

Globalization of Sustainable Development and Bosnia and Herzegovina

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SUMMARY

The existing concept of globalization has reached its limits of sustainability, which is clearly shown by the globalization crisis. A new concept of globalization has been evolving in the UN system since the 1990s, from Human Development and Millennium Development Goals to Sustainable Development Goals. It is a people-centered approach that assumes that a man is the means and goal of development. The basic tool of the new concept is social inclusion. The text presents the original methodology for calculating the social exclusion index. The dimensions of social exclusion in living standards, health, education, social participation, and access to services are measured through nine indicators: a formula that gives an index value in percentage. According to the Social Exclusion Index, 49.4% of the population in Bosnia and Herzegovina are socially excluded. The text analyzes BiH documents relevant to sustainable development, especially the “Sustainable Development Cooperation Framework—A Partnership for Sustainable Development 2021–2025” (BiH Government and UN to BiH). The conclusion stands out that the most important investment for sustainable development is investing in education and research. Without the general development of knowledge and innovation, smart growth is not possible.

Keywords: Globalization, Innovation, Research, Social exclusion index, Social inclusion, Sustainable development.

SAŽETAK

Postojeći koncept globalizacije dostigao je granicu održivosti, što jasno pokazuje globalizacija kriza. Novi koncept globalizacije razvija se u sistemu UN od 1990-tih, od Humanog razvoja i MRC do Ciljeva Održivog Razvoja. To je pristup fokusiran na ljude koji polazi od toga da je čovjek sredstvo i cilj razvoja. Osnovni alat novog koncepta je socijalno uključivanje. U tekstu je prikazana originalna metodologija računanja indeksa socijalne isključenosti. Dimenzije socijalne isključenosti u životnom standardu, zdravlju, obrazovanju, učešću u društvu i pristupu uslugama mjere se kroz 9 indikatora: formulom koja daje indeks u procentima. Prema indeksu socijalne isključenosti, 49.4% stanovništva u BiH je socijalno isključeno. Tekst analizira BiH dokumente relevantne za održivi razvoj, posebno “Okvir saradnje za održivi razvoj–Partnerstvo za održivi razvoj 2021–2025.” (BiH Vijeće ministara i UN BiH). U zaključku se ističe da je najvažnija investicija za održivi razvoj ulaganje u obrazovanje i istraživanje. Bez opšteg razvoja znanja i inovacija, pametan rast nije moguć.

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Globalization is usually defined as a set of processes (economic, social, political, and cultural), which lead to ever-increasing connectivity and interdependence of individual parts of the world. The history of connecting parts of the world has begun with colonial conquests and opening space to trade in order for it to have various phases of constant strengthening.

The institutionalization of globalization has begun with the establishment of the UN (United Nations) after World War II and a series of international organizations within the UN system and outside it in all important areas of life.

From the very beginning, globalization has incorporated essential contradictions arising from the neoliberal concept of globalization in the world market. This leads to the unequal position of undeveloped countries that are objects of globalization and the developed world whose interests are mostly fulfilled by such globalization.

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The political intervention for establishing a new international economic and political order, from the Brandt’s commission “North-South” in the 70’s to the Non-Aligned Movement,

has not had the strength to solve the problem but has had certain improvements.

Already at the beginning of the 21st century, the globalization of the neoliberal concept has strengthened the insufficiently articulated and mainly conservative anti-globalization movement. The defense of the sovereignty of nations and the nation-country concept politically strengthened nationalism to a great extent. This movement does not seek to redefine the process of globalization, to give it "a human face":

"This is a crisis of the globalization concept-based on neoliberalism, 'market fundamentalism' that amplified inequalities on the global scale, reduced the global purchasing power, and forced the production capacities of the developing world to cope with low demand. For decades, this situation was 'covered' by artificial reviving of demand, which led to a 'financial bubble' made of credit, bank loans and transactions, and government bonds. In 2014, this 'bubble' was three times as large as the world's annual GDP."¹

The existing concept of globalization has reached its limits of sustainability, which is clearly shown by the globalization crisis.

It is important to preserve positive, civilizational results of globalization, to go further to a new concept of globalization.

NEW DEVELOPMENT CONCEPT: PEOPLE-CENTERED APPROACH

With the publication of their first Human Development Report (HDR) in 1990, the UN introduced the concept of human development with a holistic vision of development that places people at the center of all development processes: all aspects of life—economic, social, political, cultural, and environmental, are seen from the perspective of enlarging the freedom of choice and opportunities, and advancement of human lives. The origin of the concept of human development is tied to the vision of Mahbub ul-Haq, a Pakistani economist who wanted to assess the world's economic and social progress in a different way, by departing from conventional income and economic growth analysis.²

The human development approach was profoundly inspired by the pioneering works of Amartya Sen on the economics of well-being, social choice, poverty and scarcity, and development economics. Sen's access to capabilities and the notion of "development as freedom" provided the grounds for a new paradigm in economics and social sciences in general. The paradigm of human development emphasizes two parallel processes: the shaping of human capabilities and the ways people use them. Therefore, it is the purpose, the goal of social and political processes, as well as a strategy. It concerns development processes and results, such as enlarging people's choices, capabilities, and freedoms.³

The first HDR in 1990 promoted human development as a process of enlarging people's choices and the level of acquired well-being. This is the essence of the idea of human

development. After over 20 years of practice and academic studies of human development and the capabilities-based approach, the HDR 2010 redefined human development: "Human development is the expansion of people's freedoms to live long, healthy, and creative lives; to advance other goals they have reason to value and to engage actively in shaping development equitably and sustainably on a shared planet. People are both the beneficiaries and the drivers of human development, as individuals and in groups."⁴

The 2010 report also introduced a special index that takes into account inequality, thereby placing social exclusion at the forefront of the global debate.

