

SOCIAL PROTECTION IN GREECE AND SUSTAINABLE DEVELOPMENT LEAVING NO ONE BEHIND

Anastasios SEPETIS

Professor Assistant, Department of Business Administration,
University of West Attica, Athens, Greece.

tsepet@uniwa.gr

Algis KRUPAVIČIUS

Professor, Faculty of Public Governance,
Mykolas Romeris University, Lithuania.

algis.krupavicius@mruni.eu

(Corresponding Author)

Christos Ap. LADIAS

Professor, Regional Science Inquiry Journal

ladias@rsijournal.eu

Abstract

Sustainable development leaving no one behind and social protection in line with its institutional framework are crucial for the well-being of local communities. The literature shows, however, that a general and growing recognition of sustainable development alone does not provide equal opportunities to different segments of society. Our research found that in Greece regions and local communities clearly have an important role to play in the development of new social protection policies for sustainable and inclusive growth. The key challenges for defining inclusive and sustainable development for social protection policies in Greece are highlighted. Reforms are proposed for inclusive and sustainable development policies that are likely to contribute to regional and local social protection. The conclusions identify key reform principles that will promote a holistic social protection policy in the context of local sustainable development leaving no one behind.

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JEL Classification Codes: R10, Q01, Q50, G10, G30, H10, H30, H70

1. Introduction

Social exclusion or the perception of exclusion can cause certain groups of citizens to be excluded from participation in the market, social services and employment, at the cost of both citizens themselves and the economy. According to empirical studies and the World Bank's operational actions, social mobility and social inclusion should focus on increasing opportunities for all marginalized people to participate fully in markets, services, technologies and society as equal citizens. The persistent social discrimination and social exclusion of the most marginalised citizens in a society have a high cost to both people and the economy. Globally, the loss of wealth in human capital due to gender inequality is estimated at \$160.2 trillion, and social protection programs prevent around 150 million people from absolute poverty (World Bank, 2017, 2021). Mensah and Casadevall's literature review on Sustainable Development analyzes and argues that the entire core issue of sustainable development around transnational and intergenetic equality is essentially based on three-dimensional distinct but interconnected pillars, namely the environment, economy and society. Decision makers must constantly take into account relationships, complementarities and trade-offs between these pillars and ensure responsible human behaviour and action at international, national, Community and individual level in order to maintain and promote the relevance of human development in the principles of sustainable development. However, they point out that more needs to be done by key actors, particularly the United Nations (UN), governments, the private sector and civil society organisations, in terms of policies, education and regulations, on the management of social, economic and environmental resources to ensure that everyone is towards sustainable development consciously (Mensah and Casadevall, 2019).

How the three dimensions relate to social exclusion can be illustrated by the following example. If a person in a particular area does not have a job (economic), he is likely to be poor and excluded from voting (social). If this happens, they are motivated to get involved in situations that destroy the environment, such as cutting down trees to light a fire to cook or keep warm (environmental). As his actions blend with those of others in his community and start cutting down trees, deforestation will cause a shortage of key minerals in the soil (environmental). If these elements are lost, residents will be deprived of the nutrients necessary for good brain function in order to learn new technologies, for example, to operate a computer, and this will reduce productivity (economic). If productivity declines, the poor will remain poor or become poorer and the cycle will continue (Mensah and Casadevall, 2019).

At the heart of the Global but European and National institutional and operational policy for Sustainable Development is now embodied the commitment of "inclusion", "for all – inclusive" or "leaving no one behind" or "trying to reach first those who are most behind". Deepening the definition of the term Inclusive Growth in the academic literature review, we also find that although most scientific articles talk about "Inclusive Growth¹" and not "Inclusive Development²", most publications use both terms interchangeably (Gupta et al., 2015). In Klasen's view, "inclusive growth must take into account the full range of ways in which people are excluded from participating in and sharing the benefits of growth and development" (Klasen, 2010). Gupta and her partners add the environmental dimension to the concept of inclusive development "development involving marginalized people, sectors and countries in social, political and economic processes for increased human well-being, social and environmental sustainability and empowerment" (Gupta et al., 2015). Gupta and Vegelin also state that "the achievement of inclusive and sustainable development has been hampered by trade-offs in favour of economic growth, social well-being and environmental sustainability, which may also affect the Sustainable Development Goals (SDGs) adopted by UN member states in 2015. On the contrary, the concept of inclusive growth should place more emphasis on the social and environmental political dimensions of development" (Gupta and Vegelin, 2016). What does the political commitment to "leave no one behind" mean in practice? According to the OECD, it acknowledges that "there is no single answer to the question" (OECD, 2018). The

