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BUILDING A JUST WORLD AND A SUSTAINABLE PLANET

GALERI
Global Alliance for Life Economies Research and Innovation

LEVERAGING LIFE ECONOMIES
To Address the Root Causes of Inequalities and Environmental Degradation

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Global Alliance for Life Economies Research and Innovation (GALERI)

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Leveraging Life Economies
to Address the Root Causes of Inequalities and Environmental Degradation

Commissioned by the G20 Presidency of Brazil

November 2024

By

The Global Alliance for Life Economies
Research and Innovation (GALERI)

ABOUT GALERI

First envisioned in 2022 during the G20 Indonesia and formally launched in 2023 under the G20 India, the **Global Alliance for Life Economies Research and Innovation (GALERI)** fosters engagement, coordination, and collaboration among governments, think tanks, academia, international organizations, philanthropy, business, civil society, and other actors to accelerate the growth of inclusive and sustainable economies. GALERI aims to create a wide space for collaborations to effectively support policymaking in G20 countries, guide global processes in developing norms, and create global public goods, particularly in research and innovation. This includes innovations in economic and development policy; advancing understanding and the practice of impact measurement and investing; responsible management and new forms of corporate governance; and alignment of blended finance, development finance, climate finance and philanthropy with the SDGs; among others, with an emphasis on collective action and community participation. Founding partners of GALERI include ADBI, AUDA/NEPAD, Development Alternatives, Fourth Sector Group, GIZ, Impact Hub Network, OECD, RIS, UNDP, and UNRISD.

GALERI FOUNDING MEMBERS

PREFACE AND ACKNOWLEDGEMENTS

Commissioned by the G20 presidency of Brazil, this report is the initial output of a comprehensive research and innovation programme by the Global Alliance for Life Economies Research and Innovation (GALERI) aimed at understanding and demonstrating the critical role of Life Economies in achieving sustainable development. As the first phase of the broader endeavour, this report lays the groundwork for understanding and implementing Life Economies, which prioritize human well-being, social equity, and environmental sustainability. Its focus is on SDG Goal 10, which seeks to "Reduce inequality within and among countries" and serves as a cross-cutting goal throughout the SDG framework. This phase examines the multidimensional approaches of Life Economies in addressing inequality, covering aspects such as financial security, dignified work, social participation, health, legal security, and education. By highlighting new economic actors, practices, policies, and impact assessment tools, this report offers initial insights into how Life Economies can reduce inequality and foster inclusive growth.

The next phase will build on this foundational research to conduct baseline studies of Life Economies in different countries and develop and implement model microeconomic and macroeconomic frameworks that can be adopted across diverse jurisdictions. Through collaboration among GALERI's members and other partners, this phase will work toward practical tools and policy recommendations that support Life Economies. By engaging a broad network of policymakers, experts, and stakeholders, the program aims to strengthen institutional capacity, foster cross-sector dialogue, and support SDG alignment at all levels of governance, advancing Life Economies as a transformative approach for sustainable development.

This report is the result of a collaborative effort led by the Global Alliance for Life Economies Research and Innovation (GALERI) and enriched by the expertise and dedication of numerous partners and contributors, all striving to advance the understanding of Life Economies. We extend our deepest gratitude to Ilcheong Yi of the United Nations Research Institute for Social Development (UNRISD), who led the research coordination and contributed as the principal author of this report, and to our co-authors and esteemed colleagues, Heerad Sabeti (Fourth Sector Group); Derya Bischoff, Holger Kuhle, and Daniel Kehrer (GIZ); Rodrigo Belaunde, Carrie Exton, Abdoulaye Fabregas, Cecile Lorrillard, Jieun Kim, and Rolf Schwarz (OECD); Swayam Prabha Das (Development Alternatives); G. A. Tadas, Sachin Chaturvedi, Sabyasachi Saha, and Syed Arslan Ali (RIS); Pamla Gopaul (AUDA-NEPAD); and Tatiana Glad (Impact Hub Network), whose contributions and insights were invaluable.

We would also like to acknowledge the support of GALERI Member organizations for their unwavering commitment to fostering inclusive and sustainable economies. Their collaborative spirit has been fundamental to creating a robust foundation for the advancements outlined in this report.

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This report is dedicated to the memory of G. A. Tadas, a cherished friend and colleague whose humility, integrity, generosity, compassion, and unwavering commitment to this work inspired us all. He deeply embodied the values of the Life Economy, and dedicated his life to help it advance through the Indian G20 presidency. His passing during the final stages of this report has left a big void deeply felt by each of us. We are profoundly grateful for the privilege of having worked alongside him and will be guided by his spirit and contributions in our efforts going forward. Rest in peace, dear Tadas ji.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Under Brazil's G20 presidency, addressing inequality has become a central priority, recognizing its role in undermining progress toward global goals, including the Sustainable Development Goals (SDGs). Inequality, together with many economic, social, and environmental challenges we face, is deeply rooted in conventional economic models that prioritize GDP growth and wealth accumulation. These systems often exacerbate inequities, environmental degradation, and social dislocation, underscoring the urgent need for systemic solutions.

Life Economies offer a transformative approach to these challenges by re-embedding economic activities within social and ecological contexts. They align economic growth with human well-being, social equity, and ecological resilience, generating long-term societal benefits. Recognized and championed by the Indian and Brazilian G20 presidencies, Life Economies align with key G20 priorities, including fostering sustainable finance, equitable growth, and global resilience. Building on commitments such as the G20 Action Plan on the 2030 Agenda, the High-Level Principles on Lifestyles for Sustainable Development, and the High-Level Principles on Bioeconomy, they provide a practical framework for advancing G20 commitments to address interconnected global challenges.

This report lays the groundwork for understanding Life Economies and their potential to transform development worldwide. Through case studies demonstrating practical applications and actionable policy pathways, it equips G20 stakeholders with tools to leverage and scale these innovative systems to address the root causes of systemic inequalities while promoting inclusive growth and sustainable development.

Recognizing and Addressing Root Causes of Inequalities

Inequality manifests across economic, social, political, cultural, and environmental dimensions. Economic inequality, characterized by disparities in income, wealth, and access to resources, is often compounded by inadequate labor protections, concentrated corporate power, and policies that favor wealth accumulation. Social inequality, including access to healthcare, education, and social services, leaves marginalized groups in persistent cycles of disadvantage. Political and cultural inequalities further disenfranchise communities by limiting their participation in decision-making and disregarding their cultural practices. Finally, environmental inequality disproportionately impacts low-income and vulnerable populations, exposing them to greater ecological risks such as pollution and climate change.

Addressing these root causes requires holistic, integrated frameworks that prioritize equity and sustainability. Life Economies achieve this by integrating social justice, environmental sustainability, and economic equity into all aspects of economic activity. By embedding principles of distributive, procedural, and contextual equity into governance systems, they can ensure inclusivity and fairness in decision-making and resource distribution.

The Evolution of Economic Systems and the Rise of Life Economies

The emergence of Life Economies is rooted in historical economic theories that emphasized ethical and social responsibility. Reflecting Aristotle's concept of "oikonomia," or household management for the common good, Life Economies contrast sharply with conventional models that focus on wealth accumulation ("chrematistics"). In the context of Life Economies, economic activities aim to serve societal well-being, equity, and ecological sustainability, with profit as a means rather than the end goal. This paradigm shift, which offers a balanced and people-centred complement to traditional profit-centred models, is essential for addressing the root causes of today's complex global challenges.

