

## **THE IMPLEMENTATION OF SOCIAL PROTECTION POLICIES AT LOCAL LEVEL ACCORDING TO INCLUSIVE AND SUSTAINABLE DEVELOPMENT**

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### **Abstract**

The term inclusive and sustainable development first appeared in the 21st century and has been accepted in academic texts and political institutions. Some scientific and institutional bodies argue that sustainable development policies at regional and local level should identify new approaches to social protection policies at local level in the context of inclusive and sustainable development. The extensive literature review of the study found that regional and local communities clearly have an important role to play in developing new policies and applied operational strategies of social protection at local level according to inclusive and sustainable development. This study also presents policies, defines the concept, proposes qualitative metrics, analyzes international and European social protection policies at local level in the context of inclusive and sustainable development. It concludes that regions, cities, local social stakeholders, must harmonise the basic principles of social protection policies and take an active role in fulfilling the regional/local objectives of Inclusive and Sustainable Development.

**Keywords:** Social Protection, Inclusive Development, Inclusive Growth, Sustainable Development, Sustainable Regions, Sustainable Cities.

**JEL classification:** R10, Q01, Q50, G10, G30, H10, H30, H70

### **Import**

At the institutional level for social protection, every decade experiments with ideas and concepts about sustainable and inclusive development and their promotion in global conditions. Relevant references to social protection in the context of inclusive development in the relevant global treaties are: a) the World Convention on Human Rights of the 1940s, b) the conditions for development and investment in countries lagging behind in development in the 1950s, c) human rights treaties to protect both politicians, economic as well as social rights in the 1960s, d) the relevant conditions of social equity with references to how unemployment, inequality and persistent poverty require a strong focus on development, income redistribution, rural focus and human development indicators in the 1970s, e) the conditions for external environmental impacts and the need for an organised response in the 1970s; as well as the integration of the environment as a key pillar of development through sustainable development in the 1980s (World Commission on Environment and Development – WCED, 1987); g) conditions that redefine the boundaries of development through social inclusion, social dialogue for development and the need to study social movements, including anti-poverty and social cohesion movements; focusing on human rights, the potential for reducing social inequalities with parallel processes focusing on environmental conservation, third world development, social survival and women's empowerment reflected in the United Nations Agenda 21 (UNSD, 1992); h) the 2000 Millennium Development Goals (MDG) to advance global policies; in order to take initiatives to solve social injustices, i) In the context of the global treaty on sustainable development, the scientific community promotes the Agenda for inclusive development and climate change and contributed to the adoption of the UN Sustainable Development Goals in 2015.

Today, the United Nations Strategy (UNDP) “For Sustainable and Inclusive Growth” presents the organization's service offering to support the participating countries as they formulate and implement national and regional social protection plans to achieve inclusive sustainable growth and full and productive employment. Three broad priorities have been

identified as critical to enable countries to succeed this objective: (a) Integrated planning for inclusive sustainable growth, (b) Support job creation, decent work and redistributive programmes to tackle poverty, inequality and exclusion, (c) Mobilise and scale up funding for the transition to inclusive sustainable growth. The OECD in its report “Development Cooperation 2018: Joining forces to leave no one behind”<sup>1</sup> tries to answer questions of inclusive and sustainable development and argues that in order to deliver on the collective promise to achieve the Sustainable Development Goals (S.D.Gs.) for all, no one behind should be left behind and help those furthest behind first. The Existing developmental cooperation is not sufficient (OECD, 2018), as the development aid providers need to make new, conscious, systematic and coordinated efforts to adapt the social protection narrative, management practices and funding to maximise individual and collective impact. This report calls on development aid providers to update development cooperation frameworks in three ways: a) A new narrative that clearly states the mutual benefits for all of leaving no one behind; b) Consciously mainstreaming the goal of inclusive growth, equitable and sustainable development through development cooperation portfolios and through the harnessing of agents of change; Smarter use and distribution of Official Development Assistance as an integral part of wider efforts to increase the volume of funding in order to achieve the Sustainable Development Goals (S.D.Gs.) for all.

These findings, and other relevant operational investigations and institutional processes, have led to the emergence of a global consensus on the need for a more consensual and sustainable model of social protection and sustainable and inclusive development that promotes high living standards for all “leaving no one behind now and in the future” and incorporated these common global requirements into the seventeen (17) Sustainable Development Goals. Also, the roots of the delimitation of social protection within the concept of “sustainable and inclusive growth” have advanced inter-sectoral and inter-disciplinary and have expanded at institutional, legislative, regulatory and operational level and are constantly evolving in the context of sustainable development. These global treaties also complemented the initiatives of the global financial institutions on “Sustainable Finance” of the United Nations (UNEP FI),<sup>2</sup> the Inclusive Green Growth, The Pathway to Sustainable Development of the World Bank (World Bank, 2017)<sup>3</sup>, EU Sustainable Finance<sup>4</sup>, Sustainable Taxonomy, the Green Deal and the Just Transition of the European Union (EU 2015-2021) which in turn promote social protection and inclusive sustainable development within economic, social and environmental boundaries.

A similar concern is established in the political and scientific agenda for the promotion of social protection policies in the context of sustainable and inclusive development at regional and urban level. Despite widespread concern about social inequality, local policymakers often have limited powers to directly address the problem and improve policies for inclusive growth (Glaeser *et al.*, 2009; Lee *et al.*, 2016). It should be stressed that while regions and cities clearly have an important role to play in social protection policies to develop new ideas and applied operational strategies for inclusive local development, this role is inevitably limited compared to the role of policies at national government level. Some scientific and institutional actors also argue that urban development social policies at local level will identify new approaches to inclusive and sustainable development. For example, in his proposal Angel Guerria of the OECD at the launch of the OECD project on inclusive growth in cities, states “If we want to succeed, then we need to ensure that cities are at the heart of the struggle. After all, while cities are on the receiving end of the devastating effects of inequalities, which are

<sup>1</sup> For more information OECD. (2018): *Joining Forces to Leave No One Behind Multilingual Summaries* Development Co-operation Report <https://www.oecd-ilibrary.org/sites/53d35549-el/index.html?itemId=/content/component/53d35549-el> (Assessed 12 October 2024)

<sup>2</sup> For more information <https://www.unepfi.org/> (Assessed 12 October 2024)

<sup>3</sup> For more information World Bank. (2017): *Environmental and Social Framework*, International Bank for Reconstruction and Development, World Bank Washington DC <https://pubdocs.worldbank.org/en/837721522762050108/Environmental-and-Social-Framework.pdf> (Assessed 12 October 2024)

<sup>4</sup> For more information [https://finance.ec.europa.eu/sustainable-finance\\_en](https://finance.ec.europa.eu/sustainable-finance_en)

becoming more pronounced, they must also be the cities that can bring the most innovative and effective solutions to the problem” (OECD, 2016).<sup>5</sup>

All these mentioned so far highlight a series of questions and initiatives that need to be defined for social protection policies at local level in the context of inclusive and sustainable development: a) The concept of inclusive and sustainable development and the measurement of well-being of OECD regional policies<sup>6</sup>, with particular commitment to the UN Sustainable Development Goals and Inclusive Local<sup>7</sup> Communities (OECD, 2020; OHE, 2018). b) To increase productivity by participating in employment and sharing the benefits of development with social and environmental justice among all World Bank citizens and developing local capacities and financing by the International Monetary Fund (World Bank 2017, 2021; IMF, 2017, 2019)<sup>8</sup>. c) The policy of the European Union with the 2020 Strategy<sup>9</sup> and the Sustainable Development 2030<sup>10</sup>, based on the belief that it is possible to find a common Agenda, recognizing the need for some levels of local development, but where the benefits of this economic development will be distributed more socially, fairly and environmentally sustainable to the local community. The road to this reconciliation of social protection policies at local level according to inclusive and sustainable development lies in exploring the relationship at the local level between economic development, human social well-being and environmental balance. Furthermore, inclusive and sustainable development must place further emphasis on the local social and environmental aspects of sustainable development that must meet the needs of present and future generations, the intergenerational component, and address the economic, environmental and social aspects of development at local level with an additional key component, the commitment of “leaving no one behind now and in the future”.