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operational action and institutional definition of the United Nations (UNDP) in its 2017 report on the "Strategy for Inclusive Sustainable Development" is broader and includes the outcomes and processes of inclusive development in the context of the theory of Stiglitz, Sen, and Fitoussi (2009). It³ states that understanding inclusive growth must entail "the process of broadening people's choices by expanding their potential and opportunities in sustainable ways from an economic, social and environmental perspective" (UNDP, 2017). For the World Bank, inclusive growth and social protection "are vital and contribute to achieving the World Bank's dual goals of ending extreme poverty and enhancing shared prosperity." For the World Bank in each country, certain groups face obstacles that prevent them from participating fully in political, economic and social life⁴. "Without addressing the root causes of social exclusion and discrimination, it will be difficult to support inclusive sustainable growth and rapid poverty reduction" (World Bank, 2009, 2012, 2021). The IMF's 2017 study of G20 leader's states that "domestic policies are key to translating strong, inclusive growth into prosperity for all. Countries need to adopt policy frameworks that maintain sustainable growth with macroeconomic stability." The study urges leaders "Promoting inclusive growth requires measures to boost productivity and at the same time you need to make sure that higher growth does not come at the expense of social equity" (IMF-G20, 2017).

In the European Union, from the Lisbon Strategy, to the Europe 2020 Strategy, integrated guidelines have been produced to better specialise and achieve the objectives of the Inclusive Growth Strategy. Since 2016, the European Commission's reflection paper "Next steps for a sustainable European future: European action for sustainability" continues the Europe 2020 strategy and the European Council welcomed the European Commission's intention to publish in 2019 the reflection "Towards a Sustainable Europe by 2030". More specifically, three (3) Key Priorities of the Europe 2020 Strategy were identified, which include "Smart Growth", "Sustainable Growth" and "Inclusive Growth" and are now incorporated into the 2030 Sustainable Development Strategy and the Sustainable Development Goals (SDGs). In addition, the 20 principles of the European Pillar of Social Rights it is the beacon guiding us towards a strong social Europe that is fair, inclusive and full of opportunities. The European Commission has already presented several actions based on each principle of the Pillar, with additional actions planned to further strengthen social rights in the EU.

Despite the adversity, Greece remains fully committed to the 2030 Agenda. The 17 Goals are embedded in all its major binding political plans. Solid strategies are being launched, policies are being developed and institutional reforms are being designed to accelerate the full implementation of the RDPs and better recover them from the COVID-19 pandemic. The formulation of broader social protection policies, information. Awareness raising and education will be critical parameters in the success of the project, in order to create an overall social protection dynamic for the value of the goals of Greek Sustainable Inclusive Development. In the UN Opening Message welcoming our country to the club of countries committed to a national action plan for the adoption of the Global Sustainable Development Goals, Greece is determined to implement the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals, as it provides an ambitious and transformative framework for a new, a fair and sustainable development path that ensures a balance between economic growth, social cohesion and justice, as well as the protection of the environment and the unique ecological wealth of the country." Greece, in its report on the Sustainable Development Goals submitted and approved by UN bodies in 2018, states that "The unprecedented economic crisis has forced it to focus on economic policies that often create divergences instead of contributing to the achievement of sustainable development. Thus, the country had to balance the situation with the adoption of measures for fair development, while improving the business environment and encouraging investment, promoting the social and solidarity economy, supporting human capital, research and innovation, and enhancing sustainability in sectors such as agriculture, tourism and infrastructure. In the 2022 revised report, you indicate "Systemic challenges that have been escalating for decades are not favored by crises. Of particular concern are weak demographic rates, higher female and youth unemployment and a low track record on gender

equality. In addition, the pandemic has led to long-overdue reforms in the health sector, justice and waste management systems have exceeded their operating limits causing social, economic and environmental complications... Several long-term challenges are showing significant progress. Among others, poverty, unemployment, poor housing, sanitation, income inequalities, early school leaving, women's participation in senior management, share of renewables in energy consumption, greenhouse gas emissions, road deaths and homicides... Attaching particular importance to the protection and support of the disadvantaged, the government in the last two years has adopted a number of National Action Plans (NAPs) and Strategies that incorporate the principle of leaving no one behind in public policies and reform measures. For the first time, NAPs on youth, children's rights, protection of children from sexual abuse, rights of persons with disabilities and those of LGTBQI+ were launched, together with updated strategies on gender equality and Roma."

