

EUROSAI-AFROSAI Seminar

Sharing experiences about auditing for SDGs: A view from different Regions

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Introduction

The 17 Sustainable Development Goals (SDGs), with their 169 targets, form the core of the 2030 Agenda. They balance the economic, social and ecological dimensions of sustainable development, and place the fight against poverty and sustainable development on the same agenda for the first time.

The SDGs are to be achieved around the world, and by all UN member states, by 2030. This means that all states are called upon equally to play their part in finding shared solutions to the world's urgent challenges.

National governments are therefore expected to align their political agendas with the SDGs and in addition, non-governmental actors should be encouraged to make an increasingly active contribution to sustainable development.

Italian arrangements

Italy was the first country in the European Union to introduce in its documents of macro-economic planning - in addition to Gross Domestic Product (GDP) and other «monetary value» indicators – some indicators of equitable and sustainable well-being, to measure not only economic performance, but also sustainable development.

To do this, the Italian National Institute of Statistics (ISTAT) developed a set of Equitable and Sustainable Well-being indicators (so called “Bes”) in 12 domains with the aim of monitoring the national well-being’s progress¹ and the Italian Parliament approved the Law no. 163/2016 to lay down the use of equitable and sustainable well-being indicators in the budgetary cycle, particularly in two phases of the economic–financial planning and through two different documents.²

The “Bes” Indicators cover the same areas as the SDGs indicators and are constantly updated.

¹ The report on equitable and sustainable well-being (Bes) is annually published with the aim of raising awareness of the Country’s strengths and difficulties.

² The **Annex to the Economic and Financial Document** which shows, on the basis of the data provided by the National Institute of Statistics (ISTAT), the trend of the Bes Indicators during the last three-year period and the forecasts of their development over a given period in order to achieve the economic policy goals.

The **Annual Report of the Minister of Economy and Finance to the Parliament** (i.e. to the parliamentary competent Committees, each year before February 15). The Report contains the trend of the Bes indicators in the light of the effects of the Budget Law for the current three-year period and of the most recent data provided by the ISTAT.

These tools have reinforced the commitment to put environmental and social sustainability issues at the center of the political and governmental agenda towards more equitable and sustainable choices.

The Government included a first group of the Bes Indicators in the budget process, specifically in the Economic and Financial Document for 2017, and then included the whole list of indicators in order to meet the new needs of the society and updating the macroeconomic scenario.

Specialized institutional arrangements for the implementation of SDGs have been created, as the “National Commission for Sustainable Development” established in 2018, with the aim of coordinating the economic, social and environmental policies and the “*Cabina di Regia Benessere Italia*” (national governing body for welfare), established in July 2019.

The “*Cabina di Regia Benessere Italia*” is the technical scientific support body for the Head of Government in the context of welfare policies and evaluation of quality of life; it is aimed at coordinating and monitoring the specific activities of the Ministries, supporting Regions, Provinces and Local Authorities in promoting good practices in their territories and developing specific methodologies and guidelines for the measurement of the indicators of quality of life.

Furthermore, it has the task of supporting, strengthening and coordinating the policies and initiatives of the Italian Government for the implementation of the National Strategy for Sustainable Development towards the achievement of the 2030 Agenda.

Sustainable development should be always considered as a constitutional value and a starting point for public policies and choices.

Accordingly, last September, the President of the Council of Ministers presented the Government programme for 2020 and all the guidelines for public policies are towards sustainable development.

(For example: Green Deal must include biodiversity and environment protection among the constitutional values, climate change must be a priority and each public investment must consider environment protection and use of renewable resources. More effective protection of civil rights as well as more effective measures to fight against poverty must be promoted. Young welfare policies must be increased).

Recently, the Government also announced that the Interministerial Committee for Economic Programming will become the Interministerial Committee for Sustainable Development to orient public investments to sustainable development.

Auditing SDGS

As countries have started to implement the Sustainable Development Goals, Supreme Audit Institutions contribute by auditing readiness to implement the SDGs and tracking progress in implementation and accountability.