The HDR 2010 introduced the Inequality-adjusted Human Development Index. It captures inequalities across all three dimensions of the Human Development Index (HDI), thereby adjusting its values by the loss in income distribution, education, and health, that is, by the value of inequality.

The core of the concept is the view that a human being is both the instrument and the purpose of development. The development of human potential is the basis of human development.⁴ Economic development does matter, but not just because of this fact. These are rather its quality and equitable distribution, as well as expanding human capacities, that have positive effects on the economic development itself.

The Millennium Development Goals⁵ was the next step in the development of the new development concept. All of its eight goals focused on strengthening human potential and equality: to eradicate extreme poverty and hunger; to achieve universal primary education; to promote gender equality and empower women; to reduce child mortality; to improve maternal health; to combat HIV/AIDS, malaria, and other diseases; to ensure environmental sustainability; to develop a global partnership for development.

These goals are an attempt to operationalize the concept of human development, to concretize it into interrelated goals important for progress in human development. The desired and planned results in the global sense were not achieved for a period of 15 years.

The adoption of the Sustainable Development Goals (SDGs) was the next step. All 17 goals and 160 indicators measuring their achievement, developed and concretized a novel, humane development concept with an emphasis on sustainable development and a holistic approach while interweaving three dimensions: economic development, social inclusion, and environmental sustainability. Social inclusion is a core instrument for the implementation of this model and its goals.

If a human being is both the instrument and purpose of development, then they must be involved in the development of the society liberated of all forms of discrimination. In making this possible, social inclusion policies are important and their full implementation leads to the development of an inclusive society.

Therefore, social inclusion requires new social policies, but, even beyond that, novel approaches to all development

policies, and open doors for a new model of humane, sustainable development.⁶

The new concept of development is a serious attempt to define the universal goals of global processes and to redefine the existing globalization processes. The results achieved so far mainly depend from country to country, they partly influence policies but are far from the achievement of the existing goals.

The main problem is that the leading economic organizations, such as WB, IMF, and WTO, have no interest in providing serious support to the new concept and they remain confined to the neoliberal economic concept. The latter is also maintained by an individual, nonmarket financial interventions to help countries that the concept itself has led to bankruptcy (e.g., Greece). This maintains the concept instead of calling it into question. At the same time, growing inequalities in the world, especially in the crises such as those caused by COVID-19, as well as economic and climatic zones, are objectively looking for new solutions. This is where a greater chance of success of the sustainable development concept with its 17 SDGs lies.

SUSTAINABLE DEVELOPMENT—NEW APPROACH TO GLOBALIZATION

The basic concept of sustainable development is stated in the document entitled “Transforming Our World: The 2030 Agenda for Sustainable Development and the SDGs as the Monitoring Framework.”⁷ The Agenda 2030 and the SDGs rest on five principles, as follows:

- **Universality:** The Agenda is applicable to all countries
- **Integration:** Sustainable development demands politics and programming which contain social, environmental, and economic components side-by-side
- **Leaving no one behind:** Aspects of generation and inter-generational solidarity ought to support the transition to sustainable development
- **Inclusiveness:** Participation of all segments of society—irrespective of their race, gender, ethnicity, and identity—to contribute to its implementation
- **Multistakeholder partnerships:** Establishing multistakeholder partnerships for mobilizing and sharing knowledge, expertise, technology, and financial resources, to support the achievement of the SDGs in all countries.

Although the Agenda 2030 itself, with the exception of the link to the Paris Climate Treaty, is not a legally binding document, it can be considered a kind of “soft law,” since all UN Member States assumed the political commitment to implement the Agenda 2030.

Sustainable Development Goals are: (1) End poverty in all its forms everywhere; (2) End hunger, achieve food security and improved nutrition and promote sustainable agriculture; (3) Ensure healthy lives and promote well-being for all at all ages; (4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for

all; (5) Achieve gender equality and empower all women and girls; (6) Ensure availability and sustainable management of water and sanitation for all; (7) Ensure access to affordable, reliable, sustainable, and modern energy for all; (8) Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all; (9) Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation; (10) Reduce inequality within and among countries; (11) Make cities and human settlements inclusive, safe, resilient, and sustainable; (12) Ensure sustainable consumption and production patterns; (13) Take urgent action to combat climate change and its impacts; (14) Conserve and sustainably use the oceans, seas, and marine resources for sustainable development; (15) Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; (16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels; (17) Strengthen the means of implementation and revitalize the global partnership for sustainable development.