2. The current situation in Greece

The global scientific and institutional community, the European Union and Greece at national, regional and local level may have developed and implemented social protection policies in the context of inclusive and sustainable development, but many debriefing studies of these policies show that insufficient results have been achieved.

The Hellenic Statistical Authority (ELSTAT) announces data on social protection receipts and expenditure for the year 2020, within the framework of the European System of Integrated Social Protection Statistics (ESSPROS). In total, social protection expenditure for the year 2020 was EUR 48 119 million. euro, corresponding to an increase of 4.3% compared to 2019. The largest share of expenditure concerns "old-age" benefits, which for the year 2020 accounted for 53.4% of the total social protection expenditure and showed an increase of 3.7% compared to 2019. In descending order, expenditure on "sickness/healthcare" benefits amounting to 21.2% of total social protection, shows an increase of 4.4% compared to 2019. In 2020, social protection contributions were €50,951 million. euro, showing an increase of 1.7%. compared to 2019. For 2020, it appears that 45.6% of total contributions came from social contributions (employers and employees), while 49.0% came from General Government contributions. For the year 2020, the total number of pension beneficiaries receiving main pension benefits without double counting was 2,472,758 persons compared to 2,506,608 in 2019, showing a decrease of 1.4%.

Based on the data of the Household Income and Living Conditions Survey (SILC) in 2021, the population at risk of poverty or social exclusion, according to the revised definition, amounts to 28.3% of the country's population (2.971.200 persons), presenting an increase compared to 2020 by 0.9 percentage points. The increase in the at-risk-of-poverty or social exclusion rate is due to an increase in the proportion of the population at low intensity labour (from 11,8% in 2020 to 13,6% in 2021) and the population at risk of poverty from 17,7% in 2020 to 19,6% in 2021. The risk of poverty or social exclusion is highest for children aged 17 and under (32.0%). The share of the population aged 18-64 living in households with low work intensity is estimated at 13.6% of the total population in this age group, an increase of 1.8 percentage points compared to 2020. The rate for men is 12.5% and for women 14.6%. The percentage of the population deprived of at least 7 goods out of a list of 13 goods and services is 13.9%, while the percentage of the population deprived of at least 4 goods out of a list of 9 goods and services is 14.8%. The S80/S20 ratio in 2021, with income reference period 2020, increased by 0.6 percentage points (compared to the previous corresponding period of 2019) and stands at 5.8. That is, the income share of the richest 20% of the population is 5.8 times greater than the income share of the poorest 20% of the population. Economic inequality among people aged 65 and over increased by 0.2 percentage points to 4.2 compared to 4.0 last year. Similarly, economic inequality among people under 65 increased by 0.7 percentage points to 6.4 compared to 5.7 last year. The Gini coefficient was estimated in 2021 at 32.4%, an increase of 1.0 percentage points over 2020. The above percentage is interpreted as follows: if we select 2 random individuals of the population, we expect their income to differ by 32.4% of the average equivalised disposable income. Since 1994, the year in which this investigation began overall inequality fell by 5.0 percentage points (37.4% in 1994). Also, according to the National Observatory for Disability in 2022, people with disabilities are estimated to constitute about 10% of the general population in Greece and only 10% of young people with severe disabilities are integrated into work. 71.4% of severely disabled young people aged 25-34 have never

worked. 46% of severely disabled young people up to 34 years old have not completed compulsory education. Only 13% of young people with severe disabilities aged 30 to 34 are tertiary graduates, while 45% of young people without disabilities have a university degree. 40.5% of severely disabled young people aged 16-24 and 64.4% aged 25-34 live in poverty and/or social exclusion.