In the first years, the review processes are expected to focus on the progress made in the integration of the SDGs into national development plans, strategies and policies, tailoring them to national circumstances, and adjusting or setting relevant institutional arrangements. Afterward, the review will focus on the actual achievement of the SDGs, monitoring progress against targets and indicators, evaluating policies and programmes and reporting on progress.

The *Corte dei conti* performs a central function within government accountability systems and its audit activity is generally aimed at promoting transparency, efficiency, effectiveness and accountability of the public sector and improving the performance of government institutions.

The *Corte dei conti*, with its mandates, independence and capacity, produces relevant information and evaluations of the strengths and limitations of government institutions, processes and policies.

This is the age of sustainability - and with good reasons – coming to be seen as the one major problem behind every step public actors take in any direction. The *Corte dei conti* has no longer to carry out its audit activity only with aseptic budgetary considerations.

Consequently, it plays a key role in the assessment of government efforts to implement the SDGs. Its audit activity can lead to enhanced transparency and accountability in the implementation of the SDGs, and to improved and more effective structures, processes and programmes, which may lead to better results.

Whereas auditing sustainable development is complex, given its long-term nature in contrast with short-term political cycles that focus on immediate impact, the careful programming of audits is the key to do this.

The **General Audit Plan** of the *Corte dei conti* for the current year, as approved by the United Chambers for Audit, provided for the monitoring of the public policies under the light of sustainability and looking to the results of actions taken towards sustainability.

The planned audits are aimed at evaluating the suitability by the governments themselves to improve processes, structures and programmes for SDG implementation by carrying out audit recommendations and informing about the SDG follow-up and review process at the national level.

Where SDGs are the mainstream framework for government work, including in budgeting, the **General Audit Plan for 2020** will provide for more incisive and sectoral audits in nearly all SDGs areas at local level as well. Each Regional Audit Chamber will adopt its audit plan in compliance with the General Directives, but taking into account the different territory realities, capacities and levels of development in order to tailor audit activity to local context.

Accordingly, it is our intention to reserve a specific chapter to sustainability in the next annual reports both at central and local level. These specific chapter will constitute a precious source of information on how sustainability resources are allocated and spent.

It should also be noted that the **Annual Report of the Corte dei conti** for 2019 included the **Eco-Report**. This is aimed at assessing, on the basis of specific analysis carried out by the State General Accounting Department, all the funds allocated by State Administrations for environmental protection in line with the goals of United Nations Agenda 2030.

The **Eco-Report** highlighted the economic resources used to protect environment from pollution (atmospheric emissions, water discharges, waste, soil pollution), to avoid degradation (loss of biodiversity, soil erosion) and to manage natural resources, such as inland waters, energy resources, forest resources, wild fauna and flora.

The assessment of environmental expenditure takes into consideration the Well-being indicators (“Bes”) developed by the Italian National Institute of Statistics, and it is fundamental for directing spending policies in the environmental sector including hydrogeological risks and renewable energy sources.

Therefore, these indicators can represent a very useful tool both in the budget planning phase and in the reporting one.

Individual audits

No Poverty (goal No.1) and Quality education (goal No.4)

No Poverty - The audit’s main objective was to evaluate the measure to combat poverty introduced by Law No. 26/2019 intended as the new minimum income scheme (*Reddito di Cittadinanza*) and at the same time as an active labour market policy to boost employment.

The *Corte dei conti* has underlined the important efforts made during the last few years to fight against poverty, inequality and social exclusion, through effective public policies aimed at giving economic benefits as well as unemployment assistance.

Quality Education - The audit's main objective was to evaluate the effective inclusion and equitable education in the University system.

The *Corte dei conti* has underlined that increasing the degree of competences, through education and training affects, the well-being of individuals opens up opportunities otherwise precluded. People with higher levels of education have higher standards of living and more opportunities to find a work; they live longer and better because they have healthier lifestyles and are more likely to work in less risky environments.