Life Economy principles emphasize collaboration, inclusion, sustainable growth, holistic prosperity, regenerative practices, and intergenerational equity, creating economic systems where social justice and environmental stewardship are as prioritized as economic productivity.

Diverse Models of Life Economies

Life Economies encompass a diverse array of models and approaches, several of which are highlighted in this report. Each has distinctive principles and methods that contribute to the overarching goals of equitable and sustainable development while addressing specific local or national priorities:

Table 1. Some Examples of Life Economy Approaches

Approach	Emphasis
Bioeconomy	Sustainable use of biological resources.
Blue Economy	Ocean-based development.
Care Economy	Valuing unpaid and paid care work to support well-being.
Circular Economy	Eliminating waste through reuse, recycling, and resource efficiency.
Conscious Capitalism	Aligning business with social values.
Doughnut Economics	Balancing social needs within planetary boundaries.
Economy for the Common Good	Incentivizing private and public sector activities towards co-defined common good.
Green Economy	Promoting environmentally friendly practices.
Impact Economy	Balancing profit and impact by governments and private companies
Inclusive Capitalism	Ensuring prosperity for all stakeholders.
LiFE Economy	Mainstreaming sustainable consumption and production and promoting ethics and values in finance.
Regenerative Economics	Restoring ecosystems while fostering economic growth.
Social and Solidarity Economy	Emphasizing cooperation and community.
Stakeholder Capitalism	Considering diverse stakeholder interests.
Sustainable Economy	Balancing growth with ecological limits.
Ubuntu Economics	Prioritizing shared prosperity through community and interconnectedness.
Wellbeing Economy	Focusing on people's quality of life.

Source: Authors' collected data

This diversity of models reflects the adaptability of Life Economies to different contexts and needs, demonstrating their versatility and scalability.

Building Blocks of Life Economies

Firms are fundamental building blocks of an economy, creating jobs, driving innovation, and delivering goods and services that enhance quality of life. In Life Economies, purpose-driven or for-benefit enterprises—which include social enterprises, public benefit corporations, community interest companies and numerous other models—play a central role. These entities embody the principles of Life Economies at their core, prioritizing social and environmental purposes to address unmet needs, like affordable housing, green energy, and accessible healthcare.

Supported by innovations like impact investing, blended finance, integrated accounting tools, and circular economy practices, for-benefit enterprises are vital drivers of inclusive development. However, they face barriers such as limited access to capital and restrictive regulatory environments. Governments must foster an enabling ecosystem through supportive policies to unlock the full potential of for-benefit enterprises to advance Life Economies.

A Systemic Approach to Tackling Inequalities

Life Economies tackle economic inequality through fair resource distribution and innovative wealth redistribution mechanisms, such as progressive taxation and impact investments, empowering marginalized communities and creating inclusive opportunities. By integrating social objectives, Life Economies enhance access to essential services like education, healthcare, and housing, breaking the cycle of poverty and fostering greater social cohesion. They also emphasize inclusive governance and cultural diversity, ensuring that marginalized voices are represented in decision-making processes and that cultural heritage is preserved as part of development strategies.

In addition to addressing social and political dimensions, Life Economies embed environmental justice at their core by adopting regenerative practices, sustainable resource management, and renewable energy solutions. These strategies not only mitigate the impacts of climate change but also create green jobs and support vulnerable communities. Thus, by aligning economic activities with the principles of equity and sustainability, Life Economies create synergies across the full range of SDGs, offering a cohesive strategy for transformative development that leaves no one behind.

Integrating Finance with the SDGs through Life Economies

While significant progress has been made in aligning development finance with the SDGs, challenges persist, including resource constraints and conflicting objectives. Scaling Life Economies can address these gaps by redirecting investments toward sustainable and equitable practices, including decent labor standards, clean technologies, and responsible entrepreneurship. The COVID-19 pandemic and the climate crisis have further widened the financial resource gap, particularly for developing countries, underscoring the urgency of innovative and inclusive financing solutions.

Countries such as India, Brazil, South Africa, and Indonesia have made strides in implementing SDG-aligned financial instruments like green bonds, social bonds, and sustainability-linked funds. These mechanisms mobilize resources while integrating social values into environmental financing, exemplified by Egypt's Sovereign Green Bond and Malaysia's Green Sukuk. However, challenges remain, including exclusion of marginalized communities from financial markets and unintended inequalities arising from innovative financial tools.

Multilateral development finance institutions, including MDBs and the United Nations Development System, are vital in addressing socio-economic and environmental challenges. However, much of their funding has been directed toward crisis response rather than fostering long-term Life Economies. Calls for reforming global financial architecture are intensifying, advocating for expanded mandates and improved operational effectiveness to tackle systemic challenges like climate change and inequality. Balancing scaled-up multilateral finance with safeguarding its capacity for long-term goals is critical to establishing resilient Life Economies. Structural improvements, including enhanced transparency and coherence in international financial systems, are essential to addressing fragmentation and ensuring effective support for Life Economies.

Beyond GDP Measurement

Traditional metrics like GDP fail to capture the multidimensional aspects of societal progress, often overlooking well-being, social cohesion, and environmental sustainability. Life Economies emphasize the need for alternative metrics to guide decision-making and align policies with broader societal goals. Indicators like the Human Development Index (HDI), Genuine Progress Indicator (GPI), and Inclusive Wealth Index (IWI) offer a more comprehensive understanding of economic health by accounting for factors such as education, health, social equity, and natural capital. Adopting such metrics allows policymakers to evaluate economic progress in terms of quality of life and sustainability, ensuring that development benefits all segments of society and preserves the planet for future generations. These alternative measures are critical for transitioning to economic systems that prioritize equity and resilience over mere output growth.

Life Economies and Inequality in Practice: Global Case Studies

The report provides a rich selection of case studies demonstrating how Life Economies operate across diverse contexts and regions, illustrating their adaptability to address economic, social, and environmental challenges.

For example, in Rwanda, the Green Growth and Climate Resilience Strategy integrates climate-smart agriculture, which has improved food security while reducing poverty and enhancing environmental sustainability. Similarly, South Africa's Working for Water program combines ecosystem restoration with employment generation by hiring marginalized individuals to remove invasive species, addressing both water scarcity and inequality.

In Asia, India has embraced circular economy principles through the G20 Sustainable Finance Working Group, promoting sustainable consumption and production practices. Additionally, Malaysia's MAGIC program has empowered social enterprises across ASEAN, fostering inclusive economic growth.

In Latin America, Colombia's legal framework for Collective Interest and Benefit Companies has supported the growth of purpose-driven enterprises that integrate social and environmental goals into their operations. These enterprises address systemic challenges such as poverty and inequality while fostering sustainable development.

In Europe, the island of Samsø in Denmark has achieved energy self-sufficiency through community-owned renewable energy projects. By involving local residents in ownership and decision-making, Samsø showcases the power of local governance in promoting sustainability. Meanwhile, Italy's Emilia-Romagna region is recognized for its cooperative business model, which aligns circular economy practices with social inclusion and democratic participation.

These diverse examples highlight the adaptability of Life Economies in fostering innovative solutions tailored to local contexts. They demonstrate how these economies address interconnected challenges, promoting equity, sustainability, and resilience across regions.