In the Greek Regions, according to the 2020 OECD report on Greece's Regional Policy after 2020, it is noted that Greece's unique geomorphology affects the distribution of population and the high concentration of economic activities in urban areas. Compared to other OECD countries with large sparsely populated areas, comparatively more people live in rural areas in Greece and especially in remote areas with difficulty of access in cities. After the 2008 financial crisis, the Greek economy started to recover in 2017, showing a growth rate of 1.9% in 2018 estimated at 2.3% in 2019. Unemployment – although still high – fell from 27.5% in 2013 to around 17.3% in 2019. This course was halted due to COVID-19. However, the financial crisis did not affect all regions of the country in the same way. Greece now has the 9th highest indicator of regional disparities in GDP per capita among the 30 OECD countries. The largest decline in productivity, due to the 2008 crisis, occurred in remote islands but also in Western Greece and Attica. Attica, which contributed 48% of national GDP and 43% of employment by 2017, suffered a disproportionate blow during the crisis, with a decrease of about 10% of its total population. Together with Central Macedonia, it recorded a loss of more than half (58%) of the total jobs lost in Greece. These economic shocks have been so severe that some Greek lagging regions have converged with Attica's productivity level – which remains below its potential. However, this kind of regional convergence is considered wrong. According to the study's estimates, with an annual growth rate of about 2%, Greece will return to pre-crisis levels in 15 years. On the contrary, if Attica's growth rate reaches 3%, Greece's recovery period will be reduced by about half, to 8 years. Therefore, rebuilding Athens' productivity is crucial to boost Greece's national growth, particularly in the current context of the global COVID-19 slowdown. However, Attica's recovery should not be an isolated phenomenon. The balanced and extensive development of all Greek regions is essential. European Union (EU) resources have played an important role in the recovery process and will continue to be important in the future. They account for more than 80% of Greek public investment and, according to the study's analysis, it is estimated that between 2009 and 2018, every euro of Structural Funds in Greece generated an additional 64 cents of GDP (OECD, 2020).

The OECD study concludes that Greece has already undertaken an impressive number of structural reforms on a national scale since the outbreak of the global financial crisis (from pension and tax reforms to justice, labour market, public investment, social, energy and environmental policies) as well as reforms in terms of decentralization and strengthening of the two levels of local government. The country faces new development priorities, from promoting digitalization and improving business and operational ecosystems to addressing environmental challenges. At the same time, these new priorities must address existing societal challenges and reduce growing inequalities. The current COVID-19 pandemic is slowing down the recovery and putting the Greek economy at risk again. While the medium and long-term effects of the pandemic remain uncertain, the Greek government should coordinate policy action at local, regional and national levels in order to minimize job losses and business closures in the short and medium term.

According to the 2021 EU Report on the Sustainable Development Goals, Greece remains fully committed to the 2030 Agenda. The 17 Goals are embedded in all its major binding political plans. Greece is also listed as one of the two (2021) European Union (EU) countries that managed not to stray from any of the 17 Goals and remained in the cluster as one of the five (2022) that did not move away, improving its performance on SDGs 2, 7, 10 and 12 above the EU average within one year;

3. **Key challenges**

In the context of analyzing the results of institutional and operational strategies for social protection in the context of sustainable and inclusive growth, European countries perform internationally really well in terms of reducing income inequality, although developments differ in different EU states and national regional units. However, policymakers at both European and national, regional and local level need to additionally address social inequality, such as unemployment, poverty, disability more vigorously, especially youth unemployment.

In the World Economic Forum's 2017 WEF Inclusive Growth and Development report (2017) and its WEF Inclusive Development Index 2018, inclusive growth "remains more of a topic of discussion than an agenda for action." In a relevant research at European level on the anatomy of inclusive growth in Europe, Darvas and Wolff (2016) respond with specific remarks to the question "Why is inclusive growth important?": a) When assessing inclusive growth, poverty and income inequality are among the two most relevant indicators, although there are many others, including non-financial indicators. b) Their research shows that in most European countries children growing up in poorer and disadvantaged families tend to perform poorly in school compared to their peers from wealthier families. (c) Inequality and poverty also affect the prospects for social convergence between regions, generations and families belonging to different socio-economic groups. d) Higher income inequality is related to social mobility: children of poor families tend to become poor, while children of rich families tend to become rich. e) Literature research on the impact of income inequality over the long term shows that growth policies have mixed effects, but there is growing evidence that inequality was also a determinant of unsustainable rapid increases in many European countries. g) High levels of income inequality and poverty can also boost protest voting in referendums and elections. Econometric estimates reveal that in the UK's Brexit referendum in June 2016, income, inequality and poverty were factors that drove the "pro-Brexit" vote. The McKinsey Global Institute (MGI) survey, 'Testing the Resilience of the Inclusive Growth Model in Europe' in 2020, focuses on the prospects for inclusive European growth in the period up to 2030 and simulates the six major challenges that will address Europe's inclusive growth model as well as the European Social Pillar of the European Union (McKinsey, 2020). The overall conclusions of the study find that the principles and policies of inclusive growth in Europe as well as the European Pillar of Social Protection of the European Union are under threat. According to the McKinsey study, the main reasons are: a) The limited growth of middle income in recent years, b) The decline in trust in institutions (both EU and national), c) Dissatisfaction with mass migration, d) Security concerns as well as the resilience of global agreements, e) The rise of populist politics challenging the status quo.