Assistance and Fight against Poverty

National Measure

The minimum income scheme (*Reddito di cittadinanza*) was adopted by the Law No. 26/2019. It is an important measure to fight against poverty, inequality and social exclusion as well as a fundamental active labour market policy to boost employment.

Audit Activity

On May 2019, the *Corte dei conti* presented the report on **Assistance and Fight against Poverty** (included in the Report on the Coordination of Public Finance)

The evidence used for the audit activity is the data available concerning the introduction of the last two measure to fight against poverty inclusion income scheme (*Reddito di inclusione*) and the minimum income scheme (*Reddito di cittadinanza*).

The *Reddito di inclusione* was the first measure implemented to fight against social exclusion. Although it allowed significant progress with regard to active inclusion, the *Reddito di inclusione* was unable to fight the increasing poverty and social exclusion.

Having regard to estimates of the new measure (*Reddito di cittadinanza*), it is evident a significantly increase of the number of beneficiaries as well as the amount of the income. The official data are referred to number of applications presented at regional level (one million applications in the country of which 54,5% related to female persons).

Recommendations of the Corte dei Conti

The *Reddito di cittadinanza* is a significant and potential progress in social protection policies landscape. It responds both to the need to fight poverty and to the need to support employment (unemployment assistance schemes). Notwithstanding, the two aspect of the measure, it is

necessary to distinguish the two objectives pursued by the *Reddito di cittadinanza* as they follow different methodologies and require different approaches.

- Fight against poverty:

Considering that Municipality Social Services are required to play a significant role as they manage and provide the essential services for families, minors, disabled people, immigrants, etc. the *Corte dei conti* has recommended improving their skills and organizational capabilities to increase the quality of local services to provide. Poverty is a multi-dimensional problem to tackle with multi-disciplinary competences therefore, an effective and efficient interaction among public operators is needed.

- Labour policies:

Employment Centers were given more important roles in order to facilitate the search for employment. Nevertheless, in 2018, only 23,3% of unemployed workers used a public employment centre, according to data of the Italian Institute of Statistics.

The *Corte dei conti* has recommended the development of the Employment Centers in terms of organization, number of staff and competences. They represent the core of the legislative measure as they are required both to assist unemployed workers and companies to favor the match of job demand and offer.

Significant recruitment of new employees is expected in the two-year period 2019/20.

The University System

To show the relevance of the SDGs related to **Quality Education**, it is important to underline that the Budget Law for 2018 provided for equal access to be ensured by 2030, for all women and men, to affordable and high-quality education, including professional and higher education.

With this objective in mind, access to university for students from low-income families will be facilitated by acting on student contributions (+40 million euro in 2017 and +85 million euro as from 2018), and by increasing the State Supplementary Fund for scholarships, which provides financial aid to disadvantaged students (+50 million euro as from 2017), merit-based scholarships (+21 million) and pre-university orientation (+5 million as from 2017).

In Italy, the State has exclusive authority to define the so-called “Essential Levels of Performance” (LEP), to be provided by Universities.

Legislative decree n. 68 of 2012 sets out an integrated system to guarantee the right to education, which involves regions and universities.

The Ministry for Education and Research promotes agreements among various Institutions to contribute towards the success of the education process and to enlarge the types of services provided.

(The Education goal is divided into four areas:

1. Formal education. Provided in schools and universities, it is the main pillar of competences that people acquire during lifetime. The educational attainment can be considered as a proxy of the stock of human capital available in a country.
2. Long-life learning. People continue to acquire competences throughout their life, especially at work but also through the activities carried out during their free time. The participation of adults in training activities is a key-factor in improving their competences.
3. Levels of competences. The educational attainment gives an idea of the potential in terms of human capital, but it does not tell anything on the real competences of the population; for this reason, it is necessary to measure the competences actually acquired and their impact on the individual well-being.
4. Cultural participation. It represents an important source of "random learning", in continuity with formal education and training and with a direct and positive effect on the degree of life satisfaction.)

