Ensure healthy lives and promote well-being for all at all ages. Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Goal 5: Achieve gender equality and empower all women and girls. Goal 6: Ensure availability and sustainable management of water and sanitation for all. Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all. Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Goal 10: Reduce inequality within and among countries. Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable. Goal 12: Ensure sustainable consumption and production patterns. Goal 13: Take urgent action to combat climate change and its impacts. Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development. Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development». On the legal nature of SDGs, see: M. MONTINI, *L'interazione tra gli SDGs ed il principio dello*

operational targets and 244 indicators, to be achieved in 15 years so as to improve people’s living conditions, fight poverty and protect the environment, primarily from climate change.

The declaration accompanying *Agenda 2030* reaffirms the need to harmonise the three pillars of sustainability (economic growth, social inclusion and environmental protection), recalling that they are deeply interconnected for the well-being of individuals and communities.

In the following years, many States have adopted plans to implement *Agenda 2030* (as they had already done for *Agenda 21*), but the COVID-19 pandemic has determined a serious - and probably unrecoverable - delay in achieving the SDGs, as noted in the latest reports drawn up by the U.N. Department of Economic and Social Affairs¹³.

For this reason, in 2022 (50 years after the first meeting on environmental protection) the U.N. General Assembly relaunched international dialogue and cooperation on sustainable development at the meeting *Stockholm+50: a healthy planet for the prosperity of all – our responsibility, our opportunity*¹⁴.

Three general principles of engagement were indicated - intergenerational responsibility, interconnectivity, implementing opportunity - to accelerate the protection of the environment and the achievement of well-being for all. The United Nations is still concerned with all the difficulties that afflict sustainable development policies worldwide, whose results are still very inadequate.

Reviewing the main steps of the international debate, it can be noted that the concept of sustainability is not limited to environmental protection, but also concerns the organisation and conduct of all human activities, due to their capability of improving the life and level of well-being of the

sviluppo sostenibile per l’attuazione del diritto internazionale dell’ambiente, in *federalismi.it*, n. 9/2019, p. 1 ff.

¹³ *The Sustainable Development Goals Report 2021* (<https://unstats.un.org/sdgs/report/2021/The-Sustainable-Development-Goals-Report-2021.pdf>); *The Sustainable Development Goals Report 2022*, which underlines «the destructive impacts» of the COVID-19 pandemic and of the war in Ukraine «on the achievement of the Sustainable Development Goals» (<https://unstats.un.org/sdgs/report/2022/The-Sustainable-Development-Goals-Report-2022.pdf>); *The Sustainable Development Goals Report 2023. Special edition. Towards a Rescue Plan for People and Planet* (<https://unstats.un.org/sdgs/report/2023/The-Sustainable-Development-Goals-Report-2023.pdf>)

¹⁴ Held in Stockholm (2-3 June, 2022).

community, both in prosperous economies and in less developed countries, where the need to overcome the major elements of inequality (poverty, hunger, disease, illiteracy, racism, gender inequality, ...) is urgent.

The definition of sustainable development, which has remained formally unchanged by the Brundtland Report, has been enriched over time with new substantial content, moving from an approach (in a negative sense) of limiting the environmental impact caused by development to an approach (in a positive sense) of enhancing the fundamental role of sustainable economic growth in social inclusion, as well as in environmental protection.

In other words, there is an increased awareness - at global level - that economic progress alone is insufficient to increase the well-being of the population, especially if extreme conditions of poverty, discrimination, illness and so on are not overcome by improving the level of social inclusion, which also generates virtuous collective environmental behaviour.

In order to consolidate economic growth over time, it is necessary to improve satisfactory levels of education, health care, social guarantees, protection of environmental resources, as widely as possible, thus making the three pillars of sustainability indissolubly welded in holding the building of development: if the support of one of them is lacking, the entire building is destined to collapse.

These considerations are valid in any context, from the least developed countries to the industrialised ones; for this reason, the formula of sustainable development has remained essentially indeterminate, solely to adapt to the various realities in the world.