In Greece, according to the Development Plan for the Greek Economy – Pissarides Committee Report in the operational strategies for inclusive Greek growth, several distortions in the social protection system have been identified. One problem is that the system consists of a multitude of different benefits (unemployment benefit, disability benefit, guaranteed minimum income, housing allowance, heating allowance, transport allowance, etc.) managed in a fragmented way, even after the digitalisation of processes. Another problem, according to the report, related to the complexity of the system, is that some benefits overlap with each other, as they aim to meet similar needs, but the conditions for different groups of people differ, creating inequalities. Moreover, according to the report, the current system does not ensure sufficient incentives for formal work. For example, the provision of the Guaranteed Minimum Income (GMI), but also of many other benefits, it is abruptly terminated once income exceeds a threshold. It is therefore often more advantageous for an EIO beneficiary to keep his family income just below the threshold, either without looking for extra work or working extra hours informally (undeclared), than to look for additional formal work. This problem also exists in other countries, but it is especially important in countries like Greece, where levels of tax evasion and self-employment are high. Also, particularly high priority should be given to supporting people with disabilities and integrating them more fully into economic life.

4. **The proposed reforms**

A global institutional policy and holistic operational strategy for social protection policies in the context of inclusive growth that has been integrated into EU policy and promoted to Member States in the context of European policies for Europe 2020 and for Sustainable Development 2030 can play a greater role in national policies in the Member States. In this context, social protection policies must be at the top of the Greek 2030 Agenda.

In their research on EU Member States and promoting inclusive growth in national policies, Darvas and Wolff (2016) report that fiscal, social, education and labour policies are almost exclusively national competences and are under the direct control of national policymakers, who face many challenges at regional level in particular. The main recommendations of the survey (a) Member States should foster social mobility. Early childhood education is key to social mobility and higher education is increasingly important for employment. (b) There are

significant differences in the effectiveness of social assistance systems across Member States. Specific welfare systems are often not effective in reducing income inequality. The reform of welfare systems is particularly important for some southern European countries. (c) The question of the progressivity of the tax system is important for the Member States. The tax system often places a much greater burden on low-income households. d) Subsidising innovation and skills in most European countries should be increased. In addition, a criticism of the extent to which different sectors are protected in different countries could be a useful contribution to addressing certain problems. e) The key issue of regional policy and especially in local communities should be the tackling of unemployment (especially youth) which should also be an issue for national policies for the local labour market. g) The composition of fiscal consolidation, which is often biased towards young families and education. It was also often biased against investment, particularly in innovation and know-how. This has had a negative impact on growth while exacerbating social inequality.

The McKinsey Global Institute (MGI) survey, "Testing the Resilience of the Inclusive Growth Model in Europe" in 2020, focuses on the European Union's prospects for inclusive growth in the period up to 2030. In this research they propose three areas where European countries, the EU and the private sector should act, sometimes in coordination, to strengthen the resilience of Europe's inclusive growth model. The three critical areas where improvements are needed to strengthen the European inclusive growth model are: a) Ensuring the full implementation of the social mobility scenario, in particular by focusing on innovation and human capital. (b) Support measures to reduce social inequalities and launch a dialogue to improve social convergence in Europe. c) Update the parameters of Europe's Social Pillar to facilitate the implementation of the social mobility scenario, while rebuilding citizens' trust in institutions to ensure that they support the necessary policy measures. Their research has focused on these three areas because they are important enablers to support the social protection model and because the current gaps in Europe need to be filled urgently (MGI, 2020).