Policies for Growing and Leveraging Life Economies

Implementing Life Economies requires harnessing the collective strengths of all sectors, to accelerate their growth and create enabling conditions for their success.

The following policy pathways, derived from the research and case studies in this report, offer an initial framework for advancing Life Economies. While these pathways provide valuable insights and actionable steps, they are not yet comprehensive or fully strategic.

1. **Governance Reform and Development Priorities:** Establishment of regulatory frameworks and structures that prioritize inclusivity, equity, and sustainability is pivotal. Life Economy principles should be embedded into local, national, and global governance frameworks. Integrating these principles into G20 structures, such as the Development Working Group and Finance Track, will enhance coherence and impact.
2. **Capacity Building and Knowledge Sharing:** Strengthening institutional capacities of stakeholders is essential to enabling Life Economies. Educational programs and training initiatives must equip policymakers, businesses, and communities with the knowledge and skills necessary to design, implement, and sustain Life Economy policies. Facilitating the exchange of best practices and fostering international collaborations through participatory approaches can accelerate learning and innovation, enabling the widespread adoption of Life Economy principles across diverse contexts.
3. **Enabling Environments and Regulatory Frameworks:** Robust legal frameworks and regulatory measures provide legitimacy and facilitate access to resources like grants, subsidies, and public procurement. Tailored tools such as tax incentives and accreditation schemes can support Life Economies by promoting fairness and fostering collaborations to scale impact. Integrating for-benefit enterprises into national development strategies, supported by public procurement policies and capacity-building initiatives, enhances innovation and sustainability. Regulatory measures like Social Stock Exchanges and credit guarantee funds expand capital access while ensuring measurable social and environmental outcomes.
4. **Financing:** Innovative financing mechanisms are central to advancing Life Economies. Blended finance, impact investing, and other tools must be aligned with the goals of sustainability and inclusivity. Governments and financial institutions should incentivize public and private investments in key sectors such as renewable energy, healthcare, and education. Expanding access to green and impact financing, especially in developing countries, is essential. Instruments like green bonds and social impact bonds can align international financial flows with the SDGs.
5. **Economic Inclusion and Community Empowerment:** Economic inclusion is vital to reducing inequalities and fostering equitable growth within Life Economies. Policies should ensure fair access to resources, services, and opportunities for all, especially marginalized

and underserved communities, prioritizing essential services such as healthcare, education, and housing. Workforce development programs targeting marginalized groups will further enhance inclusion. Empowering local stakeholders through participatory decision-making processes and community-driven initiatives is essential to building resilient and inclusive economic systems that reflect the needs and aspirations of all citizens.

6. **Collaboration and Coordination:** Strengthened collaboration and coordination among G20 members and global institutions are necessary for scaling Life Economy initiatives and aligning them with global development strategies. Highlighting synergies with previous G20 commitments will ensure continuity and coherence. Fostering partnerships across the public, private, social, and fourth sectors can address systemic challenges while promoting innovation and shared solutions.

Developing robust policy recommendations for the G20 will require a deeper phase of research and collaboration. Future efforts will build on this foundational work by conducting baseline studies of Life Economies across diverse national contexts, identifying existing models and their enabling policies and ecosystems, and engaging stakeholders across sectors. These efforts should produce a holistic, evidence-based policy blueprint to guide G20 nations in fostering sustainable, inclusive, and equitable economic systems.

Conclusion and Call to Action

Life Economies represent a transformative paradigm capable of addressing the root causes of multidimensional inequalities, climate change, and systemic challenges that hinder global progress toward the SDGs. They offer a flexible and adaptive framework that evolves in response to emerging challenges while maintaining a core commitment to societal well-being and ecological resilience. This report establishes a foundation for understanding and advancing Life Economies, presenting actionable pathways to foster their growth and integration into global economic systems.

Case studies in the report illustrate the potential for economies and societies to thrive when guided by the principles of Life Economies. These principles align closely with G20 objectives, providing a practical and systemic framework for operationalizing commitments to the 2030 Agenda and creating opportunities for sustainable finance, equitable growth, and climate resilience. Immediate actions must include embedding Life Economy strategies into G20 structures, such as the Development Working Group and Finance Track, while setting measurable targets and fostering cross-sector collaboration to ensure alignment with broader global efforts. Highlighting synergies with past G20 commitments will ensure continuity and coherence, enabling Life Economies to seamlessly integrate into broader global initiatives

The report emphasizes the importance of conducting baseline studies to map Life Economies across diverse national contexts, identifying enabling conditions and successful models. Stakeholder consultations and cross-sector dialogues are critical to refining methodologies and fostering collaboration among policymakers, experts, and communities. These efforts will culminate in a comprehensive, evidence-based policy blueprint tailored to diverse governance systems, guiding G20 members in building inclusive, equitable, and sustainable development strategies.

As G20 members embrace Life Economies, they can lead the global transition toward a future where human and planetary well-being are at the heart of economic development. Embedding these systems into national and global initiatives will create tangible benefits, including job creation, climate resilience, and enhanced international standing. Countries pioneering this transformative approach will be viewed as leaders in sustainability, shaping their global influence while advancing the SDGs. Ensuring the integration of public investment with innovative financial tools will further solidify the role of Life Economies in achieving equitable development.

This vision requires bold leadership and international cooperation. Through the collective will and action of its members, the G20 can position Life Economies as a cornerstone of global development, ensuring no one is left behind in the pursuit of a thriving and prosperous future.

1. Introduction

The world is facing unprecedented challenges, and with only six years left to achieve the Sustainable Development Goals, the progress is significantly behind what is needed. Action must accelerate urgently, especially in the most critical areas undermining SDG progress— inequalities both within and among countries, climate change, and peace and security (United Nations, 2024). The lack of progress in reducing inequality is especially concerning, as it lies at the heart of numerous crises, including climate change, poverty, hunger, and polarized politics that threaten democracy and good governance[1].

These crises expose the limitations of traditional economic models that prioritize profit maximization and GDP growth at the expense of equity, social inclusion, and ecological health. A transformative approach is urgently needed to realign development efforts toward a more sustainable and inclusive future.

As recognized by the G20, Life Economies represent a new development paradigm that prioritizes human well-being, social equity, and environmental sustainability. Unlike conventional models, which often exacerbate disparities, Life Economies integrate economic, social, and ecological goals, fostering cooperation, sustainability, and community empowerment. They emphasize long-term value creation and sustainable growth, ensuring that economic activities contribute to societal well-being while protecting the planet.

This report explores how advancing Life Economies can address the root causes of inequality while advancing the SDGs holistically. It begins by examining the multiple dimensions of inequality—economic, social, political, cultural, and environmental—and their underlying causes. Life Economies is then introduced as a new development framework, highlighting their principles and how they differ from traditional economic systems. The analysis uses empirical cases of Life Economies to demonstrate how they can address these inequalities at scale while advancing all SDGs, with a focus on SDG 10 (reduced inequality). Given the importance of G20 countries in shaping the nature of global economic growth and development, the report focuses on cases from G20 countries, while also drawing relevant lessons from beyond the G20. Finally, the report provides policy pathways for enabling Life Economies through supportive governance, regulation, innovative financing, and cross-sector collaboration.

