Sustainability of wellbeing, the case of BES for Italy: between past observations and forward looking models, how official measures can be used

Fabiola Riccardini
Italian Statistical Institute
fariccar@istat.it

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BES - Overview

- Project to measure **equitable and sustainable well-being** born of a joint initiative of Cnel and Istat and it follows a shared approach with social representatives (top-down and bottom-up in the same process; Commission and Committee)

- Part of the international debate on "**Gdp and beyond**"

- The central idea is that **economic** parameters alone are inadequate to evaluate the progress of societies and should be complemented by **social and environmental information** and by measures of inequality and sustainability

- **12 domains of wellbeing**

- **Annual Reports 2013 and 2014**

- **Website:** [http://www.misuredelbenessere.it/](http://www.misuredelbenessere.it/)
Annual survey on what is important for wellbeing (24k households)

Steering Committee

12 Domains

Scientific Commission

134 Indicators

Meetings in every region and Blog

Online survey and Blog

Annual report
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<thead>
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<th>Wellbeing Domains</th>
</tr>
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<td>1</td>
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BES – Policy implications

Policy implications at different levels

Local
- Regions
- Provinces
- Municipalities

National
- Ministry of Economy-DEF-PNR

Global
- United Nations: FOC
- Ministry of Environment
- Ministry of Foreign Affairs
- Eurostat: SD strategy, Europe 2020
Key issues on sustainability concept:

a) concepts from different disciplines overlap and convergence of concepts
b) semantic (culture) measures
c) methods (syntax): observations and forecasting models + participative democracy (ex ante)
d) policy: normative choices (ex-post evaluation)

Problems in the measurement of sustainability:

• etymology: sustainability can simultaneously be an idea, a lifestyle, a way of producing a system
• to address the sustainability needs to be done many assumptions and normative choices
• we are facing dynamic frameworks, and it is difficult to determine whether the defined thresholds are able to ensure a sustainable society
• for statisticians not only observations but also forecasts
- Pursuit of sustainable development implies that the current generation meets its needs without compromising the ability of future generation to do the same

- This implies that future generations have the conditions, opportunities, and sufficient resources to pursue their wellbeing goals
First step: BES What, observations-indicators

- The BES project has depicted the reference framework through which the sustainable well-being can be measured and monitored looking at social, economic and environmental phenomena and taking in consideration governance.

- Observations + forward looking models
  (first step) (next step)

- In the first step the framework is built on 134 indicators + others:
  • Outcome indicators
  • Equity indicators
  • Vulnerability indicators
  • Resilience indicators
BES – What: Sustainability Conceptual framework

Vulnerability

Risk factors
- Environmental
- Economic
- Social

Interrelations among domains

Resilience

Capabilities

Capitals
Events and potential damages which affect the actual outcome level. They need to be expressed in terms of **probability measures** and/or intensity indicators.

**Environmental**: ecosystem’s physical limit beyond which the environment is damaged.

**Economics**: some risks threshold have been defined beyond which macroeconomics unbalances appear.

Individuals and families are exposed to potential misfortunes from various sources throughout their lives: economic recession, crimes, adverse weather, natural disasters, physical illnesses and/or mental disabilities. The vulnerability also refers to the **inability of individuals/families to anticipate**, withstand, recover damages resulting from an **adverse shock**.
RESILIENCE: Individual or collective capacity to restore the equilibrium after an external negative shock

- all the available resources to rely on in order to face with future needs and/or future risks. There are four kinds of capital: economic capital, natural capital, human capital and social capital.

Capabilities

- reflect a person’s freedom and ability to choose between different ways of living in order to reach the functionings (all the personal achievement).
<table>
<thead>
<tr>
<th>Dimensione di appartenenza</th>
<th>Indicatore</th>
<th>Presenza nel BES</th>
<th>Disponibilità</th>
<th>S (livello)</th>
<th>E (equità)</th>
<th>$ (rischio)</th>
<th>Resilienza</th>
<th>Dimensione/i</th>
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<td>sintetico*</td>
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<td>Lavoro disposibile ogni 5 anni</td>
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<td>x</td>
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<td>Lavoro / Istruzione / Soddisfazione</td>
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<td>sì</td>
<td>x</td>
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<td>Lavoro / Sicurezza</td>
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<tr>
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<td>Quota di popolazione di 15-64 anni svolge più di 60 ore settimanali di lavoro retribuito e/o domestico</td>
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<td>-</td>
<td>-</td>
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<td>Istruzione</td>
<td>Persone che hanno conseguito un titolo universitario</td>
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<td>sì</td>
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<td>Lavoro / Istruzione</td>
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<tr>
<td>Istruzione</td>
<td>Uscita precoce dal sistema di istruzione e formazione</td>
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<td>Lavoro / Istruzione / Benessere economico</td>
<td>più aspetti per stesso indicatore?</td>
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<td>?</td>
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<td>sì</td>
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<td>-</td>
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<td>Lavoro / Salute / Ambiente</td>
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<td>-</td>
<td>Popolazione 20-64 anni/popolazione&gt;64 anni*100</td>
<td>no</td>
<td>sì</td>
<td>-</td>
<td>-</td>
<td>x</td>
<td>-</td>
<td>Lavoro / Demografia</td>
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1. UNECE-EUROSTAT-OECD task force