Therefore, the essence of this concept can be concretely found in the need for all economic and political actors to avoid any form of exploitation, both of natural and artificial resources, and of human beings and communities themselves, with the aspiration to reach shared levels of development of human society at a global level.

The development of human activities meets the filter of sustainability, which requires the balance of economic interests, which invariably promote growth, with the social needs and the protection of the environment where such activities take place.

The reasons for profit must be combined with those for a more general welfare of the communities on which economic activities spread their (direct and indirect) influence, so as to support the expectations of future generations.

The formula of sustainable development certainly cannot offer unambiguous and predetermined solutions, but it undoubtedly highlights that

all actors involved in (economic, political, social) development have to share long-term perspectives. In addition to taking into consideration the needs of future generations, they have to create activities flexible enough to be easily updated, in order to diminish as much as possible their social and environmental impact.

The vagueness of the sustainable development formula, as pervasive as indefinite, is also reflected on at the juridical level¹⁵.

In the international legal system, its classification is envisaged both as a covenant principle, and as a generally recognised customary rule (by virtue of the constant reference in various international conventions), which therefore binds the action of States in the determination of development policies with regard to future generations¹⁶.

In any case, it is clear that it is not possible to outline a specific prescriptive content, but at most a purely programmatic one, both for legislators and for economic operators called upon to deal with this principle¹⁷.

The fact is that, being a concept so generic to seem “ethereal”, it is substantially impossible to have the certainty of its concrete application except in the most striking cases in which economic interests clearly override the social and environmental ones, negatively affecting the context to which they refer and damaging present and future generations.

2. Introducing Sustainability in the Italian Legal System

These considerations also recur in legal systems where the reference to

¹⁵ P. DELL’ANNO, *Principi del diritto ambientale europeo e nazionale*, Giuffré, Milano 2004, p. 75, underlines the ethical content of sustainability, despite the juridical one. On this point, also see: R. FERRARA, *Etica, ambiente e diritto: il punto di vista del giurista*, in R. FERRARA, C.E. GALLO (eds), *Le politiche ambientali, lo sviluppo sostenibile e il danno*, vol. 1 of *Trattato di diritto dell’ambiente* (directed by R. Ferrara e M.A. Sandulli), Giuffré, Milano 2014, p. 26.

¹⁶ The debate is very intense: see, among others, S. SALARDI, *Il diritto internazionale in materia di sviluppo sostenibile. Quali progressi dopo Rio?*, in *Rivista giuridica dell’ambiente*, n. 3-4/2008, p. 665 ff.; D. PORENA, *Il principio di sostenibilità. Contributo allo studio di un programma costituzionale di solidarietà intergenerazionale*, Giappichelli, Torino 2017, p. 269 ff.

¹⁷ M. MONTEDURO, *Principi del diritto dell’ambiente e conformazione della discrezionalità amministrativa: sviluppo sostenibile e non regressione*, in F. PUBUSA, D. MARONGIU (eds), *Ambiente, paesaggio, territorio. Principi e vicende*, Edizioni Scientifiche Italiane, Napoli 2017, p. 154 ff., considers the principle of sustainable development as «a mantra», not used but abused in its «declamation» in legislation, jurisprudence and doctrine.

sustainable development appears to be more “structured”, from a legal point of view, such as in the Italian system, in which the concept of sustainable development has been included among the cornerstones of environmental protection.

The first references to sustainability can be found in programmatic documents.

For the implementation of the international commitments of *Agenda 21*, we can refer to the National Plan for Sustainable Development (*Piano nazionale per lo sviluppo sostenibile*), outlined by the Ministry of the Environment and approved by the Interministerial Committee for Economic Planning (C.I.P.E.) on 28 December 1993.

In the plan, it is underlined that development can bring a real improvement to the quality of life while remaining within the limits of respecting the environment. The contribution of citizens is considered fundamental in supporting public policies and private economic activities, as well as the integration between environmental issues and production cycles and many other provisions apt to change consumeristic patterns.

Specific attention is dedicated to the selection of sustainability indicators and a national environmental accounting system, given the inability of GDP to represent an exhaustive measure of well-being, especially in terms of the sustainable well-being of future generations.