This article provides a literature review to define social protection at local level in the context of inclusive and sustainable development, defines the concept and describes indicators for measuring inclusive and sustainable development, presents relevant European policies and offers some concerns and summaries of doctrinal proposals with concrete conclusions to propose a holistic social protection dynamic in the context of Inclusive and Sustainable Development.

<sup>5</sup> For more information OECD. (2016): The New York proposal for inclusive growth in cities. OECD Publishing, Paris,

<sup>6</sup> For more information OECD (2020) How's Life? 2020 *Measuring Well-being*  
<http://www.oecd.org/statistics/how-s-life-23089679.htm> (Assessed 12 October 2024)

<sup>7</sup> For more information UNPD (2018) The New Urban Agenda: Key Commitments – United Nations Sustainable Development(Assessed 12 October 2024)

<sup>8</sup> For more information, Word Bank. (2017): Environmental and Social Framework, International Bank for Reconstruction and Development, World Bank Washington DC  
<https://pubdocs.worldbank.org/en/837721522762050108/Environmental-and-Social-Framework.pdf>

World Bank. (2021): Global Economic Prospects, World Bank Washington DC  
<https://www.worldbank.org/en/publication/global-economic-prospects#overview>(Assessed 12 October 2024)

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<https://www.imf.org/en/Publications/FM/Issues/2017/10/05/fiscal-monitor-october-2017> (Assessed 12 October 2024)

For more information, IMF. (2019): *Inequality of Opportunity, Inequality of Income and Economic Growth*, IMF Working paper WP/19/34 publ,  
<https://www.imf.org/en/Publications/WP/Issues/2019/02/15/Inequality-of-Opportunity-Inequality-of-Income-and-Economic-Growth-46566>(Assessed 12 October 2024)

<sup>9</sup>For more information, <https://eur-lex.europa.eu/legal-content/EL/TXT/?uri=LEGISSUM%3Aem0028> (Assessed 12 October 2024)

<sup>10</sup>For more information, [https://ec.europa.eu/info/strategy/international-strategies/sustainable-development-goals/eu-approach-sustainable-development\\_el](https://ec.europa.eu/info/strategy/international-strategies/sustainable-development-goals/eu-approach-sustainable-development_el) (Assessed 12 October 2024)

## **1. The literature review on the delineation of inclusive local development policy in the context of sustainable development.**

In the context of academic literature and institutional texts, a historical review of the term inclusive growth is based on the economic theory of “Economic Growth<sup>11</sup>”, which refers to the annual percentage change of a variable (in this case income or output), and has been developed by academia since the 1950s. Frustration caused by the failure of these theories has led academia and power institutions to focus on qualitative indicators related to the possibilities of satisfying individual and social needs. Such as for example, per capita income and job creation strategies and the revitalisation of sectors that had declined (e.g. rural areas and local and peri-urban areas) in the 1970s. With the debt crisis of developed countries in the 1970s and the imposition of structural restructuring economic Global, European and National programs of social protection and fiscal discipline programs in the 1980s, health, education, employment and poverty reduction programmes were subsidised that often had to be restructured to reduce the worsening of poverty and exclusion of vulnerable groups. During the 1990s the focus shifted to human development, poverty reduction and increased social rights under the term “inclusive growth”. This term focuses on increasing per capita income through economic growth and greater access to non-income segments of social welfare, improved by active policy makers, the state and contributions from other social actors, and is defined as growth that not only creates new economic opportunities, but that which ensures equal access to the opportunities created for all social protection, especially for the poor (Chatterjee, 2005). In this context, the literature delineates: a) high and sustainable growth to create productive and decent work opportunities and b) social inclusion to ensure equal access to opportunities for all (Ali and Son 2007). At the same time, the term “Inclusive Development”, which was first mentioned in the academic literature in 1998, but became an important part of the scientific literature after 2008. In this version, inclusive Growth argues that unbalanced growth can lead to exclusion of some people, concentration of wealth and fragmentation of labour markets. Instead of focusing on economic growth, this theory calls for direct democracy (in the exercise of social policies, social and political rights) and the balanced distribution of social welfare (e.g. health, education, employment, social structures) (Sachs 2004). Musahara defines inclusive growth as “improving the distribution of social well-being in dimensions beyond growth” (Musahara, 2016). Similarly, according to Johnson and Anderson (2012), Inclusive Development “is a process of structural change that gives voice and strength to the concerns and expectations of different social groups that are excluded. It redistributes incomes generated in both the formal and informal sectors in favor of these social groups and allows them to shape the future of society in interaction with other stakeholder groups” (Johnson and Anderson 2012). Hickey et al report that inclusive development “is a process that occurs when social and material benefits are shared equally by equitable distributions within societies, income groups, genders, nationalities, regions, religious groups, etc.” (Hickey et al., 2015). Gupta et al add to the concept of inclusive development the environmental dimension “development that involves 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).

Emerging theory and evidence suggest a strong role for macroeconomic policies in shaping social protection policies in the context of inclusive growth, both in the short and long term. The two-way relationship between macroeconomic policies and social inequality highlights the challenge of identifying and assessing causal relationships in inclusive growth. New emerging models for inclusive growth with heterogeneous factors have much to

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<sup>11</sup> Economic growth is defined as the percentage annual change in the output of an economy. The term economic growth is often used over economic growth and vice versa. More generally, growth is defined as the annual percentage change of a variable (in this case income or output) and is therefore a quantitative indicator. The term economic growth is a (mainly) qualitative indicator, which is related to the possibilities of satisfying individual and social needs.

The content of the two terms is, above all, complementary, since economic development presupposes economic growth. However, the implementation of some growth policies may limit the potential for economic development

offer in this area (Davoodi et al., 2021). According to Pouw and McGregor, as well as Gupta and colleagues, a cross-sectoral separation according to the conceptual and organic dimensions of the term inclusive growth may be broken down by a fourfold thematic agenda. First, inclusive growth is being used to counter the dominant neoliberal capitalist agenda. Second, is based on concepts such as inclusive growth, inclusive economy, prosperity, social justice and human rights. Third, inclusive growth that analyses the correlation based on social inequalities and poverty. Fourth, it concerns inclusive growth in the context of the anthropocentric (sociological) and eco-systemic (environmental) approach, (Pouw and McGregor, 2014; Gupta et al., 2015). In addition, the interdisciplinary separation of the literature review is determined for the following reasons: First, for institutional, legislative and regulatory considerations relating to the fight against poverty and social inequality. Secondly, the institutional, legislative and regulatory provisions and legal conditions deriving from human rights. Thirdly, adherence to the arguments for economic and social protection and safeguards that enable socially excluded and poor people to have access to legal means of survival and to live in safety and dignity. Fourthly, the economic reasons for development and the safeguarding of economic production by future generations and for the balanced management of natural resources. Fifth, the operational planning of economic systems and socio-political organizational systems that define poverty as a result of the strongest economies. Sixth, the allocation of natural resources (environmental balance-Environmental), social welfare (distributive justice-Social) and democratic decision-making processes (ESG) for the participation of all in political and operational decision-making (procedural justice-corporate governance) (Sachs, 2004; Stiglitz et al., 2009; Pouw and McGregor, 2014; Gupta et al., 2015).