- In 2009 the European Conference of Statisticians (CES) started the task force with the aim of harmonize the measurement of sustainable development indicators according to the identified framework of “here and now”, “later” and “elsewhere” and through the use of three set of indicators: small set (25), large set (60) and largest set (95)

2. What ISTAT is doing within the CES

- ISTAT has already completed the first part of the piloting project in which the Italian indicators availability of the very basic small set (25 indicators) has been assessed
- The second part of the piloting project regarding the large set (90 indicators) is in progress and ISTAT is expected to deliver a final report at the end of the year
1. CES – BES Indicators comparison

- CES: 90 Indicators
- BES: 134 Indicators
- Common Indicators: 30
1. SDGs

• The goals and targets of the post-2015 development agenda are expected to be adopted at a high level summit in September 2015 and be based on the SDGs which have been agreed by the Open Working Group on Sustainable Development Goals (OWG) on 19 July 2014.

• The work on the indicator framework and discussion of suitable indicators is started within the statisticians group of Friends of the Chair (FOC) in charge of identifying the most suitable SD indicators among the official measures.

2. What ISTAT is doing within the OWG and the FOC

• Over the past months of September and October Istat has completed the first FOC questionnaire aimed at verifying the feasibility of the proposed indicators in accordance with the 16 goals/targets until now defined by the OWG.
1. SDGs – Indicators matching: Italy

- **SDGs**: 322 indicators
- **BES**: 134 indicators
- Common indicators: 40
Next steps: BES – What, forecasting models

- Not only development of indicators and dashboard of indicators, but also forward-looking models
- Policy use for ex ante and ex post evaluation
- Economic forecasting models have a longer tradition than the social field, where there are very few different models, some experiments for the environmental aspects are promising
- In a world where the socio-economical systems are closely linked and are complex adaptive systems. Essential features of this complex adaptive systems – such as non linear feedbacks, cross-scales and strategic interaction, individual and spatial heterogeneity, and varying time scales – pose substantial challenges for modelling understanding and management
BES–What: Interrelations among wellbeing domains for modelling approach
Step by step process: Economic modeling framework

**Economic Forecasting Model** of Istat MeMoit

- Economic development (including technology too)

**Economic + Environmental Forecasting Model**

- Economic development including natural resources (in ISTAT: energy and pollutants)
- OECD-CIRCLE : ENV-Linkages model (environmental feedbacks in economy)

We are always in a traditional **GDP-Centric perspective**: these models answer the question “How many GDP percentage points are we expected to loose or gain?”

**STILL**

What about the people **wellbeing**?
Step by step process: Alternative approaches

AIM: Boost the traditional economic framework with a more comprehensive one aimed at being concerned not only about the economic impacts but also about the impacts on people wellbeing.

Economic + Environmental + Social + Governance with Forward Looking Models

- Sustainable development, final goal of the process: to verify ex ante and evaluate ex post policies, taking in consideration **well-being of people** within the limits of Nature, and how it can be maintain or improved over time and space.
- OECD-NAEC-CIRCLE: costs of inactions and **alternative approaches**

ISTAT-OECD collaboration.
Alternative approaches: Wellbeing modeling framework

( Riccardini et al)

Wellbeing function

At time t, considering the BES domains and accordingly the domains interrelations

Looking at the future in terms of Capabilities and Capitals
Conclusions

1. Sustainability: It is a **necessity** of human beings for their wellbeing and imply to make choices within limits. In Italy we are using the BES project.

2. At **international level** the **SDGs** process is a challenge.

3. United Nations Statistical Division is developing **wellbeing and SD measures**, in the framework of the **official statistics**.

4. United Nations «**Data Revolution Network**» for organizing the world statistical system where public and private institutions are cooperating.

5. At **EU level**? Revision of strategy and **WG on SD indicators** at Eurostat.
Is sustainable our actual society?
How will be the future of our children?
What will the world look like in 2020, 2050, 2100?
What are the threats?
What are the opportunities?
What and where will be the work?

Thank you for your attention