The adoption of Life Economies is essential to creating sustainable and resilient societies that leave no one behind. With the G20 countries playing a central role in shaping global economic policies, their leadership in promoting Life Economies can catalyse sustainable development worldwide. This paper aims to provide policymakers, international organizations, and stakeholders with actionable insights to foster Life Economies and accelerate progress on the SDGs, building a more inclusive, equitable, and sustainable future for all.

Credit: Getty images

[1] The inequality escalation is not a universal phenomenon. There have been some successful developing country cases of inequality reduction combined with rising per capita income. Although the level of inequality is still high in some cases, several countries have reduced income inequality with varying degrees. They include but are not limited to: Bolivia, Dominican Republic, El Salvador, Paraguay, Peru, Uruguay, Guatemala, Mexico, Honduras, Rwanda, Guinea, Mauritania, India, Thailand, and Malaysia. (Simson 2018; IMF 2022; Poverty and Inequality Platform of the World Bank, 2022)

2. Root Causes of Inequalities

The world has been witnessing rising inequality in multiple dimensions over the last four decades, largely due to negative consequences of our mainstream economic systems, such as wealth concentration, financial instability, environmental degradation, weak labour protections, social fragmentation, limited access to essential goods and services, weakened democratic processes, and cultural homogenization. Recognizing inequality as a systemic-multidimensional issue is essential, as it permeates all areas of life and development, posing a persistent barrier to achieving the SDGs.

The Systemic, Multidimensional Nature of Inequality

Inequality is a complex and multidimensional issue that extends beyond mere economic disparities to include differences in access to opportunities, resources, and outcomes across various aspects of life, including:

- **Economic inequality** - disparities in income, wealth, and financial stability.
- **Social inequality** - differences in access to education, healthcare, and social protection.
- **Political inequality** - variances in the ability to influence public decisions and policies.
- **Cultural inequality** - inequities in the recognition and respect for diverse cultural identities and practices.
- **Environmental inequality –** disproportionate exposure to environmental risks and unequal access to natural resources.

The Sustainable Development Goals (SDGs) tackle inequalities through a combination of direct and indirect strategies across multiple goals. Specifically, SDG 10 explicitly aims to reduce inequality within and among countries by promoting income growth for the lower percentiles, ensuring social, economic, and political inclusion, and facilitating safe and responsible migration policies. Other SDGs indirectly address inequality by enhancing access to quality education (SDG 4), ensuring gender equality (SDG 5), and promoting decent work (SDG 8). Inequality in the economic and social sector can be further addressed through responsible consumption and production (SDG 12), that is embedded in resource efficiency and circularity, and securing resources for future generations. Additionally, goals like SDG 1, SDG 2, and SDG 3 strive to eradicate poverty and hunger, and improve health and well-being, which can effectively reduce social and economic disparities.

Furthermore, inequality is a pervasive issue that cuts across multiple SDGs beyond these direct and indirect strategies, reflecting its systemic nature and the interconnectedness of social, economic, and environmental challenges. For instance, economic disparities often lead to unequal access to healthcare and education, perpetuating cycles of poverty and limiting social mobility. Similarly, environmental inequalities impact marginalized communities disproportionately, exacerbating socio-economic disparities through poorer health outcomes and limited economic opportunities. This cross-cutting impact means tackling inequality requires systemic solutions. This entails integrating policies that promote equity and inclusion across all sectors, ensuring that interventions in multiple areas such as education, health, economic development, and environmental sustainability are designed to lift up the most vulnerable and marginalized groups. This holistic approach is essential to achieving not just one, but all of the SDGs, highlighting the necessity of tackling root causes rather than isolated symptoms of inequality.

Economic Systems at the Root of Inequalities

Over the past four decades, inequality has increased across multiple dimensions. Prevailing economic systems have often prioritized wealth accumulation and GDP growth over equitable distribution of opportunities, resources, and environmental sustainability. This focus has not only failed to overcome existing disparities but has also exacerbated them in various ways, including:

- **Wealth concentration** – Some economic systems tend to concentrate wealth among a small segment of the population through mechanisms like capital gains, inheritance, and ownership of appreciating assets. The gap between those who accumulate wealth and those without access to capital creates significant disparities, widening the divide between rich and poor.

- **Labour exploitation** – Labour markets in many economies are structured in ways that often exploit workers, particularly in low-wage or unregulated sectors. Limited bargaining power, in some cases weak unions, and minimal labour protections result in poor wages and working conditions, deepening economic and social inequalities.
- **Unequal access to resources** – Extractive economic systems often grant privileged access to essential resources—such as land, water, and capital—to certain groups due to historical, political, and social factors, thereby preventing equitable development.
- **Environmental degradation** – Economic activities that prioritize extraction and profit over sustainability deplete natural resources and disproportionately harm marginalized communities, leading to environmental inequality and socio-economic divides.
- **Inadequate redistribution mechanisms** – Tax systems, social protection policies, and public expenditures often fail to adequately address inequality, or may even exacerbate it. Without progressive frameworks to redistribute wealth effectively, inequalities persist and widen, as wealth and opportunities remain concentrated among a few.
- **Imbalanced globalization and market dynamics** – Globalization, while fostering growth and furthering development in many regions, has disproportionately benefited wealthier nations and corporations, giving them outsized influence over international economic policies and practices. This imbalance disadvantages developing countries, limiting their ability to capitalize on their resources and labour.
- **Reduced access to essential goods and services** – The structure of many economic systems results in restricted access to essential goods and services—such as healthcare, education, housing, and clean water—by making them unaffordable or inaccessible, exacerbating social inequality and poverty.
- **Financial instability** – Unregulated financial markets and speculative investments can contribute to economic volatility, disproportionately impacting low-income populations. Financial crises often worsen inequality as marginalized groups lack the resources to recover quickly.
- **Undermined democratic processes** – Concentration of wealth often translates into political influence, which in turn is undermining democratic governance. Corporate interests shape policies, leaving marginalized communities underrepresented and exacerbating political inequality.
- **Cultural homogenization** – Global market dynamics and mass consumerism can erode local cultures and traditions, replacing them with dominant cultural norms. This diminishes cultural diversity, disempowers communities, and fosters social fragmentation.

3. Evolution of Economies

Policy stakeholders are increasingly aware that reducing multi-dimensional inequalities requires transforming the structures that systematically produce and shape these disparities. They are beginning to acknowledge new economic models that can effectively reshape economic structure and behaviour to promote both human well-being and planetary health. These emerging models embrace a more holistic understanding of "economy," broadening its meaning to reflect a comprehensive approach to sustainable development. The meaning of the word "economy" has evolved from its ancient Greek origin of "oikonomia" (οἰκονομία) in Aristotle's time to how it is commonly understood in modern times, reflecting different emphasis on its purpose and functions. Oikonomia, literally meaning management or administration of household, refers to the activities which address fundamental aspects of life. This was closely tied to Aristotle's concept of living a good and virtuous life, which referred to all the economic activities that ensure the well-being and virtuous living of all the members in society. Oikonomia is not merely a technical activity but also moral and ethical activity, since good management of a household requires not only the skills but more importantly the virtues of family members such as prudence, justice, and temperance (Meikle, 1995). In a nutshell, Oikonomia, a concept of economy influencing our world since the era of Aristotle, is a broader ethical framework for an economic system aimed at the good life (eudaimonia) (Aristotle, 1998; 1999). In contrast to oikonomia, he called the activities related to acquisition of wealth and money-making "chrematistics" (χρηματιστική), which requires a different skill set.