The SDGs encompass not only the measurable changes in human well-being, economic development of countries, and improved environment on the planet, but also the manner to achieve these changes. The SDGs encompass the questions about deep-rooted causes of poverty and inequality, such as weak rule of law, corruption, and traditions and norms that are discriminatory by gender, cultural identity, or social status. In essence, SDGs focus on the people who are “left behind” and on their inclusion. No one is left behind or excluded, because the governments, international organizations, business sector, and other nongovernmental stakeholders and individuals must contribute to the implementation of the goals.

Social inclusion is the essential tool for the implementation of a new development concept-based on the SDG Strategy and its specific formulation through the Agenda 2030, which at the same time makes it an important aspect of the European Union (EU) integration, mainly because the human capital and its development and strengthening are the foundations of overall development. In this regard, the inclusion of the socially excluded in the future and current development is of great importance.

As regards the core “philosophy” of the new developmental concept, one must perceive social inclusion expenditures as an investment in human capital, as a driver of development, and not as a cost of keeping social peace. This is affirmed in the documents of the Council of Europe and the European Parliament.⁸

“In a globalized economy, all countries, particularly those in the stage of macroeconomic stability, are under pressure to cut social protection. While social protection ought to be economically sustainable, we must not forget that social expenditures, while laying foundations for a stable and

sustainable society, are a rational investment in the future economic sustainability, and not a burden on society.”

The social exclusion concept evolved in line with the notion of social rights, enshrined in the idea of the European welfare state. Within the framework of civil rights, social rights, and social justice discourse, the status of “socially excluded” was not understood as a lack of access to goods, but also as the lack of access to rights. If poverty is defined in terms of income or material deprivations, social inclusion is defined in terms of social rights, such as the right to work, housing, healthcare, and education.

The concepts of social exclusion and poverty are closely related, although not necessarily mutually reinforcing. Initially, there were attempts to clearly delineate these two approaches and, therefore, most frequently, poverty is described as a unidimensional and exclusion as a multidimensional concept.

Currently, in line with the holistic approach, the term “poverty” has broadened. In its character and variations, poverty is multidimensional. People are poor if they lack resources to meet their material needs and if the conditions exclude them from active participation in the activities considered common in the community. The multidimensionality of poverty emerges as a state characterized by long-term or permanent deprivation of resources, capabilities, freedom of choice, security, and powers, which are essential for adequate living standards and exercise of other civil, economic, political, cultural, and social rights.

Amartya Sen considers poverty as the lack of freedom of choice and of the fulfillment of human potential, development, and welfare. Sen interpreted poverty as the deprivation of capabilities since the access to capabilities focuses on human lives, not solely on the resources people possess or use, on their possessions. “It is frequently believed that income and wealth are the main criteria of human success. By proposing an essential focus shift from the resources for living to actual capabilities of a person, the capabilities approach aims for a radical transformation of standard evaluative approaches that are widely applied in economics and social studies.”⁹

A relationship between poverty and social exclusion is not just a matter of cause and effect, but also the way concepts are described and positioned in the broader social context. Poverty may be considered as only one dimension of the concept of social exclusion. The contemporary concept of social exclusion in the EU considers poverty as just one of many forms of deprivation that together create a state of social exclusion.

As an official EU concept, it is focused on the policy of social inclusion. The Council of the European Union also introduced official definitions of three key terms.

Social exclusion is a “process whereby certain individuals are pushed to the edge of society and prevented from participating in social relations and developments to the full extent of their capacity, by virtue of their poverty, or lack of

basic competencies and lifelong learning opportunities, or as a result of discrimination. Individuals and/or population groups are thus distanced from job, income and education, and training opportunities and hindered from joining and participating in social and community networks and activities. Excluded individuals and/or groups have little and inadequate access to institutions, authorities, and decision-making processes.”

Social inclusion is “a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social, and cultural life and enjoy a standard of living and well-being that is considered normal in the society in which they live. Social inclusion ensures greater citizen participation in decision-making which affects their lives and access to their fundamental rights.”

Poor individuals or families are those whose resources (assets, monetary income, and services from public and private sources) are so inadequate as to preclude them from having a minimum acceptable way of life in the Member State in which they live.¹⁰

In the human development context, social exclusion is seen as a process and as an outcome. It is a process whereby certain individuals are pushed to the edge of society and prevented from participating fully in relevant social, economic, cultural, and political processes. As an outcome, it refers to the status and characteristics of an excluded person. The social exclusion status has numerous dimensions—poverty, lack of basic competencies, limited employment, and education opportunities, as well as inadequate access to social and community networks and activities. The distinction between exclusion as a “process” and “status” is important for understanding dynamic relationships between various dimensions of social exclusion.

According to Sen, the social exclusion process is at its core related to denial of freedom and may lead to deprivation of capabilities. Sen’s capabilities approach is based on the notions of “function” and “capability.” “Functioning” is what an individual can do or be in leading his life, such as having a healthy body, being educated, having self-respect, participating in the life of the community, etc. “Capabilities” are combinations of various functions that enable an individual to lead the life he or she wants.³

Reduced capabilities in one area may account for deprivation in other areas of life, which further impels the social exclusion process. Sen interpreted it as a “capabilities shortfall,” in which, he believes, social exclusion had the instrumental role. Social exclusion is multidimensional, and it includes economic, social, and civic dimensions. Deprivation along one dimension may reinforce deprivations in another, and such multiple deprivations may lead to social exclusion.