Linked to the National Plan and to the international debate, many local initiatives for the protection of the environment in economic activities have been promoted over the years, such as the so-called *Local Agenda 21* in regions, provinces and municipalities.

After the Johannesburg Summit in 2002, the C.I.P.E. approved the Environmental Action Strategy for Sustainable Development in Italy 2002-2010¹⁸, proposed by the Minister for the Environment and Land Protection. Four thematic areas were identified to achieve specific objectives according to international guidelines: climate and atmosphere; nature and biodiversity; quality of the environment and quality of life in urban environments; sustainable use of natural resources and waste management.

However, apart from an increased attention to environmental issues, those attempts to promote new development methods have not produced significant results in terms of greater sustainability of human activities,

¹⁸ Resolution no. 57 (2 August 2002). See: M. MONTINI, *La strategia d'azione ambientale per lo sviluppo sostenibile in Italia*, in *Rivista giuridica dell'ambiente*, 2002, p. 405 ff.

probably because of the (limited) conviction that this concept can only work in the sphere of environmental protection, and not in a wider perspective related to economic and social development¹⁹.

In 2008, following an interpretation aimed at enhancing the environmental profile with respect to the other two pillars (economic and social), the reference to sustainable development was included among the principles on the production of environmental law of the so-called Code of the Environment (Legislative Decree no. 152 of 3 April 2006), i.e. the general environmental rules for the adoption of regulations, policies and coordination acts and for contingent and urgent measures (art. 3 bis, paragraph 2, Legislative Decree no. 152/2006)²⁰.

Starting from the well-known definition of the Brundtland Report, art. 3 *quater*, Legislative Decree no. 152/2006 requires that any human activity, legally relevant under the Code, must comply with the principle of sustainable development in order to ensure that the satisfaction of the needs of current generations does not compromise the quality of life and the possibilities of future generations (paragraph 1).

Furthermore, the activity of the public administration must allow the best implementation of the principle of sustainable development, and to this end it is envisaged that whenever a comparative choice between public and private interests, characterised by discretionary power, has to be made, priority consideration must be given to the protection of the environment and cultural heritage (paragraph 2).

In more general terms, paragraph 3 specifies that, given the complexity of the relationships and interference between nature and human activities, the principle of sustainable development is for identifying a balanced relationship

¹⁹ On the weak attention paid to the concept of sustainable development in Italy and its implementation, at least from the 1990s to the early years of the new millennium, see: E. PIZZIMENTI, “Do Paradigms Matter?” *L’istituzionalizzazione dello sviluppo sostenibile in Italia (1992-2006)*, in *Rivista Italiana di Politiche Pubbliche*, n. 1/2008, pp. 109-110, who underlines that in those years Italy proved to be culturally backward and not so much interested in the question, as there was not an integrated elaboration of the relationship between environment and development. Therefore, the process of institutionalisation of the principle of sustainability has been characterised by long moments of stasis (1992-1996), unexpected leaps forward (1997-2001) and sudden reverses (2002-2006). More attention has been paid to the symbolic dimension of the paradigm, neglecting the institutional implementation.

²⁰ Art. 3 bis, Legislative Decree n. 152/2006 was introduced by art. 1, paragraph 2, Legislative Decree no. 4/2008 and then amended by art. 1, paragraph 3, Legislative Decree no. 128/2010.

between the inherited resources to be saved and those to be transmitted; in this way, the principle of solidarity is also included in the dynamics of production and consumption to safeguard and improve the quality of the environment in the future.

Finally, in paragraph 4 it is reiterated that the resolution of issues involving environmental aspects must be seen in the perspective of guaranteeing sustainable development, in order to safeguard natural ecosystems from the negative changes that may be produced by human activities.

These provisions present sustainability in very general terms, mostly reproducing international documents, but they hardly specify anything from a substantial point of view.