Over time, diverse understandings of economy shaped largely by these two concepts, oikonomia and chrematistics, have been gradually narrowed down to the technical aspect of economy, i.e. chrematistics, which Karl Polanyi described with a concept of "dis-embedded economies" (Polanyi, 1944).

According to Polanyi, in traditional or pre-modern societies, the economy was "embedded" in social, political, and cultural institutions. Economic activities such as production, exchange and distribution were governed by social norms, religious practices, and community needs, and intertwined with social relations and moral obligations. And they served broader social purposes rather than a profit purpose.

From the 19th century when market capitalism became dominant, he argued, the economy became "dis-embedded" from these social and cultural contexts and started to be governed primarily by the forces of the market, where profit maximization and price mechanisms dictate values, mindset and behaviour of individuals, largely independent of social relationships, moral, and environmental considerations. Thus, the economy became a separate autonomous sphere that dominates our lives (Polanyi, 1944).

This trend of dis-embedding economy from social, political, cultural and environmental contexts has been observed in different places and times. In most cases, these dis-embedded economies have resulted in a range of social, environmental and political problems such as increasing inequality, environmental degradation, breakdown of community ties, and concentration of political power in the hands of a few. As the dis-embedded economy continuously prioritizes expansion of economic outputs while neglecting or undermining the social and environmental foundations necessary for long-term sustainability and well-being, economic growth began to diverge from improvements in societal well-being and environmental health.

More recently, however, there has been an emerging movement to address the problems of dis-embedded economies — resulting from a range of innovative efforts to re-embed the economy into ethical, political, social, cultural and environmental contexts essential for living a good and virtuous life, prioritising human well-being and ecological balance over profit-driven market logic (Polanyie, 1944; Burawoy, 1985; Fraser, 2003; Wright, 2010; Streeck, 2014; Block and Somers, 2014).

For several decades, we have been witnessing the growth of a range of new economic approaches and models across the world. They are driven by initiatives, movements and organizations that aim to address global and local challenges, including multiple types of inequalities, through their networks, partnerships, and alliances at all levels. While they may differ in form, they share a common goal: to support human well-being and move beyond merely meeting basic needs and striving instead to create a fulfilling life in harmony with nature; that is, sustainable human development (International Science Council, 2024).

The next section explains Life Economies in detail, followed by empirical cases from across the world which have contributed to achieving the SDGs, in particular SDG 10 (reduce inequality).

4. Scope of Life Economies

As universally recognized through the adoption of the UN Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda on Financing for Development, and the Paris Agreement on Climate Change, the need for a new economic paradigm—one that transcends traditional profit-centred models—is more pressing than ever.

The G20 has laid a foundation for advancing such a paradigm through key commitments that integrate economic, social, and environmental priorities. The G20 Action Plan on the 2030 Agenda (2016, updated in 2023) reinforces commitment to sustainable finance, inclusivity, and resilience, particularly in the wake of global challenges such as the COVID-19 pandemic, climate change, and deepening economic and social inequalities. Its focus on scaling up affordable, long-term financing—especially for developing countries—and promoting green recovery and health infrastructure is closely aligned with the goals of Life Economies, that prioritize both human and ecological well-being.

Earlier G20 declarations further underscore the G20's recognition of the need for sustainable economic models. The Osaka Leaders' Declaration (2019) focused on advancing the Paris Agreement and integrating sustainability into global development, while the Rome Leaders' Declaration (2021) addressed the need for resilient, sustainable economies in a post-pandemic world. These commitments demonstrate the G20's growing acknowledgment of the importance of embedding social and environmental goals into economic planning, consistent with the principles of Life Economies.

In addition, the G20 Sustainable Finance Working Group (SFWG) has been instrumental in advancing the integration of environmental, social, and governance (ESG) factors into global financial systems. This framework aligns with the Life Economy's objective of fostering long-term, sustainable growth that benefits both people and the planet. And most recently, the New Delhi Leaders' Declaration (2023) featured the G20 High-Level Principles on Lifestyles for Sustainable Development which aim to integrate the development and climate agendas, underscoring the role of sustainable consumption and production in promoting ecological balance and well-being and reflecting a growing awareness that the choices made by individuals, businesses, and governments directly impact societal well-being and planetary sustainability.

Together, these commitments and initiatives provide a strong foundation and robust framework for the G20's recognition and advancement of Life Economies as a transformative economic model for development. Life Economies represent a shift from focusing solely on economic growth to fostering development that enhances both human well-being and planetary health. By aligning production, consumption, finance, employment, and other economic activities with social and environmental objectives, they aim to deliver inclusive and sustainable development. This approach promotes equity between current and future generations while also protecting the natural environment and nurturing biodiversity.

At their core, Life Economies seek to transform economic relationships, activities, and organizations to align with principles of environmental stewardship and social justice. The goal is to promote a regenerative and inclusive approach to development that drives progress on the SDGs while preventing setbacks. Effective implementation of a Life Economy encourages shifts in values, mindsets, and behaviours among individuals, businesses, investors, and governance institutions.

Life Economies encompass a wide variety of entities, actors, activities, relationships, organizations, policies, and laws that regulate and drive sustainable, inclusive, and equitable economic systems. The re-emergence of Social and Solidarity Economy (SSE) organizations over recent decades is an example of the paradigm shift toward Life Economies. SSE entities, such as cooperatives, mutual societies, associations, foundations, and social enterprises, prioritize social, environmental, and community objectives over profit. These organizations operate based on values like solidarity, cooperation, democratic governance, and inclusivity (United Nations General Assembly, 2023). Table 1 lists some examples of Life Economy approaches found across different countries, which are either existing models, conceptual frameworks or both.

Table 1. Some Examples of Life Economy Approaches

Approach	Emphasis
Bioeconomy	Sustainable use of biological resources.
Blue Economy	Ocean-based development.
Care Economy	Valuing unpaid and paid care work to support well-being.
Circular Economy	Eliminating waste through reuse, recycling, and resource efficiency.
Conscious Capitalism	Aligning business with social values.
Doughnut Economics	Balancing social needs within planetary boundaries.
Economy for the Common Good	Incentivizing private and public sector activities towards co-defined common good.
Green Economy	Promoting environmentally friendly practices.
Impact Economy	Balancing profit and impact by governments and private companies
Inclusive Capitalism	Ensuring prosperity for all stakeholders.
LiFE Economy	Mainstreaming sustainable consumption and production and promoting ethics and values in finance.
Regenerative Economics	Restoring ecosystems while fostering economic growth.
Social and Solidarity Economy	Emphasizing cooperation and community.
Stakeholder Capitalism	Considering diverse stakeholder interests.
Sustainable Economy	Balancing growth with ecological limits.
Ubuntu Economics	Prioritizing shared prosperity through community and interconnectedness.
Wellbeing Economy	Focusing on people's quality of life.

Source: Authors' collected data

Life Economies, in their plural form, acknowledge the diversity of economic systems across countries, regions, cultures, and communities, each shaped by unique values and principles aimed at meeting societal needs in an inclusive, solidaristic, and sustainable way. These economies rely on varied mechanisms of production, distribution, and consumption, influencing lives differently across contexts (Hart, Laville and Cattani, 2010). This concept of plurality is linked to a broader understanding of global economic pluralism, where distinct yet interconnected systems contribute to the global economy based on the principles of inclusivity, solidarity, and sustainability. Recognizing that these systems are shaped by specific geographical, historical, and cultural and political economic contexts, Life Economies emphasize the need for solutions tailored to fit each unique situation, as what works in one region may not necessarily apply elsewhere.