Social exclusion does not involve merely material deprivation, but also the sense of inferiority, alienation, loss,

and shame. Being socially excluded is both a status and a self-perception.

Social exclusion reflects an individual's status in relation to the general society, which is much more than income poverty.

Exclusion is generated by the action (or inaction) of a person, group, or institution. An opposite of social exclusion is social equity, which is not just a matter of "exclusion," but of an expansion of capabilities to participate in economic, social, and civic processes that are deemed normal in the community. This links the concept closer to the human development approach and highlights limited freedoms and factors that contribute to social exclusion: discriminatory practices, failure in state responsibilities, and institutional obstacles that obstruct access to public services and political participation.

Social inclusion refers to a "redistribution of social circumstances" among all segments of the population. It may be assessed according to the "quality of life" criteria, which people hold valued. It includes participation and integration into institutions and community networks.

Social inclusion does not simply mean the reversal of social exclusion in terms of status. The elements of the social inclusion process that contribute to overcoming social exclusion (such as action and involvement) have intrinsic value. Social inclusion involves at least two steps. One is the elimination of obstructions in the broader sense: obstructions to action and to the access to resources and opportunities. The other one concerns attitude change. Although there are legal structures, policies are needed to cultivate solidarity, suppress rooted social prejudices, and encourage the participation of individuals who are faced with obstacles.

All of these are important elements of the social inclusion process, which involves a change of attitudes toward what is accepted as "normal." The promotion of social inclusion requires an understanding of fundamental causes of social exclusion, such as discriminatory practices, failure in state responsibilities, and institutional obstacles that obstruct access to public services and political participation.

Social inclusion requires that these issues be addressed as well. Therefore, a human rights-based approach may be an important political instrument.

The new concept introduces the sustainability of development as a key element of the development itself, the sustainability in the context of the environment (energy, climate, etc.) and human resources, and the reduction of inequality in the world. The SDGs themselves specify sustainability and the way of achieving it. Sustainability means inclusiveness, and sustainable development is possible in inclusive societies with inclusive institutions at all levels. This is a step further than the standard definitions of democracy and the political participation of citizens. This is why it is about "inclusive and sustainable economic growth."

The link between human development SDGs and the Millennium Development Goals is clear. On this basis, they go

further and define the whole concept of "globalization with a human face."

SUSTAINABLE DEVELOPMENT IN BOSNIA AND HERZEGOVINA

In 2016, Bosnia and Herzegovina, as well as other UN member states, accepted the document entitled "Transforming Our World: The 2030 Agenda for Sustainable Development and the SDGs as the Monitoring Framework."

In April 2021, the respective governments of the Federation of Bosnia and Herzegovina, Republika Srpska and the Brčko District of Bosnia and Herzegovina, and the Council of Ministers of Bosnia and Herzegovina together with the UN agency in Bosnia and Herzegovina, adopted the document entitled "Sustainable Development Cooperation Framework - A Partnership for Sustainable Development 2021–2025," the basic findings of which are given below.¹¹⁻¹³

The framework is an agreed national development platform that defines the following key development directions:

- Good governance and public sector management;
- Smart growth;
- Society of equal possibilities.

The development directions are interconnected through two horizontal topics:

1. Human capital for future
2. Principle "No one should be excluded."

It is important to quote the assessment of the context in which this document is adopted:

"Over two decades after the signing of the Dayton Peace Agreement (DPA), with its complex and fragmented governance and power-sharing arrangements, progress toward accession is constrained by limited reform progress. This is characterized by: frequent institutional deadlocks, political instability, lack of social cohesion and trust, slow legislative processes, weak accountability mechanisms, and insufficient organizational capacities for participation in decision processes at various levels of governance in BiH. Aside from a broad consensus for joining the EU, a shared vision for the country has been difficult to achieve. Of critical importance, the population in BiH is shrinking and ageing. Outmigration is an urgent challenge, representing a loss of young people and skilled workers upon which future sustainable development will depend: 2 million citizens of BiH are currently working or residing abroad - the highest share in the Western Balkans and projections suggest the population could decline below 2.3 million by 2100... These challenges are aggravated by the Coronavirus (COVID-19) pandemic that is unprecedented in its spread and impacts on human health and well-being."¹¹⁻¹³

Table 1: Indicators for calculating HSEI

<i>Dimension</i>	<i>Indicators-variables</i>
1. Living standard	<ul style="list-style-type: none"> Population living below the poverty line. Long-term unemployment. Long-term unemployment.
2. Healthcare	<ul style="list-style-type: none"> Population without health insurance.
3. Education	<ul style="list-style-type: none"> Over 15% of population without elementary education or without completed elementary education.
4. Participation in the community	<ul style="list-style-type: none"> Population not voting in the elections. Population not participating in the activities of community organization.
5. Access to services	<ul style="list-style-type: none"> Apartments without a landline.