Exploiting synergies between social policy areas at local level is also essential. Ianchovichina and Lundström (2009) in their study for the World Bank (World Bank) stress that inclusive and sustainable growth at local level is "productive employment achieved through employment growth (new jobs, wages and self-employment) and productivity growth, which in turn has the potential to expand wages of wage earners and wage earners' incomes of the self-employed". Another example is innovation that requires investment in human resources and appropriate competition policies to encourage entrepreneurship. Innovation is a key pillar of green growth, involving the *greening* of old activities by exploiting knowledge and new technologies that can also create new jobs and promote social well-being in an environmentally sustainable way (De Mello and Dutz, 2012). A related study on the impact of globalization and international trade on inclusive growth with a particular focus on local communities, published by the International Monetary Fund (IMF) finds that although international trade is closely associated with improvements in inclusive growth, growing inequality in many countries can be attributed to simultaneous increases in trade competition. Bacchetta and his colleagues, in their literature review to explore the relationship between global trade and inclusive local development, conclude that "more can be done to enhance inclusive trade," noting that some studies show overall benefits from trade, while others show adverse effects as they identify policies that can improve inclusive trade growth. The authors stress that operational action at the multilateral level can also improve inclusive local development by addressing distortion and market access and reducing price volatility. Concluding, the study highlights the role that the World Trade Organization (WTO) should play in supporting an open and inclusive global trading system that will promote inclusive local development (Bacchetta *et al.*, 2021). Davoodi and his colleagues examined the literature on the relationship between macroeconomic stability and inclusive growth as part of a study for the International Monetary Fund. They investigated the role of macroeconomic policies (fiscal, monetary, macro-prudential and exchange rates) and measures of participation (income inequality, consumption inequality, wealth inequality, poverty and unemployment) in different countries at different income levels. They found that avoiding pro-cyclical macroeconomic policies and mitigating macroeconomic volatility should be on the agenda of all policies interested in promoting inclusive and sustainable growth (Davoodi *et al.*, 2021).

In addition, according to academic and institutional texts, there are important theoretical and empirical references that suggest to focus social protection policies research on a local approach to inclusive and sustainable development. Around 6.25 billion people will live in urban areas by 2050 (Ritchie and Roser, 2018). Turok (2010) suggests that regional and local

approaches to development provide multiple benefits for inclusive growth: (1) allow new approaches to inclusive development to be developed and tested in a local area, with successful actions and good practices in local communities and then used in other regions with a relevant level of development; (2) the focus of inclusive development policies on local communities at (urban-urban level) allows for a consolidation of actions and an approach with different local actors dealing with a unified objective, (3) also allows better targeting to social groups that may not have benefited from the increased standard of living of the region, (4) identifies the developmental potential of the local community, (5) and allows coordination of the political agenda of inclusive development at local community level, and (6) because the composition of development tends to be at local social level, they delimit development and actions for local development by adaptations of developmental policy in a specific local context. A social protection policy that is committed to overall development policies and the commitment of these policies and related indicators to national GDP that ignores local factors and differences in the development of local communities, such as the composition of local development (by sector, occupation, territorial cohesion and other important local factors) “cannot” contribute to “sustainable and inclusive local development”. Politics tends to make compromises in favor of the economy (Kokkinou et al., 2018; Constantin, 2021; Koudoumakis et al., 2021), at the expense of social and ecological issues. Almeida and colleagues argue that the socioeconomic indicators point out the actual stage of the town's development for public policies targeting the town's sustainable development (Almeida, et al., 2017). Alexiadis, and Ladias, (2011) argue that regional growth is a complex phenomenon, based upon a number of factors, which shape, to a considerable extent, the regional policies. There is a need to re-evaluate regional policy to focus on implementing more innovative and region-specific development strategies. Hence, new analytical tools are needed. The relatively fragmented nature of the spatial patterns of mobility and persistence suggests that broad administrative regions are a poor basis for the implementation of policy (Alexiadis, and Ladias 2011). Sustainable development (Nijkamp, 2011; Almeida et al., 2017; Amoiradis et al., 2021) and inclusive development literature shows that achieving sustainability in the local government, without making trade-offs between economic, social and environmental goals, is rare. Ranieri and Ramos (2013) in their study for the International Monetary Fund (IMF) also highlight the concept of 'productive employment', as well as the difficulties in understanding the complex local interactions between development, poverty and inequality. A common feature of many institutional definitions is that they stress not only the importance of inclusive local development, but propose to include the growth that should reach the untapped parts of the local economy in order to increase overall output (Ranieri and Ramos, 2013). Lupton and Hughes in 2016 propose to define the concept that "the basic idea is that if we want to have societies with equal citizens and have less poverty, we need to focus on the economy and the relationships between economic and social policies at regional level" (Lupton and Hughes, 2016). Investment strategies and economic local development, productivity, skills, employment regulation and wages must be an integral part of efforts to achieve greater justice and social inclusion in the local community. Similarly, allowing more people to participate fully in economic activity must be fundamental to local development in prosperous and sustainable economies. Within this concept, Lupton and Hughes argue that there are different perspectives on "what" inclusive growth involves and on "what" it actually is at the local community level, and emphasizes that for some scientists this identifies, a "growth plus" model (Lupton and Hughes 2016; Lupton, 2017). Bibri and Krogstie conclude that the applied theoretical inquiry into smart sustainable cities of the future is deemed of high pertinence and importance-given that the research in the field is still in its early stages, and that the subject matter draws upon contemporary and influential theories with practical applications (Bibri and Krogstie, 2017). However, it should be stressed that while regions and cities clearly have an important role to play in developing new ideas (Kokkinou et al., 2018; Napolskikh and Yalyalieva, 2019) and applied operational strategies (Ruxho and Ladias, 2022a,b) for inclusive local development, this role is inevitably limited compared to the role of policies at national government level. It should be pointed out that local development policy makers have more responsibilities and may be responsible and framed by the relevant powers to stimulate growth in local communities and the sustainable development agenda is also an important scope of investment development strategies at local level to address broader

societal challenges. Investment strategies (Alexiadis and Ladas, 2011; Myakshin and Petrov, 2019) and economic local development (Pedrana, 2013), productivity, skills, employment regulation and wages must be an integral part of efforts to achieve greater justice and social inclusion in the local community.

## **2. The definition of social protection policies at local level within the concept of inclusive and sustainable development.**

Inclusive and sustainable development must be precisely defined so as to allow for a clear (and, ideally, empirically operational) distinction (at any level) between truly inclusive social protection policies. It requires a new narrative that appropriately frames sustainable and inclusive local development and social protection policies in the context of recognition of de facto global interdependence, where the well-being of citizens in different countries at national, regional and local levels is seen as mutually dependent. Sharing operational social protection strategies and best practices to promote inclusive local development would assist in the sustainable development of such a new narrative.