The implementation of the principle seems to be limited - within the juridical context - to the environmental legislation²¹, without specifically concerning the other two pillars of sustainable development, the economic and the social ones. Moreover, with reference to the discretionary activity of the public administration, paragraph 2 legislatively predetermines an “imbalance” in favour of the protection of the environment and cultural heritage, considered a priority, thus ranking - hierarchically, we could say - the public interests involved²².

However, the international concept of sustainable development does not provide for an absolute preference for environmental protection, but it presupposes a fair and rational reconciliation of economic and social needs with environmental ones²³. Therefore, the reference to sustainable development, invoked to justify the prevalence accorded to the environment and cultural heritage with regard to the discretionary choices of the public

²¹ See: C. VIDETTA, *Cultura e sviluppo sostenibile. Alla ricerca del IV pilastro*, Giappichelli, Torino 2018, p. 124. F. FRACCHIA, *Principi di diritto ambientale e sviluppo sostenibile*, in P. DELL'ANNO, E. PICOZZA (eds), *Trattato di diritto dell'ambiente*, Vol. 1 – *Principi generali*, Cedam, Padova 2012, p. 567 ff., underlines that the principle of sustainable development is not only referable to environmental choices, but also to all discretionary administrative activity. On the various positions expressed in doctrine and jurisprudence, see M. MONTEDURO, *Principi del diritto dell'ambiente*, cit., p. 158 ff.

²² As noted by C. VIDETTA, *Cultura e sviluppo sostenibile*, cit., p. 135, the legislator indicated a sort of hierarchy between interests, without however clarifying how this should affect the discretionary balance.

²³ As underlined by P. COMINETTI, S. VERGALLI, *Lo sviluppo sostenibile da Rio 1992 a Rio + 20*, cit., p. 62, if the three pillars of sustainability don't proceed in parallel, decisions are unbalanced and can create undeniable advantages in one's sector, but also unmanageable and harmful effects in other areas.

administration, does not seem to be entirely relevant and correct.

Probably, if we compare these provisions of the Legislative Decree n. 152/2006 with the strategic planning documents mentioned before, we can notice that these last have been formulated starting from a more complete vision of sustainability, at least from the point of view of the content rather than from the point of view of the results.

Moreover, it may be interesting to notice that, with the Legislative Decree no. 4/2008, the planning activity has been institutionalised in art. 34, Legislative Decree no. 152/2006, which provides for the update of the National strategy for sustainable development of 2002 (paragraph 3) and the preparation, by the Regions, of sustainable development strategies within the national objectives (paragraph 4).

The essential points of the multilevel planning are: the dissociation between economic growth and its impact on the environment; the respect for the conditions of ecological stability; the protection of biodiversity; the fulfilment of social requirements connected to the development of individual potential as prerequisites necessary for the growth of competitiveness and employment. In short, the environmental profile is always in the foreground, but it is also accompanied by the economic and social aspects of sustainability.

In 2015, after the approval of *Agenda 2030*, with Law no. 221 of 28 December 2015 (Environmental provisions to promote green economy measures and to limit the excessive use of natural resources) it was provided that the update of the National Strategy for sustainable development should be every three years, with the addition of a specific chapter on the “blue growth” of the marine context²⁴, and the commitment of the Regions to outline their respective sustainability plans.

The National Strategy for Sustainable Development (SNSvS), approved by the C.I.P.E. in 2017²⁵, is the first planning document to implement the 17 SDGs at national level up to 2030. It is divided into five areas (People, Planet, Prosperity, Peace, Partnership), all variously referring to the three pillars of sustainable development.

However, in 2020 the spread of COVID-19 delayed the implementation of the SDGs worldwide, upsetting economic systems, including the Italian one.

²⁴ Art. 3, paragraph 1, Law no. 221/2015, which integrates paragraph 3 of art. 34, Legislative Decree no. 152/2006.

²⁵ Resolution of 22 December 2017.

It is widely known that a great help has been provided by the European Union with the action plan *Next Generation EU*, adopted for the financial and economic recovery of its Member States, which is entirely centred on sustainability²⁶.