The assessments of the levels of achievement of the SDGs and social exclusion in Bosnia and Herzegovina are also important:

“The 2019 Sustainable Development Report provides a globally comparable index and dashboards for monitoring SDG achievement with country data. For 2019, BiH has an overall index score of 69, suggesting it is 69% or over two-thirds of the way towards SDG achievement. Its rank is 69 out of 162 countries. The SDG dashboard indicates the following SDGs as priorities: 5. Gender equality, 8. Decent work and economic growth, 9. Industry, innovation, and infrastructure, 13. Climate action, 15. Life on land, and 16. Peace justice and strong institutions. Achieving the SDGs in BiH will require broader partnership and financing frameworks that can only be generated by increased engagement between authorities in BiH, the private sector, and international financial institutions.”¹¹⁻¹³

We provide a broader explanation of the level of social exclusion and the HDI based on local analyzes.

In the 2007 HDR, “Social Exclusion in Bosnia and Herzegovina,” a methodology was developed to measure social exclusion by taking the same approach used for standard human development indicators.¹⁴

It is a new, original methodology that measures social exclusion in its complexity as opposed to the Laeken indicators and the Adobe methodology that rely on measuring income poverty.

It is clear that social exclusion is a multidimensional and, therefore, complex, measurable concept. Human development is focused on opportunities and options in the following key dimensions: living standards, employment, inadequate qualifications, poor housing condition, and poor health condition. The selection of indicators from the 2007 National Human Development Report (NHDR) study is based on the particularities of Bosnia and Herzegovina itself, not only because of the country’s socioeconomic and political systems but also because of a four-year war whose consequences are inestimable.

The report quantifies the socially excluded population in Bosnia and Herzegovina. On the basis of the information from

the 2007 NHDR study, estimates were provided for the Human Social Exclusion Index (HSEI), Extreme Social Exclusion Index (HSEI-1), and the Long-Term Social Exclusion Index (HSEI-2).

The HSEI is calculated on the basis of seven indicators, which reveal the dimensions of social exclusion in various ways (Table 1).

The estimated HSEI of 50.32% means that one in two citizens of Bosnia and Herzegovina are socially excluded in some way.

The HSEI-1 indicates that around 22% of the population in Bosnia and Herzegovina is in the category of severe social exclusion in the human development context. These are the inhabitants without any income, without any means of communication in their apartments (phones), without health insurance, and without completed elementary education.

The HSEI-2 shows that 47% of the total number of employees is in a situation (at risk) that can be described as long-term social exclusion.

These are employees without any prospects, with little or no pension insurance, as they worked in the informal economy. In the long run, they have no prospects and are heading toward social exclusion.

The HSEI is based on a broader concept of understanding social exclusion in the context of human development. The index is multidimensional because it seeks to capture the complex phenomenon of social exclusion by incorporating of multiple dimensions. The HSEI reflects the BiH context and is very simple to understand. The calculation methodology is open for possible promotions. An important result in this sense is starting a debate on the intrinsic assessment of social exclusion.

To quantify social exclusion in BiH today, an assessment of the socially excluded population was conducted by adopting the calculation methodology for the HSEI Social Exclusion Index, since the calculation of HSEI requires a separate study. The new assessment is based on the following:

- It retained the same dimensions of social exclusion: living standards, health, education, social participation, and access to services,
- The world database indicators were used to select the indicators,
- A necessary condition for the indicators on the coverage of the population is that they are expressed in percentages,
- The countries of former Yugoslavia were taken as comparators, because of their similar socioeconomic backgrounds, and some of them are nowadays the EU Member States, while others have the EU candidate status,
- It was essential for the selected indicator to exist for all countries.

Taking into account the subjective perception of social exclusion and the approach to human development, two indicators that were published in the HDRs were used. These are: healthcare quality (Satisfaction with healthcare quality: Percentage of respondents answering “satisfied” to the

Gallup World Poll question, "Are you satisfied or dissatisfied with the availability of quality healthcare?") and Freedom of choice (Satisfaction with freedom of choice: Percentage of respondents answering "satisfied" to the Gallup World Poll question, "In this country, are you satisfied or dissatisfied with your freedom to choose what you do with your life?") (Table 2).

According to the Social Exclusion Index, 49.4% of the population in BiH are socially excluded on some grounds, which means that BiH ranks third of the neighboring countries for which an assessment was conducted. Variations in the value of the Index between North

Macedonia, Serbia, and BiH are insignificant. Over 50% of the population living in North Macedonia are socially excluded and, in the 80th place, it also has the lowest HDI ranking. The EU Member States ranked 25th (Slovenia) and 46th (Croatia) according to the HDI are the countries with a very high human development. According to the Social Exclusion Index, these countries also have considerably lower socially excluded populations.¹⁵

In the composition of the Social Exclusion Index, the weakest spots in BiH are unemployment and education, which is a message to the authors of development policies.