However, governments and scientific bodies often fail to assess the potential of social protection policy to increase growth and spread its benefits more widely, especially in environments of low demand and low productivity. The downgrading of the criteria of social protection policies relative to those of macroeconomic, trade and financial stability policies is a key reason for the failure of many governments in recent decades to mobilize a more effective response to widening social inequality and stagnant median income as technological change and globalisation have concentrated in developing and strong economies and less developed regions. This economic policy imbalance is reinforced by the current measure of national economic performance, gross domestic national product (GDP), which measures the total amount of goods and services produced in a national economy. In real social life, most citizens assess the economic progress of their respective countries, not by published national statistics on GDP growth, but by changes in the living standards of their households at the local level. This assessment includes a multidimensional assessment model that integrates income, employment opportunity, financial security, and quality of life at local level. However, even today, GDP growth remains the primary criterion and focus of social protection policy analysis of both policymakers and the media and remains the key measure of economic success. A firm commitment to measuring GDP reinforces political and business leaders' attention to macroeconomic and financial stability policies, which affect the overall level of economic activity. On the contrary, it is proposed that in a social protection policy in the context of sustainable and inclusive local development, special attention should also be paid to areas such as the management of local natural resources, specific local climatic connections, protection of the local natural and cultural environment, local development of skills and know-how, local labour markets, local competition and rents, local investors and corporate governance, infrastructure and basic local services, etc. These infrequently disregarded regional and local indicators are important in shaping economic activity and especially the extent of social participation and environmental balance in the process and benefits of local development. National GDP growth is seen as a measure of national economic performance in the sense that it is a measure of social success at the lowest level of social well-being. Consequently, social protection policy makers and citizens would benefit from having an alternative proposal, or at least one complementary measure of lower local level of social well-being and local environmental balance that measures the local level and rate of local economic improvement as well as the common socio-economic progress at both state level and inclusive and sustainable development. For the purposes of our study, based on all the interpretations offered by the institutional texts, the scientific interpretation and the operational practices followed by scholars and political decision-makers in social protection and in their effort to delineate, the concept of sustainable and inclusive local development suggest that it is necessary to give a more specific definition. However, given the impressive amount of scientific research analysed by literature research for the needs of the study, which is characterized on the one hand by a wide variety of basic research and institutional policy papers in economic and social science, the researcher reasonably wonders: "How can it be organised in an order that distinguishes the important from the insignificant and, above all,

highlights 'laws and regularities' that could define social protection policies at local level in the context of the concept of inclusive and sustainable development?"

Based on the literature and the identification of social protection policies in the context of defining the concept of inclusive and sustainable development, the following delineation must be included: 1. It has broader objectives for the local community beyond increasing income and national GDP and requires governments to work proactively in cooperation with local administration to achieve these goals at regional and local level; instead of assuming that positive national effects will come automatically through GDP growth in local communities. The benefits of national and regional economic development must also be translated into local human development and increased local social welfare; 2. Benefits should be channeled to all local social groups, including the most marginalized, 3. Take into account the reduction of poverty and social inequality at regional and local level 4. To focus on local social participation, not only on the results of distribution, and therefore to focus on increasing the active participation of all citizens of the local community, in the local economy and in how the local economy develops. 5. To promote the local sustainable use of natural resources and environmental protection in the context of climate change policies and the Sustainable Development Goals.

Throughout this debate on social protection policies in the context of sustainable and inclusive local development at global, European, national, regional and local level there is also the related debate on the availability and reliability of data and methodologies that will measure inclusive growth at national, regional and local levels. Studies with a series of social indicators concerning the demographic characteristics of the population such as age, gender, marital status, education and a combination of the above as well as key economic indicators such as GDP, attempt to investigate the social but mainly the economic performance of the study area.

### **3. Global, European, National and Regional Indicators for measuring social protection at local level in the context of inclusive and sustainable development.**

The widely used measures of social inequality is the Gini coefficient<sup>12,13</sup> which measures dispersion statistics and represents the distribution of income or wealth of a nation's inhabitants and is the most commonly used measure of inequality along with the S80/S20 income distribution index, which measures the annual income of the richest 20% of households compared to the 20% of the poorest households (a higher S80/S20 ratio equals greater income inequality, while a lower index equals less inequality). In the European Union, Eurostat in cooperation with the National Statistical Authorities publish the relevant social well-being reports according to the indicator measuring Household Income and Living Conditions EU-SILC (See the relevant report for 2021 on the EU Household Income and Living Conditions Survey EU-SILC<sup>14</sup>). The Inclusive Growth Index (IDI index)<sup>15</sup>, designed by the World Economic Forum System Initiative, is an alternative to GDP index, that reflects the key criteria by which citizens assess their countries' economic progress. The Inclusive Development Index (IDI) assessment model presents the updated results and global ranking of 103 economies for which Data is available. The approach of multivariate and complex indicators such as the UNDP Human Development Index (HDI)<sup>16</sup> began in 1990 as a pioneering alternative indicator and added new elements to GDP to create a more comprehensive measure of social well-being. For example, to the criterion of inputs for well-being (income) it adds the measurement of outcomes in terms of socio-economic potentials

<sup>12</sup> For more information <https://data.worldbank.org/indicator/SI.POV.GINI> (Assessed 12 October 2024)

<sup>13</sup> For more information [https://ec.europa.eu/eurostat/web/products-datasets/-/ilc\\_di12](https://ec.europa.eu/eurostat/web/products-datasets/-/ilc_di12) (Assessed 12 October 2024)

<sup>14</sup> For more information [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Subjective\\_well-being\\_-\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Subjective_well-being_-_statistics) (Assessed 12 October 2024)

<sup>15</sup> For more information [http://www3.weforum.org/docs/WEF\\_Forum\\_IncGrwth\\_2018.pdf](http://www3.weforum.org/docs/WEF_Forum_IncGrwth_2018.pdf) (Assessed 12 October 2024)

For more information <http://hdr.undp.org/en/content/human-development-index-hdi> (Assessed 12 October 2024)

achieved through longer lifetime and education. The Genuine Progress Indicator (GPI)<sup>17</sup> is a composite indicator that incorporates into its criteria approximately twenty-five (25) adjustments to personal consumption expenditure based on GDP. It weights personal consumption against income inequality, incorporates both the value of non-market activities and the social and environmental costs associated with market activity. Another approach was to design non-financial indicators, such as the Happy Planet Index (HPI),<sup>18</sup> which brings together different criteria of social well-being (without the GDP index) into a single index. According to the latest report, HPI “compares how efficiently residents of different countries use natural resources to achieve long, high lives of well-being.”. Another approach is the Happiness Life Evaluation Index,<sup>19</sup> which refers to the use of subjective well-being or self-reported life assessment. The results of an assessment of life in the country or social group are obtained on the basis of annual surveys that ask respondents to use the Cantril rating to rate their lives on a scale of zero to ten on the day of the survey, with zero being the worst possible life and ten being the best possible life. The World Happiness Report<sup>20</sup> uses life assessment, happiness, and subjective well-being interchangeably.