For policies to foster inclusive growth, in particular employment and social inclusion of societies, policymakers responsible for employment policies need to take into account the different needs, challenges and barriers faced by different risk groups in the labour market when developing policy tools or programme-level interventions. The main conclusions of the study are: a) Reduce the fragmentation of existing programmes. b) Standardise operational coordination between services that is vital to improve service delivery to the most vulnerable populations. c) Expand access to affordable childcare services (especially for children aged 0-3 years). (d) To highlight the inadequacies of existing programmes. e) To promote programmes concerning vulnerable groups. (g) Reach out more to those most in need. h) Seek to strengthen mediation services and reach out to private employers. i) Adapt the targeting and design of Active Labor Market Programs (ALMPs) (World Bank 2017).

According to the Development Plan for the Greek Economy, the need for immediate promotion of social protection interventions in four main directions and funding of relevant actions where necessary is important, is important. First, better targeting of benefits and other support measures that act as necessary "passive" forms of support. The consolidated benefit should be given to persons on low family incomes even if: work, and be designed to enhance motivation to work. Income should be calculated on the basis of family structure (e.g. number of children) and should be particularly targeted at families most in need, such as mothers or fathers with single children. The determination of the allowance, as well as its relation to total family income and wealth, should be made by a special committee with access to individual data (such as family budgets) and data from tax returns. Second, access to modern education and training programs that ultimately facilitate employment in high-value jobs, as "active" policies. Thirdly, improving infrastructure for physical and digital access. Fourthly, the implementation of laws against gender discrimination and equal opportunities. Policy measures that will improve transparency and efficiency in the public sector and the labour market are expected to benefit vulnerable groups, such as people with disabilities, even more than the population average. At the same time, however, targeted actions are needed to remove specific rigidities in areas such as education, vocational training, employment, digital connectivity and accessibility, health. As a general direction, it is important for relevant policies to follow the "social model" of approaching disability, which requires changes in the wider environment to take into account the needs and particularities of these people (Pissarides Committee Report et al., 2020).

5. Conclusions

According to the previous references, a proposal for the basic reform principles that will define a holistic policy for Social Protection in the context of Sustainable and Inclusive Development should include the following delimitation:

- (1) Development of a common "vision" of Social Protection policies in the context of Sustainable Inclusive Development in many stakeholders to make the common "vision" a common "mission".
- (2) Development policies should have objectives based essentially on three-dimensional distinct, but interconnected pillars, i.e. the environment, economy and society and require national and regional/local authorities to cooperate, work proactively, monitor, control and feed back into planning to achieve these objectives taking into account: (a) adaptation to global, national, regional/local development policies, (b) not to assume ex officio that positive social outcomes will automatically come through economic growth, and (c) that economic growth and social equity are based on sustainable management of natural resources.
- (3) The benefits of development policies must be channelled holistically to all social groups, including the most marginalised "leaving no one behind", by promoting social cohesion policies and involving societies in development policy decisions.
- (4) Development policies must take into account, within the framework of a holistic approach, the emergence of the "social/cultural and entrepreneurial culture" of each society.
- (5) A key importance of holistic policy is the involvement and alignment of the efforts of "development actors" (governmental/self-governing bodies, universities/research bodies, businesses, chambers, business bodies, etc.) with those of "inclusion" stakeholders (governmental/self-governing bodies, universities/research bodies, social inclusion and cohesion bodies, NGOs, unions, etc.) in a commonly accepted holistic business strategy.
- (6) The holistic business strategy should propose the procedures for "how" to implement social protection policies in the context of inclusive and sustainable development. By jointly agreeing definitions and measurements to monitor implementation progress, control and feedback.
- (7) The holistic operational strategy of social protection policies to promote the sustainable management of natural resources in the context of national, European and global climate change policies and sustainable development goals.

An institutional and scientific focus on social protection policies in the context of sustainable and inclusive local development can be useful in increasing pressure on Member States and their regions, but it can also lead to frustration, such as perceived broken promises. For this reason, it is necessary to identify and delimit the failures that have led to economic distortions in institutional and operational development plans and widened social inequalities at local level, particularly in the employment of vulnerable groups, and to identify the main challenges for social protection policy within the framework of a holistic policy for sustainable and inclusive local development in regions of the European Union and to make informed proposals from local communities for the feedback of institutional and operational strategies at European, National, Regional and local level.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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