Consequently, sustainable development represents the core of the National Recovery and Resilience Plan *Italia Domani* (PNRR), prepared by the Government (with a complex procedure in which the institutional, economic and social actors of the country were involved) in order to benefit from the resources of the *Next Generation EU*, which was then transmitted to the European Commission (after the resolutions of the Parliament on 27 April 2021) and finally approved with the Decision of the ECOFIN Council of Ministers on 13 July 2021²⁷.

The six Missions of the Plan (digitization, innovation, competitiveness, culture and tourism; green revolution and ecological transition; infrastructures for sustainable mobility; education and research; inclusion and cohesion; health) are orientated according to the pillars of sustainable development, in order to facilitate a recovery and growth that should be not only economical but also inclusive and respectful of nature and human health.

At the present moment we are still halfway through implementing the PNRR, but of course it is desirable that this could lead to a real consolidation of the principle of sustainability of human activities in our society, determining a serious “change of mentality” towards long-term development, both in citizens and institutions.

²⁶ In particular, financial support from the plan, consisting of the Recovery and Resilience Facility (RRF), is expected to be granted to Member States on the basis of their respective national recovery and resilience plans, which must include reforms and public investment projects that promote sustainable growth and employment, climate action, the digital transition. In this way, an attempt is made to combine the international indications of the *Agenda 2030* with the response to the COVID-19 emergency, especially in the Member States most affected by the pandemic. On sustainable development as the inspiring principle of the interventions adopted by the European Union for the post-pandemic recovery, see: F. LEOTTA, “*Oltre*” *la gestione finanziaria dell'emergenza: dagli interventi post-pandemici agli stati “sostenibili” per il futuro dell'Europa*, in *Istituzioni del Federalismo*, n. 1-2/2022, p. 151 ff.

²⁷ For an analysis of the Italian PNRR, see V. VACCA, *Guida al Piano Nazionale di Ripresa e Resilienza*, Pacini, Pisa 2021; F. SALMONI, *Recovery Fund, condizionalità e debito pubblico. La grande illusione*, Cedam, Milano 2021; D. DE LUNGO, F.S. MARINI (eds), *Scritti costituzionali sul Piano Nazionale di Ripresa e Resilienza*, Giappichelli, Torino 2023.

3. «BES» Indicators in Italian Accounting and Public Finance Law

The previous paragraph lists the main references to sustainability in the Italian legal system, which were introduced to implement the commitments made at the international and E.U. level.

However, mere statements do not ensure a real application of the principle itself. The reason is obvious: sustainability is a dynamic concept which describes a development process that takes place over time; therefore, it is necessary to prepare operational tools that allow us, first of all, to know the starting context to be developed and, then, to periodically record the (positive or negative) changes determined by development interventions, which assess whether their impact is sustainable or not in the long term.

Without proper indicators, talking about subsidiarity is quite meaningless because we need to measure the impact that human activities have on the environment, the economy and society in order to understand if they can actually improve people’s lives in the present and in the future.

Therefore, to put sustainability “in action” at the operative level, the introduction of a monitoring system of economic and social growth in different contexts is fundamental, so as to orientate public and private activities towards real sustainable development.

Clearly, it is a very complex operation as it is not possible to have precise data about every human activity sector by sector. Instead, only approximate estimates are available for certain aspects that can be considered more relevant for their impact on the environment and society. Indicators are linked to a conceptual definition of a phenomenon, and every phenomenon (especially social ones) can be defined and approached in different ways²⁸, so it is predictable that the choice of the sets of indicators is quite hard.

From this point of view, a particular importance can be ascribed to art. 10, Law no. 196 of 31 December 2009 (Accounting and Public Finance Law), which regulates the Economic and Financial Document (DEF – *Documento di Economia e Finanza*), the main planning tool of Italian public finance, drafted by the Government and transmitted to Parliament by 10 April of every

²⁸ As underlined by L. ALAIMO, F. MAGGINO, *Misurare lo sviluppo sostenibile un esercizio complesso*, in *EyesReg*, Vol. 10, n. 4/2020, <http://www.eyesreg.it/2020/misurare-lo-sviluppo-sostenibile-un-esercizio-complesso/>, p. 2. The Authors address the (often ignored) issue of the measurement of social phenomena: it plays a fundamental role in the knowledge of the reality, which arises from the encounter between theory - that develops hypotheses and abstract concepts with their reciprocal relations - and empirics - that verifies hypotheses through empirical data, obtained through measurement (pp. 1-2).

year²⁹.