The global initiative to find data and methodologies to measure social well-being launched by the Stiglitz-Sen-Fitoussi Commission (2009) has been ongoing for more than a decade, with significant progress with the OECD's Better Life Initiative<sup>21</sup>, which has been in operation since 2011 and has collected well-being data in many countries, in cooperation with many national statistical institutes in all corners of the world, which have launched their own national data collection programmes. Many of these programmes have been developed with technical support from the OECD statistical department and are broadly compliant with the multidimensional wellbeing framework used by the OECD at European, National and Regional levels. In the recent OECD study entitled “How is life? Measuring well-being, 2020” describes whether life is improving for citizens in 37 OECD countries and 4 partner countries. This fifth edition presents the latest data from an updated set of more than 80 indicators, covering current wellbeing outcomes, inequalities and resources for future well-being. In addition to a comprehensive analysis of well-being trends since 2011, this report explores in detail the 15 dimensions of the OECD's Better Living Initiative, including health, subjective well-being, social connections, natural capital, and more, and examines the performance of each country and its regions (OECD, 2020).<sup>22</sup>

Part of the OECD Action Plan on the Sustainable Development Goals (SDGs) “leaving no one behind” was developed in the relevant OECD reports to help member countries implement the 2030 Agenda for Sustainable Development and related social indicators in their national agenda. These reports provide a high-level overview of strengths; the weaknesses and performance of the Sustainable Development Goals and support countries to navigate the complexity of the goals and identify priorities within the broad 2030 Agenda<sup>23</sup>. The SDGs Dashboard<sup>24</sup> enables governments, policy makers, researchers, academics, and others interested in monitoring the SDGs to perform easy analysis through innovative visualizations and tools to search for data from global data sources. Users can customize interactive data tools for their Sustainable Development Goals, to monitor the progress of their country and regions and explore trends in specific goals and indicators related to

<sup>17</sup>For more information <https://gnhusa.org/genuine-progress-indicator/> (Assessed 12 October 2024)

<sup>18</sup>For more information <http://happyplanetindex.org/> (Assessed 12 October 2024)

<sup>19</sup>For more information <https://ourworldindata.org/happiness-and-life-satisfaction> (Assessed 12 October 2024)

<sup>20</sup>For more information <https://worldhappiness.report/ed/2019/changing-world-happiness/> (Assessed 12 October 2024)

<sup>21</sup>For more information <http://www.oecdbetterlifeindex.org/#/1111111111> (Assessed 12 October 2024)

<sup>22</sup>For more information OECD (2020), *How's Life? 2020: Measuring Well-being*, OECD Publishing, Paris, <https://doi.org/10.1787/9870c393-en>. <http://www.oecd.org/statistics/how-s-life-23089679.htm> (Assessed 12 October 2024)

<sup>23</sup>For more information <https://www.oecd.org/sdd/measuring-distance-to-the-sdgs-targets.htm> (Assessed 12 October 2024)

<sup>24</sup>For more information <http://www.sdgdashboard.org/> (Assessed 12 October 2024)

inclusive growth. The SDG is<sup>25</sup> a global study that assesses each country's position in achieving the Sustainable Development Goals by adhering to social indicators. The Sustainable Governance Indicator network index<sup>26</sup>, is an ongoing survey on sustainable policy capacities, governance and social protection across OECD and EU countries. Finally, Eurostat's report on the Sustainable Development Goals for Europe<sup>27</sup> is of interest, as an independent quantitative and qualitative report on the progress of the European Union and its Member States towards prosperity and sustainable and inclusive growth.

#### **4. The European Union's social protection policies at local level in the context of inclusive and sustainable development**

In the context of a historical retrospection, the implementation of social protection policies in the context of sustainable and inclusive growth policy in the EU began in 2001 when the EU strategy for sustainable development was launched<sup>28</sup>, which was reviewed in 2006<sup>29</sup> and revised in 2009<sup>30</sup>. Since 2010, inclusive growth has been mainstreamed into the Europe 2020 strategy<sup>31</sup> and the Europe 2020 strategy<sup>32</sup> and expanded as a continuation of key EU policies in “Sustainable Development 2030”.<sup>33</sup> The “Europe 2020” and “Sustainable Development 2030” strategies revolve around education and smart innovation, low carbon, climate resilience, environmental “sustainable” impact, “social equity” job creation, poverty reduction, social inequality, inclusive growth. For the European Union in particular, inclusive growth is the third pillar of the ‘Europe 2020 Strategy’<sup>34</sup> and is defined in principle as follows: “Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems helping citizens prepare for and manage change to build a cohesive society. It is also important that the benefits of economic growth spread to all parts of the Union, even to its most remote regions, thus strengthening territorial cohesion.” The integration of the “Europe 2020” strategy for inclusive growth into the European Strategy for Inclusive and Sustainable Growth 2030 will be twofold. The first pillar, presented in the European Commission's Communication “Next steps for a sustainable European future: European action for sustainability”,<sup>35</sup> consists of fully integrating the Sustainable Development Goals into the European policy framework and the current priorities of the European Commission, the existing assessment and identification of the most important sustainability issues. Under the second axis, studies will be launched to further develop the EU's long-term vision and orient sectoral policies after 2020, in preparation for the long-term implementation of the Sustainable Development Goals (SDGs) related to inclusive growth. The new post-2020 multiannual financial framework will also redirect contributions from the

<sup>25</sup>For more information, <https://www.sdgindex.org/about/> (Assessed 12 October 2024)

<sup>26</sup>For more information, <https://www.sgi-network.org/2020/> (Assessed 12 October 2024)

<sup>27</sup>For more information, <https://ec.europa.eu/eurostat/web/sdi> (Assessed 12 October 2024)

<sup>28</sup>For more information, COM/2001/0264 final <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0264:FIN:EN:PDF> (Assessed 12 October 2024)

<sup>29</sup>For more information, <https://data.consilium.europa.eu/doc/document/ST-10917-2006-INIT/en/pdf> (Assessed 12 October 2024)

<sup>30</sup> For more information, COM(2009) 400 final <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0400:FIN:EN:PDF> (Assessed 12 October 2024)

<sup>31</sup>For more information, COM(2010) 2020 final. <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF> Assessed 12 October 2024)

<sup>32</sup> For more information, COM/2014/0130 final <https://eur-lex.europa.eu/legal-content/EL/TXT/HTML/?uri=CELEX:52014DC0130&from=IT> Assessed 12 October 2024)

<sup>33</sup>For more information, [https://ec.europa.eu/info/publications/reflection-paper-towards-sustainable-europe-2030\\_el](https://ec.europa.eu/info/publications/reflection-paper-towards-sustainable-europe-2030_el) Assessed 12 October 2024)

<sup>34</sup> For more information, COM(2010) 2020 final) – Europe 2020: A strategy for smart, sustainable and inclusive growth

<sup>35</sup>For more information, <https://eur-lex.europa.eu/legal-content/EL/TXT/PDF/?uri=CELEX:52016DC0739&from=SK> (Assessed 12 October 2024)

EU budget towards achieving the EU's long-term objectives of inclusive local development under the Sustainable Development Goals.

Today Europe is home to the most equal societies in the world, the highest standards of working conditions and broad social protection, and integrates it into its strategy for inclusive growth. The European Parliament, the Council and the Commission proclaimed the European Pillar of Social Rights in 2017 at the Gothenburg Summit. The Pillar sets out 20 key principles representing the beacon guiding us towards a strong social Europe that is fair, inclusive and full of opportunities in the 21st century. The European Commission stresses that more needs to be done to ensure that the 20 principles of the Pillar help us build fairer and more well-functioning labour markets and welfare systems for the benefit of all Europeans. With the European Pillar of Social Rights Action Plan [https://ec.europa.eu/info/european-pillar-social-rights/european-pillar-social-rights-action-plan\\_en](https://ec.europa.eu/info/european-pillar-social-rights/european-pillar-social-rights-action-plan_en), the European Commission has developed concrete initiatives to achieve just that. Achieving the Pillar is a joint effort of EU institutions, national, regional and local authorities, social partners and civil society. To grow, strengthen, become more resilient, and remain a key player on the global stage, Europe will need to address its institutional and regulatory concerns about inclusive growth as it structures its operational strategies at European, national, regional and local levels and regain the trust of its citizens. With feedback from EU institutional and operational actions for inclusive growth, European citizens are more likely to engage with this vision and encourage their political leaders to support business action that can sustain inclusive local development and the social contract model for Europe's prosperity.