Table 2: Social Exclusion Index in BiH and Regions

Dimension	Indicators/index (population, and %)	Territory/ country	Territory/ country					
			BiH	Croatia	Montenegro	Serbia	Slovenia	North Macedonia
Living standard	The poverty gap of \$3.20 on the given day (Purchasing Power Parity for 2011) (in % of population), 2015	S ₁	0.2	0.6	n/a	0.2	0.0	n/a
	Long-term unemployment (in % of unemployed), 2017, BiH 2014	S ₂	78.0	42.5	77.3	60.5	48.4	78.4
Healthcare	Prevalence of malnutrition (% of population)	S ₃	2.5	2.5	2.5	5.6	2.5	4.1
	Healthcare quality (% of dissatisfied), 2012–2017	S ₄	46.0	4.0	59.0	47.0	21.0	47.0
Education	Population without any secondary education (over 25), 2017	S ₅	21.1	4.3	10.6	11.4	1.9	52.2
Participation in the community	Freedom of choice (% of dissatisfied) 2012–2017	S ₆	47.0	29.5	39.0	35.5	8.5	26.5
Access to services	No landlines (per 100 people), 2017	S ₇₁	78.3	66.5	75.8	62.5	65.5	82.7
	People not using the Internet (in % of population), 2017	S ₇₂	30.5	32.9	28.7	29.7	21.1	27.8
	Individuals not using Internet or landline telephony (average, in % of population), 2017; S ₇ =(S ₇₁ +S ₇₂)/2	S ₇	54.4	49.7	52.3	46.1	43.3	55.3
Index, in % of population	HSEI	49.4	34.6	49.9	40.6	30.8	50.8	
HSEI ranking		3	5	2	4	6	1	
HDI 2018 ranking		77	46	50	67	25	80	

HSEI, $[(S_1^a + S_2^a + S_3^a + S_4^a + S_5^a + S_6^a + S_7^a)/7]^{1/a}$, where: $a = 3$

Sources:

- Poverty gap at \$3.20 a day (2011 PPP), and Prevalence of undernourishment (% of population), <https://data.worldbank.org/indicator>
- Long-term unemployment rate (% of unemployed), <https://www.ilo.org/ilostat>; <https://data.oecd.org/unemp/long-term-unemployment-rate.htm>, <https://ec.europa.eu/eurostat/web/lfs/data/database>
- Health care quality and Freedom of choice (author calculation, % of unsatisfied), http://hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf, p.74.
- Population without at least some secondary education (ages 25 and older), http://hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf p. 54.
- Without Fixed telephone subscriptions (per 100 people), Individuals not using the Internet (% of population), Individuals not using internet nor fixed telephone (average, % of population), (author calculation, % without or not using), <https://data.worldbank.org/indicator>

In the very Sustainable Development Cooperation Framework (SDCF), the following are defined as specific problems:

- Area of democratic government, human rights, and peace; the emphasis is on the nontransparency of institutions and the discrimination of citizens on various grounds
- Education; the raising of its quality and expanding access to it for everyone are the conditions for sustainable development
- Health and well-being because the sustainability of development depends on the health of residents, especially in the conditions of negative consequences of COVID-19
- Economic potential and creation of workplaces, considering the labor market inequalities
- Climate-resilient, natural resources management where conditions threaten development
- Gender equality and empowerment.

Proceeding from these, the strategic priorities are as follows:

- Sustainable, resilient, and inclusive growth
- Outcome 1. By 2025, people benefit from resilient, inclusive, and sustainable growth ensured by the convergence of economic development and management of the environment and cultural resources
- Quality, accessible and inclusive education, health, and social protection
- Outcome 2. By 2025, people benefit from more inclusive and higher quality educational programs focused on 21st century skills for enhanced employability, well-being, and active participation in society
- Outcome 3. By 2025, people have access to better quality and inclusive health and social protection systems
- People-centered governance and rule of law
- Outcome 4. By 2025, people contribute to, and benefit from more accountable and transparent governance systems that deliver quality public services, and ensure rule of law
- Citizen and community engagement for social cohesion
- Outcome 5. By 2025, there is stronger mutual understanding, respect, and trust among individuals and communities

"This cooperation framework is driven by the priorities and domesticated SDG targets in BiH. To contribute to these priorities and targets, the cooperation aims to achieve a set of interconnected changes that will strengthen institutional and community level conditions for sustainable and diversified economic growth, with benefits that are more widely and fairly shared across all people, particularly those that are vulnerable. There are five main conditions for this change:

First, cooperation efforts must address the structural weaknesses of the economy. These are major drivers of

poverty and exclusion, with over 170,000 households and half a million people in BiH living below the BiH poverty line. It is assessed that 16.9% of the population of BiH lives below the poverty line. The factors impeding faster and more inclusive growth are an over-reliance on consumption growth, inefficient markets, low labor force participation rate in the formal economy, especially for women and young people, limited access to finance, insufficiently developed business clusters and value chains, unclear property rights, a cumbersome regulatory environment, and corruption.

Second, in order to make a shift to a more diversified, knowledge-based economy, renewed efforts are needed to strengthen the performance of the education, health, social protection, and social welfare systems and improve the availability, accessibility, and quality of services. Weaknesses in the education and skilling systems in BiH (formal, nonformal, and technical-vocational) are evident in the unemployment rate amongst young people (15–24 years old) which, at 47% in 2018, is one of the highest in Europe. Amongst women (15–24 years old) the rate is 52%. The main causes are few decent jobs in the formal sector, poor overall quality of the education systems, contributing to skills—mismatches for school-leavers, traditional gender roles and lack of jobs with provisions to help balance work and family life, and little coordination between education systems offerings and labor market demands.