Life Economies aim to recouple economic growth with societal well-being and planetary health in a sustainable manner. Unlike mainstream economics, which often focuses on material wealth and GDP per capita, Life Economies redefine growth to prioritize the well-being of people, ecological balance, social cohesion, and quality of life. They put long-term benefits ahead of short-term profits and facilitate the transformation of economic values, mindsets, and behaviour of people to address complex social and environmental challenges (Raworth, 2017; Jackson, 2017).

Life Economies have distinctive understandings about key aspects of economic relationships and activities that contrast with those of mainstream economics:

- **Sustainable Growth**: Life Economies prioritize ecological balance and intergenerational equity over the pursuit of infinite economic growth.
- **Holistic Measures of Prosperity**: They redefine prosperity beyond GDP to include well-being, social cohesion, and quality of life, emphasizing factors like health, education, and community resilience in determining societal progress.
- **Regenerative Practices**: Life Economies focus on practices that restore and replenish natural resources, reduce waste, and promote biodiversity, such as rethinking production methods, land use patterns, and resource management strategies to ensure long-term environmental sustainability.

- **Equity and Social Justice**: They emphasize reducing inequalities and ensuring fair distribution of resources and opportunities, addressing systemic barriers to access, advocating for inclusive policies, and empowering marginalized communities to participate in all levels of decision-making processes.
- **Community and Solidarity**: Unlike individualistic approaches in traditional economics, Life Economies value cooperation, solidarity, and collective responsibility toward shared challenges.
- **Long-Term Thinking**: Rather than short-term gains and immediate returns on investment, Life Economies prioritize long-term impacts and sustainable investments, planning for resilience and safeguarding the well-being of future generations.

A key feature of Life Economies is their ability to create synergies and complementarities with other economic systems. Emerging as innovative models that stand in contrast to traditional economic systems, Life Economies do not simply oppose these systems but exist in a dynamic tension that fosters mutual development. This tension encourages Life Economies to seek opportunities for synthesis and cooperation with existing economic models. Rather than outright rejecting other systems, Life Economies embody the concept of "coincidentia oppositorum" (unity of opposites), where contrasting elements contribute to a higher order of integration (Bertalanffy, 1972).

Life Economies often prioritize cooperation because they share common social and environmental goals. This emphasis on collaboration helps create synergies and complementarities that enhance their overall impact. In many Life Economy approaches, values like social inclusion and cohesion form the foundation of economic relations and activities, driving more integrated and effective solutions that deliver greater benefits to communities.

Rather than favouring one over the other, Life Economies promote a balanced approach that integrates both state and market involvement, rejecting the extremes of laissez-faire economics and state-centric models. They also recognize that true societal and environmental well-being requires empowering people to actively engage in shaping their society. Life Economies emphasize a people-centred approach, understanding that purely technical solutions—like renewable energy initiatives—can have unintended negative consequences, such as the displacement of people from their land caused by wind or solar projects. Without a people-centred approach, Life Economies recognize that the truly inclusive well-being of society and the sustainable health of the planet cannot be realized.

Life Economies ultimately represent a transformative vision for economic development. They redefine growth by emphasizing sustainability, inclusivity, and equity as core principles, aiming to create a world where societal well-being, ecological health, and economic progress are intertwined and mutually reinforcing.

Building Blocks of Life Economies

Firms are the building blocks of the economy. They create jobs, provide goods and services that enhance quality of life, fuel innovation, and generate the taxes and philanthropic capital that finance governments and philanthropy. Thus, a Life Economy that fosters truly sustainable and inclusive development must be comprised of firms that deliver such outcomes. There is a widespread conviction that the social and ecological goals enshrined in the SDGs can only be achieved with the engagement of the private sector, which creates nine out of ten jobs even in poor countries (IFC, 2013). Yet, today most businesses are designed first and foremost to maximize financial returns, often generating harmful social and environmental externalities that hamper, or even reverse, progress on the SDGs.

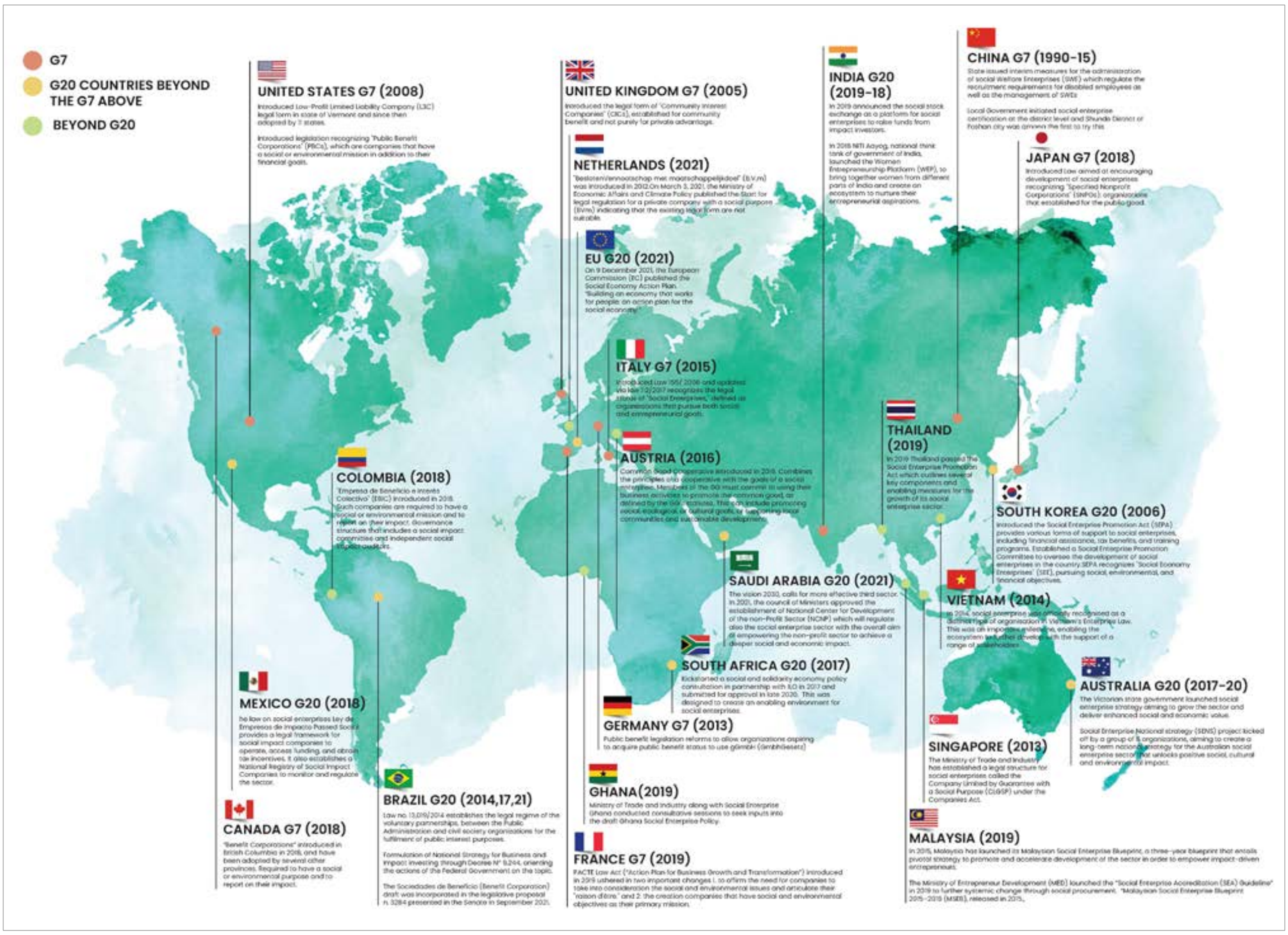
Over the past few decades, however, new models of enterprise have emerged, dedicated primarily to social and environmental objectives. Broadly referred to as "purpose-driven" or "for-benefit" enterprises, these include social enterprises, sustainable businesses, cooperatives, public benefit corporations, community development banks, community interest companies, and numerous other models. In their pursuit of serving the common good, they have been supported by innovations in public policy, sustainable finance, sustainable production and consumption, impact measurement, and responsible management. Impact investing, well-being measurement, new corporate forms, circular economy, ESG, venture philanthropy, and blended finance are examples of innovations supporting the shift to for-benefit business (Sabeti, 2011; British Academy, 2020).