The social transition towards sustainability and inclusive local development must also continue to help Member States and regions develop both upwards and converging with each other, while avoiding wider regional injustice and inequalities in the EU within and between urban and rural areas. For example, although 75% of EU territory belongs to rural areas, more than two-thirds of the EU population reside in urban areas. They generate up to 85% of EU GDP, account for around 60-80% of energy consumption and together face challenges such as congestion, lack of adequate housing, air pollution and infrastructure degradation<sup>36</sup>.

For the EU, inclusive and sustainable development at local level, social protection, solidarity and prosperity are virtues in themselves but also constitute the very fabric of our free and democratic local communities. The transition to sustainable and inclusive local development can only be successful if, at the same time, in the context of social protection, it excludes no one, starting with the development of local communities. The definition towards inclusive local development in the EU therefore means economic growth, the promotion of social protection and the environmental balance of local communities in all regions of the EU, which in turn, will contribute to the social cohesion of the Member States and throughout the EU.

##### **5. Reflections on European and national social protection policies in the context of social protection at local level in the framework of inclusive and sustainable development.**

The global scientific and institutional community, European policy at national, regional and local level may have set goals for inclusive and sustainable development, but many stocktaking studies of these policies show that they do not have sufficient results and rely on insufficient institutional and operational immediate means to achieve them, especially at regional and local level. Such institutional and operational labelling may be useful in increasing pressure on Member States and the regions of states, but it can also lead to frustration, such as perceived promises that are not kept. For this reason, it is necessary to identify and delimit the failures that led the institutional and operational plans of development to economic distortions and widened social inequalities, especially in the employment of vulnerable groups, and to promote good practices in planning and exercising inclusive and

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<sup>36</sup>For more information, United Nations Sustainable Development Goals, Goal 11: Build safe, resilient, sustainable and inclusive cities. Available at: <https://www.un.org/sustainabledevelopment/cities/> (Assessed 12 October 2024)

sustainable development policy at local level in countries of the European Region and make sound suggestions for feedback on institutional and operational strategies.

They should also be complemented by further action, recognising that all policies are interdependent, while taking into account new challenges and new facts and evidence as they emerge. Defining the concept of inclusive and sustainable development at local level in the context of sustainable local development “leaving no one behind” the poor and marginalized, low-income citizens are those most dependent on natural resources such as land, water, fish and forests. They are also the ones most affected by climate change, as global conditions for sustainable local development and climate change prohibit or no longer restrict them from exploiting natural resources (e.g. some global, national, and regional societies will not be able to limit CO<sub>2</sub> under global climate change treaties make the most of natural mineral resources such as oil, lignite, etc.).

Education, science, technology, research and innovation are a prerequisite for achieving a sustainable EU economy that meets the Sustainable Development Goals. Efforts to raise awareness, broaden our knowledge and improve our skills towards sustainable education should continue, and partnerships between local universities and research institutions and community decision-makers should be encouraged in the context of inclusive and sustainable development at local level. Education, training and lifelong learning are essential to create a culture of inclusive and sustainable development in local communities. EU leaders agreed to work together to create a European Education Area by 2025, to unleash the full potential of education, training and culture as drivers for job creation, economic growth and social fairness. Education is both a virtue and an invaluable means of achieving inclusive and sustainable growth in local communities. Improving equal access to quality and inclusive education and training at all stages of life, from early childhood to tertiary education and adult learning, must therefore be a key priority. Educational institutions at all levels should be encouraged to adopt the Sustainable Development Goals as a guide for their activities and be supported to become places where sustainability skills are not only taught but actively applied in practice in partnership with local communities. Reform and modernisation of education systems should also be pursued, from building green schools and facilities to developing new skills for the digital economy in local communities (Sepetis et al., 2020).

Social dialogue, as well as public and voluntary measures by the private and public sectors for social protection at European, national and regional level, also have an important role to play in this context. Creating synergies and modernising our local economy also sometimes involves difficult compromises. While new jobs will be created in the transition towards sustainable local development, traditional jobs may disappear or transform, including through digitalisation and automation, creating temporary frictions in the local labour market. Regarding the local labour market, for example, it is currently unclear what the exact impact of AI will be. Although many households are struggling to make ends meet, there is a growing public understanding that we need to change our ways of producing and consuming. However, not only can these challenges hit the middle and lower income classes relatively harder, but the costs of environmental upgrading of their homes, cars or skills, for example, can also place a greater burden on them. This transition has consequences for those employed in the affected local businesses and sometimes for entire regions. In addition to promoting inclusive and sustainable development at local level as a foundation for creating decent jobs in local communities, it can also have notable positive and negative impacts on public health.

EU chemicals legislation has made an important contribution to ensuring a high level of human health protection. Over the past four decades, human and environmental exposure to hazardous substances has decreased dramatically. EU legislation has also helped reduce exposure to certain carcinogens in the workplace and has led to an estimated one million new cancer cases in the EU in the last 20 Years. The European Environment Agency's research “Healthy environment, healthy lives: how the environment influences health and well-being in Europe in 2020”<sup>37</sup> found that clear opportunities to address individual environmental risk

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<sup>37</sup> For more information EEA 2020 Healthy environment, healthy lives: how the environment influences health and well-being in Europe <https://www.eea.europa.eu/publications/healthy-environment-healthy-lives> (Assessed 12 October 2024)

factors should be taken without delay, while also taking into consideration their potential impact on other stressors and, where possible, adjusting existing policy measures to address multiple stressors through innovative and integrated approaches. The precautionary principle provides a basis for action, to protect health and the environment on the basis of early evidence of harm. At the same time, there are specific environmental risk factors and emerging issues of concern that warrant further attention from researchers. In particular, the environment and health community would benefit from greater clarity regarding the linkages between the environment, social and health dimensions, including the influence of social status, behaviours and consumer choices. Research designed to deliver societal benefits should investigate and disseminate social and technological innovations that can support improvements in environmental health (EEA, 2020). The European Horizon project entitled CARING NATURE<sup>38</sup> project has the ambition to develop and test 10 innovative solutions to reduce the impact of the healthcare sector on the environment, without interfering with the safety of patients and operator. Sepetis argues that social responsibility, environmental management and corporate governance are at the forefront of attention, not only as the most up-to-date features of a public health and social protection strategy, but also in relation to national and international economic policies aimed at better economic outcomes for local communities and stakeholders (Sepetis, 2019, 2020; Zaza et al 2021; Sepetis et al 2022; Sepetis et al 2024).

Research at European level on the anatomy of inclusive growth in Europe, Darvas and Wolff (2016) answer the question “Why is inclusive growth important?”:

- ✓ When assessing inclusive growth, poverty and income inequality are among the two most relevant indicators, although there are many others, including non-financial indicators. Income inequality and poverty have an impact on inequality of opportunities and prospects for social networking and mobility, with significant consequences for individuals and societies.