Third, despite robust health spending at 9.2% of GDP in 2016–73, better health outcomes for all people in BiH are challenged by performance concerns and limited financial protection for vulnerable groups. As noted in the Reform Agenda and evident during the COVID-19 crisis, the quality of the health systems in BiH remains inadequate and the mandatory health insurance coverage is yet to be fully achieved in all health systems in BiH.

Fourth, sustainable, inclusive growth and the effective delivery of quality public services will depend on more effective governance and rule of law. Furthermore, there is a high distrust by people in the rule of law and in public institutions in general, which in turn challenges law enforcement and the safety and security of people. Different forms of organized crimes are interconnected also in their effects on the economy and the rule of law.

Fifth, and foundational to each of the changes stated above, there is a critical need to increase trust amongst people and in their governing institutions, creating a foundation for more durable social cohesion. Nearly a quarter of a century after the end of the conflict, relations in BiH and the wider region between different groups and communities remain fragile. Society continues to confront strong divisive rhetoric that perpetuates fear and mistrust that impedes constructive dialogue and interaction and diminishes prospects for a common vision for the country."

KEY CHALLENGES OF SUSTAINABLE DEVELOPMENT IN BOSNIA AND HERZEGOVINA

The document entitled Sustainable Development Cooperation Framework (SDCF), the basic findings of which we have presented, is undoubtedly very significant for BiH. This is especially because it was prepared in an inclusive way with the participation of over 800 persons and with the coordination and consent of all levels of authorities in the country.

It was prepared within the framework of the standard methodology of the UN and other international organizations with all the good and bad characteristics of this principle. Namely, it is most often the case that a well-prepared document lacks instruments for the implementation of goals that would be more precise than those set forth in the so-called Action plans, and, as a rule, they are implemented to a very small extent. At the same time, it is difficult to avoid the impression that some of the biggest problems are underestimated (or neglected) due to the indirect assessment of difficulties of implementation provided in the very documents.

Without questioning the significance of the SDCF BiH, it is important to point out a few weaknesses of the sustainable development in BiH to which the document itself does not pay enough attention. For example:

- A very good assessment of the situation in BiH (previously cited) does not seem to take into account the definition of ways and problems of implementing the goals of sustainable development. More precisely, the problem of the nonexistence of unified/common policies and strategies is avoided, as well as the definition of specific ways to reach them. These are not merely policy topics (with the implicit assumption that they should not be discussed), but forms of macro-management. Without specific progress in this area, the SDGs cannot be implemented to a more serious extent and this is where the significance of this problem originates from. More precisely, the SDGs can be implemented through the coordination of entity policies in accordance with their constitutional competencies based on which a unified BiH policy can be defined, as shown by some EU projects. In the period 2019–2020, through a project of the Delegation of the European Union to BiH "Let's Build an Advocacy Platform for Social Inclusion–Will You Stop and Listen," the SIF in BiH and the IBHI developed the documents "Federation of BiH, Republika Srpska, and Brčko District Social Inclusion Strategies 2021–2027" based on a unique methodology and a harmonized approach thus initiating the adoption of these documents within the framework of the authorities. In the FBiH, the preparation of the Social Inclusion Strategy has been officially adopted, in the Brčko District of BiH the mentioned document has been incorporated into the general Development Strategy, and in Republika Srpska,

it will be used in the preparation of the Social Protection Development Strategy. This provided the basis for the preparation of a unique social inclusion strategy for BiH, based on the existing entity and Brčko District of BiH strategies. Strategies for social inclusion for the Federation of BiH, Republika Srpska, and Brčko District of BiH are available in B/C/S and English on the website of the SIF in the BiH/IBHI, publication section.

(https://sif.ba/bhs/Nase_publicacije, <https://www.ibhi.ba/ba/PUBLIKACIJE>)

- In the SDCF, smart growth is rightfully identified as one of the three key development directions. It is difficult to imagine the achievement of this goal without a strong emphasis on the scientific research sector. In 2019, the gross expenditure on research and development in BiH amounted to 0.19% of GDP, which is five times less than in the period before 1992, when they were 1% of GDP. Allocations for science have been steadily declining since 2013 when they were 0.33% of GDP with a share of universities of 40% in total allocations (ASBiH, 2021). In the EU, 2.1% of GDP is allocated with the aim of increasing these allocations by 3% in 2022. (ASBiH, 2021)

The Science Development Strategy in BiH 2017–2022 planned an increase in allocations for 0.80% of GDP in 2022, an increase in the number of surveys from 1988 (2017) to 7281 (2022), which can be assessed as very unrealistic.¹⁶⁻¹⁹

The decline in allocations for science is the result of a change in the structure of the country's economy, the shutdown of large production systems and the complete neglect of research and development, and of the absence of serious policies. It is therefore surprising that no attention is paid to this problem in the SDCF.