These types of enterprises and the ecosystem innovations that support them are at the core of the Life Economies. Every year, millions of for-benefit enterprises are launched around the world aiming to deliver healthy food, accessible healthcare, affordable housing, quality education, environment friendly transportation, green energy, digital access, social services, water and sanitation, financial services, and more to billions of consumers eager to make choices aligned with their values. They offer quality jobs, pay taxes, make investments, and create innovative new products and services in areas often ignored or under-prioritized by traditional markets.

Major challenges to the growth of these enterprises remain, however, as they are often restricted by the current dichotomy of for-profit businesses and non-profit organizations and the ‘either-or’ mindsets of governments, investors, and other stakeholders. This affects their legal registration, ability to raise capital, access to government programs, ability to uphold their mission and values, and more. Unleashing the Life Economy’s potential requires building an enabling environment for for-benefit enterprises, with conducive government policies, supportive financial mechanisms, uniform reporting standards, and other measures that level the playing field for these enterprises. (Fourth Sector Group, et al., 2020).

There are encouraging global developments already taking shape, with every member of the G20 having instituted some form of domestic legal framework that facilitates for-benefit enterprises, along with many other countries, including Colombia, Ethiopia, Ghana, Malaysia, the Philippines, Singapore, and Sri Lanka.

Figure 1. Examples of Legal Frameworks Enabling For-Benefit Enterprises



Source: Authors’ collected data

Box 1: Summary of Policy Tools to Enable For-Benefit Organizations

A World Bank Study of policy frameworks for supporting social enterprises across 30 countries identified key institutions, policies, financing mechanisms, capacity building initiatives and information networks. The following is a catalogue of policy tools they identified which various governments have developed to create an enabling environment for the social enterprise sector:

Policy and Regulation

- **Tax incentives:** Benefits investors via income tax bill by a percentage of investment, deferring tax charge if the profits are invested in the SE. After some years investor can sell or give away Social Investment Tax Relief (SITR) qualifying investments, that have increased in value without paying capital gains tax. Example: UK
- **Accreditation schemes:** Certification allows recognition of potential organizations that can receive benefits such as priority in public procurement, tax reduction, social insurance premium and financial assistance. Example: South Korea
- **Public procurement preference:** A demand side tool within the government to increase demand for services offered by for-benefit organizations. Government also acts as a lead user of new technologies and hence can be viewed as an instrument to spur innovation through its preference to social enterprises. Example: UK
- **Legal forms and recognition:** Governments recognize social enterprise as an entity and create special legal forms such as benefit corporations, social enterprises, and cooperatives among others. Recognition as a policy tool indicates the government's acknowledgement of the impact of purpose driven businesses through specially crafted acts and laws. Examples include: USA, UK, South Korea, Italy

Capacity Development and Human Capital

- **Training for public servants:** Training courses encourage civil servants to talk to their communities and local service providers to design better services. Examples include: South Korea, Egypt
- **Business support:** Developing useful commercial skills among for-benefits to enhance their capabilities. Example: UK

Information and Networks

- **Data and research:** Research studies, surveys and open consultations with for-benefit organizations and civil society are mechanisms to obtain information and evidence. Examples include: Canada, South Korea, UK
- **Developing partnerships:** Partnerships are mechanisms to jointly implement projects or initiatives or memorandums of understanding. Examples include: USA, UK
- **Awareness campaigns:** Prizes, challenges and competitions among businesses, communities, and individuals are sometimes used as tools to achieve defined goals in a defined time frame. Examples include: USA, UK, Thailand
- **Incubators and accelerators:** Government funded incubators provide services to startups in early stages without asking for any equity in return. Accelerators are time bound programs providing a small amount of seed investment and a mentor network in exchange for a small equity stake. Examples include: UK, South Korea

Financing Solutions

- **Loans:** Government backed loans to businesses that create social or environmental businesses that expand the base of the social economy. Examples include: UK, South Korea
- **Grants:** Financial awards given by grantees selected from open competitions and winners provide periodic progress reports. Examples include: Chile, UK, USA
- **End user subsidies:** Certificates of government funding that users can employ to cover welfare services fully or partially. In some cases, the certificates can be used to reimburse expenses. They may come in the form of cash transfers, vouchers, or free products among others. Example: South Korea
- **Guarantee funds:** Credit guarantee services facilitate the financing of for-benefit organizations by providing guarantees to banks and financial institutions in the event of default. It involves three parties, the guarantor, the debtor, and the creditor. Often used to stimulate the supply of loans in innovative or unproven markets. Examples include: Italy, South Korea, India
- **Social impact bonds:** A social impact bond (SIB) is a contract with the public sector or governing authority, whereby it pays for better social outcomes in certain areas and passes on part of the savings achieved to investors. A social impact bond is not a bond, per se, since repayment and return on investment (ROI) are contingent upon the achievement of desired social outcomes. Examples include: UK, USA, Singapore
- **Social Stock exchange:** A platform to bring together social organizations and impact investors, especially institutional investors, so the latter can buy a stake in the form of bonds from listed organizations whose mission is aligned with the investor's interest. Examples include: India, UK, Singapore, South Africa, Jamaica

Source: Adapted from World Bank Study on Comparative Policy Frameworks. 2017.

Box 2. Building an Entrepreneurial Ecosystem for Purpose-Driven Companies

Latin America and the Caribbean (LAC) have witnessed the emergence of companies seeking triple impact—economic, social, and environmental. These purpose-driven companies include social enterprises, B Corporations, and other entities that comprise the fourth sector of the economy, which integrates social and environmental purposes alongside profitability.