- ✓ 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. Education and its inadequate achievement leads to low employment rates. They conclude that people with a low level of education tend to have poorer health and shorter life expectancies. They point out that an economy cannot be considered inclusive if opportunities for advancement depend on family background.

- ✓ Inequality and poverty also affect the prospects for social convergence between regions, generations and families belonging to different socio-economic groups.

- ✓ 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. The same result applies to children in countries with very good educational achievement. Nordic countries, such as Finland and Denmark, show low-income inequality and relatively high social mobility. Southern European countries such as Italy and the United Kingdom are characterized by high income inequality and relatively low social mobility.

- ✓ 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 increases in many European countries. Countries with the highest inequality tended to have higher borrowing to households before the crisis, which led to weaker consumption growth during the crisis. Higher private debt made economies more vulnerable and contributed to higher unemployment and higher levels of poverty.

- ✓ 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<sup>39</sup>, “Testing the Resilience of the Inclusive Growth Model in Europe” in 2020, focuses on the prospects for inclusive European growth in

<sup>38</sup> For more information <https://caringnature.eu/> (Assessed 12 October 2024)

<sup>39</sup> For more information, New McKinsey Global Institute (MGI) (2020), Testing the resilience of Europe's inclusive growth model, <https://www.mckinsey.com/featured-insights/europe/testing-the-resilience-of-europes-inclusive-growth-model#> (Assessed 12 October 2024)

the period up to 2030 and simulates the six major challenges<sup>40</sup> 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 Social Pillar of the European Union are under threat. According to the McKinsey study, the main reasons are:

- ✓ The limited growth of median income in recent years,
- ✓ The reduction of trust in institutions (both EU and national),
- ✓ Discomfort with mass migration,
- ✓ Security concerns as well as the resilience of global agreements;
- ✓ The rise of populist politics challenging the status quo.

The research argues that Europe must now respond to six global and interactive challenges that could increase inequality in and between EU Member States and increase social and economic divergence, further jeopardising inclusive growth and the EU's social contract. Europe needs to be proactive by testing new ways in which the new European Social Pillar could work in the case of employment, lifestyle, low carbon and technological ethics. Overall, however, the survey finds that Europe may be able to maintain the essence of its social contract in terms of welfare if it can provide all its current initiatives linked to, or even aimed at responding to, the six major challenges. Among the initiatives with the best results for inclusive growth, the EU and European countries may need to increase green and technological innovation and develop new skills. While social inequality will likely increase, as new social policies unfold, these new approaches could be funded by the returns of these policies and in the process, mitigate growing social inequality and help counteract the anti-EU. Emotion. Social divergence within Member States is likely to continue and needs to be addressed with the EU complementing Member States' actions. In their survey, they point out that significant challenges lie ahead. Trust in governments and institutions is low and there is likely to be increasing pressure for social inclusion over the next decade. An agenda to help strengthen Europe's inclusive and sustainable development model includes (but is not limited to) generating growth and sharing the benefits of such growth while trying to rebuild trust. Some of the decisions to be made are likely to require strong political mandates, which can be difficult in an era of diminished trust. However, a lack of action could leave Europe's inclusive growth model even more vulnerable. Therefore, stagnation is not an option according to research (MGI, 2020).

## **6. Summary of the doctrinal debate on designing and implementing social protection policies at local level in the context of inclusive and sustainable development**

The description so far of the delineation of social protection policies at local level and the concept of sustainable and inclusive development highlights a reflection on the need to define a clear and common definition of inclusive and sustainable development at local level (and, in particular, a shift in the terms of the debate from Inclusive Growth to Inclusive Development).

The International Monetary Fund in its 2017 annual report states that although income differences between countries have narrowed, social inequality within countries in local communities increased from the mid-1980s to the mid-2000s, especially in advanced economies. Many factors explain these trends (IMF, 2017)<sup>41</sup>:

- ✓ Technological developments have mainly benefited capital owners and highly skilled workers.

<sup>40</sup> The six major challenges that inclusive growth will face are: 1. ageing, 2. digital technology, 3. automation and artificial intelligence (AI) 4. increased global competition, 5. migration and climate change and 6. The shift in geopolitics

<sup>41</sup> For more information, IMF. (2017): *FOSTERING INCLUSIVE GROWTH G-20 Leaders*, Summit, July 7-8, Hamburg, Germany <https://www.imf.org/external/np/g20/pdf/2017/062617.pdf> (Assessed 12 October 2024)

- ✓ International trade, which remains a vital growth driver in poverty reduction, combined with labor-saving technologies and outsourcing, has led to job losses and shifting migration to advanced economies.
- ✓ Financial integration, without adequate regulation for low incomes, can increase the vulnerability to financial crises of the socially weak and strengthen the bargaining power of capital.
- ✓ Domestic policies, in some countries, have reduced labor's bargaining power, increased business concentration, and made taxes less progressive and weakened social protections.

According to the World Economic Forum in 2017 around the world, leaders of governments and other stakeholders participated in the Forum addressing a number of difficult and increasingly urgent questions about low levels of local development. The main questions asked are:

- ✓ Will macroeconomics and demography determine the destiny of the world economy for the foreseeable future?
- ✓ Can growing inequality within the country and regions be adequately addressed within the prevailing liberal international economic order?
- ✓ Can those who argue that modern capitalist economies face inherent limitations in this regard, that their internal "income distribution system" is "wrong" and is likely to be proven wrong in addition to repair?
- ✓ As the technological revolution readjusts and accelerates rapidly to the Fourth Industrial Revolution, how can local communities better organize to respond to potential labor and other economic-social redistributions of wealth?
- ✓ Is the expanded redistribution of income through transfer of know-how the only or main solution, or can market mechanisms be developed to broaden social participation in new forms of economic value creation?

These questions raise the most fundamental question of whether a global correction to the existing model of economic growth is needed in order to address global economic stagnation and social inequality (chronically low growth and rising inequality). In their conclusions, they emphatically stress: "We need to reformulate the intellectual map of how national and regional economic performance is perceived and created by policymakers. and redefine inclusive development policies at national and local levels" (WEF, 2017).

Since the beginning of its mandate, the Juncker Commission has worked to mainstream sustainable development into its policies<sup>42</sup> and has already paved the way for the next generation of sustainable policies from the European Pillar of Social Rights, the new European Consensus on Growth to the values-based "Trade for All" strategy, the strategic engagement for gender equality and the European Education Area, from the Circular Economy Package, the "Europe on the Move" and Energy Union to the Blue Growth Strategy and the Bioeconomy Strategy and from the Sustainable Finance Investment Plan and Action Plan to the Urban Agenda for the EU and the Nature Action Plan among others. The Juncker Commission presented a strategic, long-term vision for a prosperous, modern, competitive and climate-neutral EU economy by 2050 (EU, 2018). This vision paves the way for a structural transformation of the European economy, thereby boosting sustainable growth and employment.

To make social protection a success in the context of inclusive and sustainable local development and to put our society on a sustainable local path, we must ensure that global

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<sup>42</sup> Annex 3 of the reflection paper presents in more detail the most important initiatives of the Juncker Commission, contributing to the UN 2030 Agenda and the Paris Agreement.

and EU and Member State policies help all European citizens in each region to make this change, including equipping them with the necessary skills at regional and local level.