Par. 10-bis (introduced by art. 1, par. 6, lett. g, Law no. 163 of 4 August 2016)³⁰ requires a report, prepared by the Minister of Economy and Finance with data provided from ISTAT (Italian National Institute of Statistics), to be attached to the DEF, which illustrates the trend, in the last three years, of some indicators of sustainable development, as well as the projections in the reference period, in relation to the measures envisaged for achieving the economic policy objectives and the outline of the National Reform Program.

Those values are called indicators of «BES» (*Benessere Equo e Sostenibile*), i.e. Equitable and Sustainable Well-being Indicators, and they have been selected by a specific committee established at ISTAT³¹.

The Decree of 16 October 2017 of the Minister of Economy and Finance lists 12 BES indicators (applied since the 2018 DEF): 1) average adjusted disposable income per capita; 2) index of inequality of disposable income; 3) absolute poverty index; 4) healthy life expectancy at birth; 5) excess weight; 6) early exit from the education and training system; 7) rate of non-participation in work, with relative breakdown by gender; 8) ratio between the employment rate of women aged 25-49 with preschool children and women without children; 9) predatory crime index; 10) index of efficiency of civil justice; 11) emissions of CO₂ and other climate altering gases; 12) index of illegal construction.

It is clear that these indicators take into account some critical aspects of Italian society (also with reference to the SDGs indicated at international level in 2015), which has to be improved to promote fair development.

They recall a set of indicators already identified in 2011 by ISTAT, together with CNEL (National Council of Economy and Work)³², to begin a new data collection that is able to not only describe society from an economic point of view, but also highlights inequalities and other relevant non-economic data, as suggested by the international debate on the need to promote a multi-dimensional approach to the measurement of the well-being

²⁹ Moreover, the Government prepares a Note for updating the DEF (NADEF - *Nota di Aggiornamento del Documento di Economia e Finanza*), which must be transmitted to Parliament by 27 September of each year.

³⁰ To implement *Agenda 2030* at the national level.

³¹ The Committee for Fair and Sustainable Well-being Indicators was composed by: the Minister of Economy and Finance, the President of ISTAT, the Governor of the Bank of Italy and two experts on the subject (Prime Minister Decree of 11 November 2016).

³² At the end of 2010, a *Steering Group on the Measurement of Progress in Italian Society* was created, including representatives from civil society and entrepreneurs.

of societies, while adding to GDP (an economic indicator that measures the total value of goods and services produced by a State in a year) other tools that can detect, in a wider way, the social progress of a country.

In this regard, we can look to the well know analysis driven by the *Commission on the Measurement of Economic Performance and Social Progress*, created in 2008 by the President of the French Republic and directed by Joseph Stiglitz, Amartya Sen and Jean Paul Fitoussi, with the aim to discover more indicators of social progress, in order to create appropriate policies and influence the functioning of economic markets³³.

From this point of view, BES indicators, now formalised by Law no. 196/2009, allow us to have a broader vision of Italian society and economy, so that, thanks to the analysis of their trends, both major political bodies of the State and common citizens are able to verify over time the most evident effects of public policy.

In this way, the former can plan necessary actions to improve the well-being of the population with specific provisions, while people (better, the electorate) can check if those public policies do in fact work.

For this reason, par. 10 *ter* of art. 10, Law n. 196/2009 obliges the Minister of Economy and Finance to prepare a specific report, which is to be presented to Parliament, for the transmission at competent Parliamentary Committees by 15 February of each year, illustrating the evolution of the BES indicators on the basis of the effects determined by the Budget Law for the three-year period ongoing.

Thanks to the analysed provisions, sustainability enters in the first part of the budget cycle, during which the public finance goals are programmed according to the E.U. procedures; in this way, the main economic choices of the State can be orientated towards a development that is supposed to be more sustainable and equal in the long term.