The report, while considering the new model of governance, the reform of the accounting system and the funding mechanism, highlights the specific interventions related to quality and efficiency of the educational offer within the Italian university system.

The Italian university system is based on 61 State universities.

As for the educational offer, in the academic year 2015-2016 there were 4,586 courses, out of which 2,225 for three-year degree, 2,015 for master's degree (3 years + 2 years) and 316 for five-year single cycle. In the same academic year, there were 245 courses totally done in English and 65 courses partly done in English.

The number of new students in the academic year 2015-2016 increased after years of continuous decline. They were 276,000 (+2% compared to the previous academic year).

The total number of students was 1,671,237 in both State and private universities.

The national data regarding scholarships show an acceptance rate of 80% of applications. At a regional level, there are significant differences: some regions have sufficient resources to provide scholarships (for example, Basilicata, Emilia Romagna, Umbria), some others have resources to

meet most of the needs (Lombardy, Piedmont, Tuscany), whilst less than a half regions have inadequate resources compared to the needs.

In the period considered (2012-2013, 2013-2014 and 2014-2015), the unmet needs were still high.

In its report, the *Corte dei conti* also evaluates the relationship between university and the world of labor.

For the analysis, it used data provided by ANVUR - National Agency for the evaluation of the university and research system – and by *Almalaurea*, an Interuniversity Consortium established in 1994, which counts 75 public and private universities amongst its members.

ANVUR carries out independent, impartial and transparent evaluations on universities.

Almalaurea carries out annual surveys on the students' profile and employment status 1, 3 and 5 years after graduation, reporting to the member Universities, the Ministry of Education and Research and ANVUR, with a view to improving the decision-making process and enhancing the study planning, orientation and services.

As shown in the analysis, in Italy a reversal of the trend in youth employment only started in 2015, one year later than the average European data. In particular, the rate of misemployment changed: 8% in 2011, 12,7% in 2014 and 11,9% in 2015.

In the period 2007-2014, the gap of misemployment between graduates and bachelors changed from 3,6% to 12,3% in favor of graduates. In addition, as education levels increase, gender inequalities decrease.

According to the data provided by Almalaurea, three years after graduation, the employment rate is 66% for three-year graduates (54% of the students continue for two years more to get master degrees), 70% for three plus two-year master graduates and 49% for five-year single cycle graduates (provided for departments of Medicine, Law, Pharmacy, Veterinary Medicine and Architecture).

More detailed analysis of the survey carried out by ISTAT indicates that the highest levels of employment (more than 93%) are observed among single cycle graduates and for master graduates in Defense and Security, Medicine and Engineering (99,4%, 96,5% and 93,9%).

Access of graduates to the labor market is more difficult for three-year graduates, master graduates and five-year single cycle graduates in the framework of literature disciplines (61,7% for three-year graduates and 73,4% for master graduates and five-year single course graduates), and biology disciplines (58,6% for three-year graduates and 76,5% for master graduates and five-year single cycle graduates).

Three-year graduates in psychology (67,6% people employed) are significantly below average. Only one out of two (52,8%) of three-year graduates has a fixed-term work or occasional work contracts or paid internships. Temporary work involves 41,9% of single cycle graduates and master graduates.

A job placement service is established in almost all Italian universities (97,9% in the period 2013-2014), except for 4 universities which have not yet activated it (1 university in the North-West, 1 university in the Center, and 2 universities in the South of Italy).

Single-cycle graduates and master graduates coming from Defense and Security, Medicine and Engineering have higher monthly salaries (more than 1,600 euros per month).

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Post degree internship are a training service provided to young students who have graduated no more than 18 months.

The analysis of post degree internship is particularly interesting and sufficiently reliable. 76,4% of Universities declare to have an *ex post* evaluation system, 12,4% of Universities declare to have an *ex post* evaluation system, although not complete, and 11,2% declare not to have any evaluation system.

This *ex post* evaluation is aimed at verifying if such internships have given results in terms of actual employment.