As part of local entrepreneurship for sustainable and inclusive local development over the past two years, the EU has strengthened the rights of shareholders<sup>43</sup> and investors<sup>44</sup> by helping local shareholders and investors understand both financial and non-financial aspects of local business performance and by giving them greater capacity to hold them accountable to local communities. The EU has also introduced new environmental and social criteria in its legislation on public procurement, social procurement and social impact investments to encourage local businesses to develop socially responsible products and services. Rakitovac and Bencic (2020) recently stated that municipal social responsibility is a permanent commitment of local authorities to transparently provide public services that will improve the quality of life of their citizens and enhance sustainable competitiveness by co-creating a supportive business environment. Social entrepreneurship, which aims to solve problems at local community level, can also play an important role in addressing sustainable development challenges while fostering inclusive growth and job creation at local level, shared prosperity and social inclusion. Social enterprises today tend to concentrate in niche markets, especially at local level, and find it difficult to expand in the EU. Funding remains a major problem, which is why the EU is allocating more funds to social enterprises. As with the collaborative economy, complex regulation or the absence of a regulatory framework and constraints at local level can be an obstacle. As Yarimoglu et al. (2015) summarize the main difference between the private and public sector is that social responsibility activities can be more charitable in municipalities since their main goal is not profit and also their tasks are almost the same as the nature of social responsibility activities. Furthermore, Rani and Hooda (2013) emphasized that the goal of government social activities is to establish integrity between business and society, by developing “social municipality management”.

There is a need to further focus on linking sustainable finance with the real economy of local communities in the context of inclusive and sustainable development at local level, so that increased investor demand for sustainable local products and services is matched by increased supply. Effective pricing of externalities will be crucial in this regard. In addition, additional efforts should be made to inform European citizens about the financial system, so that they know better the corporate activity they finance and how to hold fund managers to account if their money is not managed sustainably. The EU is leading the overall transition of the financial system to a sustainable path with the following measures (Sepetis, 2020; EU Sustainable Finance, 2020).

Ensuring a locally and socially just, equitable and inclusive transition will also be it will also be crucial for the public acceptance of the steps needed and to make the transition a success for all. This means greater and fairer participation in the local labour market, while focusing on job quality and local working conditions. It also implies respect for minority rights. In this context, orderly, legal and well-managed migration can create opportunities for the European economy by addressing the problem of demographic change, both in migrants' countries of origin and destination. The social inclusion and full participation in local communities, cultural, social and economic, of all migrants residing fairly and legally in the EU is a shared responsibility and is vital to ensure social cohesion<sup>45</sup>.

The main framework for the EU to move towards social protection at local level and inclusive and sustainable development is the European Pillar of Social Rights, as proclaimed by the EU institutions in November 2017. The aim of the Pillar is to guide a renewed process of improving local working and living conditions. It lays down basic principles and rights in the employment and social fields at national, regional and local level. The EU's focus on inclusive local development must now focus on implementing the European Social Pillar. The

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<sup>43</sup> For more information, (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (Text with EEA relevance)

<sup>44</sup> For more information, 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (Text with EEA relevance).

<sup>45</sup> For more information, COM(2016) 377.

EU and Member States should also ensure that the implementation of the Social Pillar helps equip people with the right skills for the right jobs geared towards the green economic transition in local communities.

For the EU, sustainable and inclusive local development, social protection, solidarity and prosperity are virtues in themselves but also constitute the very fabric of our free and democratic local communities. The transition to sustainable and inclusive local development can only be successful if, at the same time, in the context of social protection, it excludes no one, starting with the development of local communities. The definition towards inclusive local development in the EU therefore means economic growth, the promotion of social protection and the environmental balance of local communities in all regions of the EU, which in turn, will contribute to the social cohesion of the Member States and throughout the EU.

## 7. Conclusions

At national, regional and local level, social protection policies in the context of inclusive and sustainable development are likely to contribute to processes of increasing social exclusion and environmental degradation at local, regional and national level, if multilateral impacts and the multidimensional nature of local communities are not taken into account. Scholte in 2019 also points out the contradiction that even when ideas of liberal globalization and institutions of global governance are attacked by populist nationalism in local societies, the actual processes of globalized production, distribution and consumption continue. Therefore, he argues that the dynamics produced by globalization and its results feed the new realistic upheavals at global, national, regional and local level and affect directly or indirectly the development of local communities. In such a political context, giving up on the struggle to preserve and improve the ideals and institutions of global governance would be nonsense. Only when the benefits of globalisation can be expressed in a more understandable human way, and demonstrated in a fairer and more sustainable way at national, regional and local levels, will it be possible to convince those left behind that globalisation can be good and become a guide to mitigate nationalist populism in local communities (Scholte, 2019).

A fundamental principle to enable inclusive and sustainable growth for the European Union is to leave no one behind “locally inclusive”. It is simply not within this principle that we can successfully make the transition to sustainable local development at the expense of groups of people, communities, sectors or regions. For the European Union, all members of society should have equal opportunities to contribute to a sustainable European future in every local community and benefit from the transition. In particular, we must enable women and the particularly vulnerable and marginalised social strata of local communities to enter the labour market and pursue economic independence.

In the context of Inclusive and Sustainable Development at local level, regions, cities, local stakeholders, local chambers, must harmonise the basic principles of their policies and objectives and take an active role in fulfilling the national and regional/local objectives of Inclusive and Sustainable Development.

In addition, local communities should highlight local dynamics and socio/cultural culture to promote local innovation/know-how and local entrepreneurship, in order to promote public and private investments in the local needs of society and especially in crisis management areas, such as fire-stricken areas.

The study proposal for the basic principles that will define social protection policies in the context of Sustainable Local Development Inclusive should include the following delineation:

(1) Development of a common “*vision*” for “*Inclusive and Sustainable Development at local level*” to many stakeholders and businesses of the local community, so that the common “*vision*” becomes a common “*mission*”.

(2) Development policies should have broader objectives than income and GDP growth 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 and b) not assume ex officio that positive social outcomes will come automatically through economic growth.

(3) The benefits of development policies must be channeled holistically to all social groups, including the most marginalized "*leaving no one behind*", by promoting social cohesion policies and involving local communities in development policy decisions.

(4) Social protection development policies and business strategy should take into account, within a holistic approach, the emergence of local dynamics and social/cultural culture to promote local innovation/know-how and local entrepreneurship, while increasing employment, reducing poverty and social inequality of local communities.

(5) A key importance of the holistic social protection strategy is the involvement and alignment of the efforts of "development actors" (governmental/local bodies, universities/research bodies, businesses, chambers, business bodies, etc.) with those of "inclusion" stakeholders (governmental/local bodies, universities/research bodies, social inclusion and cohesion bodies, NGOs, associations, etc.) in a commonly accepted business strategy. By jointly agreeing on definitions and metrics to monitor implementation progress and control the holistic business strategy.

(6) The holistic social protection business strategy at local level should propose the procedures in each region/local community on "how" to implement inclusive and sustainable development. The implementation processes of the proposed holistic business strategy will identify the empirical application of the operational and political "vision" and stakeholders, where the economic prosperity of the local community must create broad bases and have social and environmental benefits for all.

(7) The holistic operational strategy of social protection development policies to promote the sustainable management of local natural resources and local environmental protection in the context of national, European and global climate change policies and sustainable development goals.

Within this framework of social protection policies, regions, cities and local communities must harmonise their objectives and take an active role in meeting national objectives for the economy, while adapting public and private investment and service provision to local needs. To this end, it is proposed that each Region prepares "Regional Strategies for Inclusive and Sustainable Development at Local level".

### **Conflicts of Interest**

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

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