It means that these indicators have become a fundamental tool in determining economic and financial policies, which allows them to be orientated towards sustainable development “tailored” for Italian society. In fact, only by strengthening the knowledge of the effects - both positive and negative - of human activities is it possible to orientate future choices towards

³³ The report can be downloaded at the address: <https://ec.europa.eu/eurostat/documents/8131721/8131772/Stiglitz-Sen-Fitoussi-Commission-report.pdf>. See also an update of the research: J. STIGLITZ, J. FITOUSSI, M. DURAND (eds), *For Good Measure: Advancing Research on Well-being Metrics Beyond GDP*, OECD Publishing, Paris 2018, <https://doi.org/10.1787/9789264307278-en>.

sustainability, both by public decision-makers at various levels, and private individuals or companies that live and operate in the territory.

It is certain that the attachment of BES indicators to the DEF responds to the need to expand the range of information, on the basis of which the economic and financial interventions of the State are planned, to be then confirmed in the Budget law, which authorizes all income and expenditure of the State and defines the management of the *res publica* from an economic and financial point of view.

Moreover, the circumstance that this broad consideration of the well-being of the population contributes to determining the economic policies of the State, reinforces the very value of the State Budget as a «public good» (as qualified by the Constitutional Court)³⁴, a democratic tool which has - as an ultimate goal - the fundamental task of improving citizens' well-being.

4. Conclusions

In conclusion, legislative provisions on BES indicators seem to be the most effective tools to enforce the principle of sustainable development in the Italian legal system, as they allow sustainability to operate directly in the core of public policies, mainly expressed in the Budget Law.

The analysis of BES Indicators is particularly important in a period of crisis, such as the one we have been experiencing since the beginning of the COVID-19 pandemic, as it allows us to monitor difficult situations that go beyond the economic aspect.

In the 2022 Report on the BES indicators³⁵, the Ministry of Economy and Finance underlined how useful this system of indicators was in investigating the problems of the 2020 recession, which was peculiar both for its origin and intensity, overwhelming many economic sectors. The worsening of some indicators (especially economic well-being, work-life balance and healthcare) required specific provisions in the Budget Laws for 2021 and 2022, expecting them to produce effects in the future.

Some of those results are now outlined in the 2023 Report on the BES

³⁴ Since the Judgement no. 184 of 2016. See, among others, M. DEGNI, P. DE IOANNA, *Il bilancio è un bene pubblico: potenzialità e criticità delle nuove regole del bilancio dello Stato*, Roma, 2017.

³⁵ The report can be downloaded at the address: https://www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_it/analisi_progammazione/analisi_programmazione economico/Relazione-BES-2022_03_03.pdf

indicators³⁶, which indicates a moderate trend towards recovery of economic well-being for the period 2023-2025.

This confirms that the Parliament and the Government certainly need to have a comprehensive picture of the entire society in order to undertake effective public actions, and the BES indicators give them important information.

Obviously, the set of BES is far from being complete; it can be improved by adding new indicators and being periodically updated.

Additionally, the results of the public finance provisions, delineated according to those indicators, need to be constantly monitored in order to verify if they are successful or not in terms of promotion of sustainable development by the State.

Nevertheless, this discipline undoubtedly represents a first fundamental step towards a concrete declination of the principle of sustainable development in the Italian public finance system, able to affect the planning process that leads to effective economic politics, wishing that those last can improve – in the middle and long term - the quality of the environment and of the society where citizens live.

In conclusion, although the principle of sustainability is so “evanescent” that it risks to be considered only as a rhetorical device, it cannot be *de facto* ignored by the main political Italian Institutions.

The path towards a more sustainable Italy is still long; however, by paying attention to BES indicators and improving them to intercept critical points of social, environmental and economic context, we can lay the foundations for a future society entirely balanced on the three pillars of sustainable development.

³⁶ The report can be downloaded at the address: https://www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_it/analisi_progammazione/documenti_programmatici/Relazione-BES-2023.pdf