Realistically speaking, a significant increase in scientific research, higher allocations, and an increase in the number of researchers is possible in the foreseeable future only by including BiH researchers from the diaspora and their participation in international projects and the formation of independent scientific organizations focused on these goals. BiH has joined the EU HORIZON, COST, and EUREKA programs, which have not been used to a serious extent so far in terms of supporting the development of our research capacities. At the same time, the establishment of the International Academy of Sciences and Arts in BiH, with a new approach and with an emphasis on diaspora researchers, young researchers, and sustainable development, provides opportunities for progress in this area. The Academy organizes and activates its greatest scientific potential in the country and can be the initiator of the inclusion of BiH science in sustainable development.

- The goals of sustainable development, especially the first one, pay the greatest attention to the need to overcome poverty, in all its forms. The SDCF document itself, with general remarks, does not pay adequate and concrete attention to poverty and social exclusion in BiH. It all starts with the wrong methodology for estimating

poverty levels. The official statistics in BiH measure poverty by establishing a relative poverty line, which is defined as 60% of the median equivalent consumption of inhabitants. In simpler terms, everyone whose consumption is below 60% of the average consumption in a given country is relatively poor. The keyword here is “relatively,” because the poverty line depends on the level of consumption in a given country, and it is higher in rich countries than in poor ones. This methodology does not provide an answer about the real poverty in BiH. For transition countries such as BiH, the absolute poverty line, which sets the consumption threshold of 2100 calories per day for adults, in other words, it includes only sustenance, is more relevant, as well as a wider consumption threshold which includes nonfood products, depending on the characteristics of the given country. According to the BiH Agency for Statistics, the relative poverty rate in BiH was 16.9% in 2015, that is, it was 1% of age point lower than in 2011. The relative poverty threshold for a single-person household was BAM 289.26 (60% of the median equivalent consumption), so in 2015 more than 500,000 inhabitants were relatively poor. Unfortunately, this assessment was also taken over by the SDCF. Although relative poverty has declined, it does not mean that absolute poverty has decreased. A lower rate of relative poverty means that the entire population spent less. The poor logic of using relative poverty as a measure of poverty in BiH is evident in the comparisons with other countries. In Croatia (an EU Member State), 19.4% of the population were relatively poor, in other words, taken literally, they are a poorer country than BiH. In Albania, it was 14.3%, which should mean that they are a wealthier country than BiH. The average relative poverty threshold for the EU Member States in 2016 was 24%, which implies that there are many more poor people in the EU than in BiH, which is in contrast with reality.¹⁵ Absolutely all other economic and social indicators prove the pointlessness of measuring poverty in BiH with the relative poverty methodology.²⁰ The absolute poverty line, also calculated on the basis of the household budget surveys, yields entirely different results.²¹ Starting from the methodology of calculating absolute poverty (BiH Agency for Statistics 2007, which was the last year it was calculated), it was found that, in 2011, 23.4% in BiH, 22.7% in the Federation of BiH, and 25.3% in Republika Srpska were below the absolute poverty line (BAM 238 for an adult, prices in 2007). On this basis, it is possible to estimate the percentage of the population below the absolute poverty line in 2020. In the complete lack of constant statistical analyses and actual data on the size of poverty in BiH (i.e., on the increase of the population that is poor, and the structure of poverty), we can only rely on working materials and estimates. Based on them, we can estimate that 23% of the population of BiH is below the absolute poverty line.¹⁶ UN studies show that one in six inhabitants of BiH subsists on BAM 3–5 per day (BAM 90–150 per month),

that is, 17% of the population is in extreme poverty, far below the absolute poverty line, while 700,000 people live on the edge of poverty.^{22,23} Under social protection, we understand a narrower term than social security, that is, the subject of regulation of the social protection laws in the entities and the Brčko District of BiH.

BiH allocates 2.9% of GDP for social protection, with a constant decrease in the share of these allocations in GDP (in 2007 they amounted to 4%, in 2013–3.39%). Over 60% of these allocations go to war veterans and disabled persons’ protection as a result of the war and for traditional social protection only 1.16%, which is below the regional average. Transfers are not made according to the needs but according to the status; half of the poor do not receive social benefits whereas the child allowance is received by only 14% of the percentage of the poorest fifth of the population.²³

Neglecting the problem of poverty and inefficient systems of the social protection in the SDCF is neither according to the SDGs, nor it can lead to progress in their implementation.

STEPS REQUIRED FOR PROGRESS OF SUSTAINABLE DEVELOPMENT

For progress in the implementation of the SDGs and for specifying the missing key steps, it is important to the following:

- To start from the fact that a man is both the means and the goal of development, and that human resources are the most important
- Social inclusion is not just a matter of vulnerable groups, but they need to involve and mobilize all people. Without this, the essence (“philosophy” of sustainable development) cannot be achieved
- Part of this is the reform of social protection, transfers according to needs, and aimed at the work inclusion of beneficiaries. Allocations for social protection are not a budget expense but a capital investment
- The most important investment for sustainable development is investing in education and research. Without the general development of knowledge and innovation, smart growth is not possible, either in the economic or the ecological sense.

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