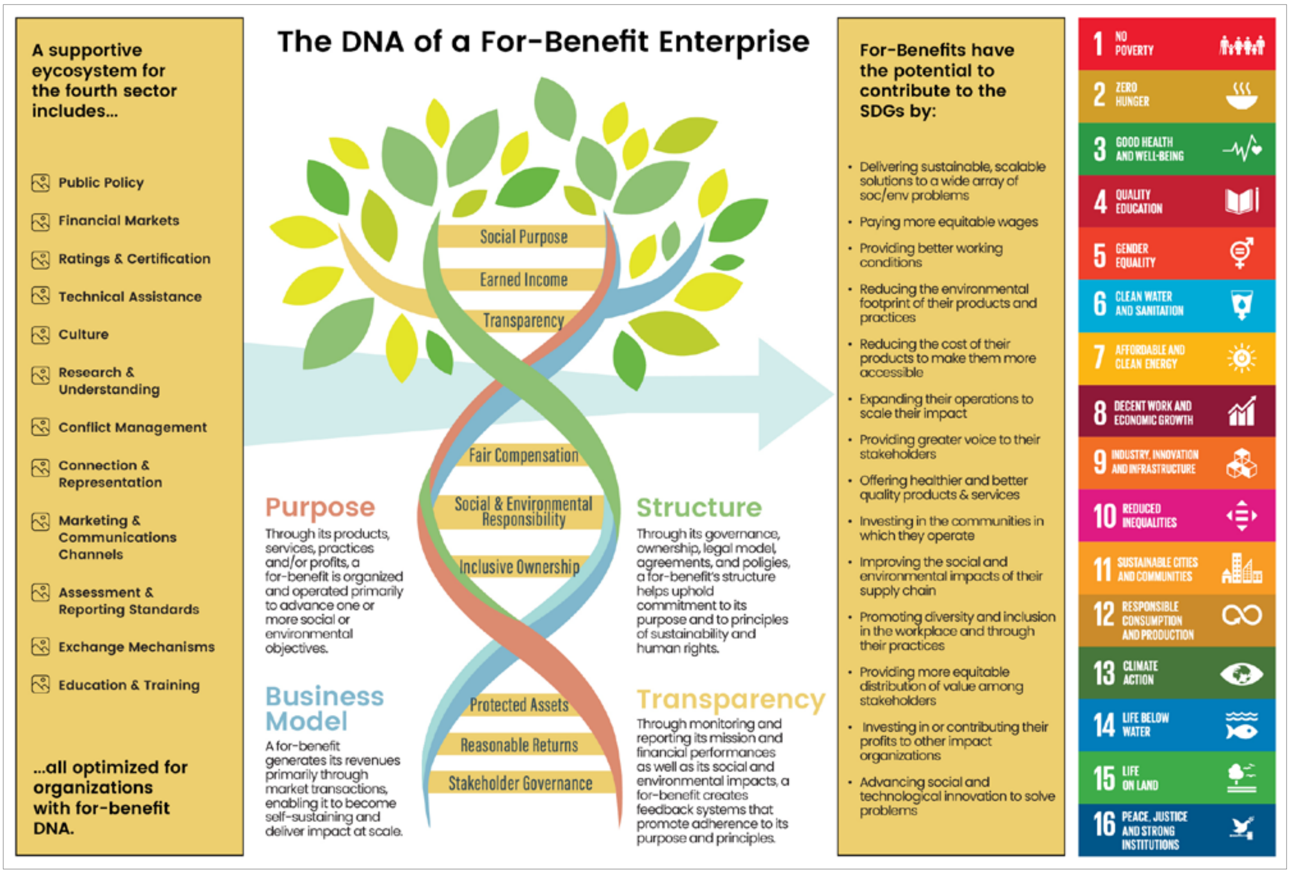
Many businesses, driven by sustainability principles, have sought to address systemic challenges like poverty and environmental exploitation while contributing to local economies. To enable the scaling of these companies, governments in the region have started implementing public policies that foster an entrepreneurial ecosystem. Countries such as Colombia, Ecuador, and Peru have already enacted laws to support Collective Interest and Benefit Companies (CIB), a model that integrates social and environmental objectives into business operations. On-going legislative projects in Argentina, Chile, Uruguay, and Brazil also aim to establish a legal framework for these companies.

Governments have introduced tax incentives, such as deductions for expenses related to social and environmental purposes, and public procurement policies that prioritize companies with proven social impact. Furthermore, access to sustainable public procurement systems is emphasized as a tool to promote purpose-driven companies, ensuring their participation in government contracts, which represent a significant portion of GDP in many LAC countries.

The cases of Latin American and Caribbean countries show an integrated cross-sector approach to create more sustainable and inclusive Life Economies. This synergy aims to build a robust ecosystem where purpose-driven companies can thrive, contributing to the achievement of Sustainable Development Goals (SDGs).

Source: UNDP Latin America and the Caribbean, IDRC, and Secretaria General Iberoamericana. 2021.

Figure 2. Contributions of For-Benefit Enterprises to the SDGs



Source: Fourth Sector Group

5. A Systemic Approach to Tackling Inequalities and Advancing Sustainable Development

Life Economies offer a comprehensive strategic framework for countries seeking to address the multiple dimensions of inequality while simultaneously advancing sustainable development. In contrast to traditional economic models that often exacerbate disparities and environmental degradation, Life Economies prioritize social well-being, equity, and ecological sustainability. By integrating these principles into all aspects of economic activity, Life Economies provide a path to achieving the SDGs while tackling the root causes of inequality across economic, social, political, cultural, and environmental dimensions.

Economic Inequality: Redistributing Resources and Opportunities

A core feature of Life Economies is their focus on fair distribution of resources and opportunities, helping to dismantle the systemic barriers that contribute to economic inequality. They prioritize equitable access to capital, land, and essential services, particularly for marginalized and vulnerable groups, in contrast to traditional economies which often concentrate wealth, perpetuating cycles of poverty and limiting upward mobility.

By fostering inclusive economic growth through for-benefit enterprises, cooperatives, and community-driven initiatives, Life Economies create jobs, improve financial inclusion, and promote fair wages. These economic activities are designed to empower local communities, particularly those that have historically been excluded from economic progress, such as women, rural populations, and minority groups. Life Economies thus help reduce income disparities, bridge wealth gaps, and promote sustainable livelihoods that contribute to long-term economic stability.

Furthermore, Life Economies introduce innovative approaches to wealth redistribution, such as progressive taxation and impact investment that directly support inclusive growth and the equitable distribution of resources. This ensures that economic gains are shared more broadly across society, rather than accumulating among an advantaged few.

Social Inequality: Expanding Access to Essential Services

Life Economies are inherently focused on enhancing human well-being by ensuring that all individuals, regardless of background or status, have access to essential services such as education, healthcare, housing, and clean water. By integrating social objectives into economic planning, Life Economies directly address the root causes of social inequality, ensuring that marginalized groups are not left behind.

In practice, Life Economies promote community-based healthcare systems, inclusive education models, and affordable housing projects. These initiatives are driven by the understanding that access to these basic services is fundamental to breaking the cycle of poverty and inequality. By ensuring universal access to quality services, Life Economies contribute to improved health outcomes, enhanced educational attainment, and greater social mobility, all of which are critical for sustainable development.

Moreover, by prioritizing investments in public goods and services, Life Economies foster social cohesion and build resilient communities. This holistic approach can not only address immediate social needs but also strengthen the social fabric necessary for long-term development.

Political and Cultural Inequality: Empowering Marginalized Communities

Political and cultural inequality often manifests through the exclusion of disadvantaged groups from decision-making processes and the marginalization of cultural identities. Life Economies aim to reverse these trends by promoting inclusive governance and ensuring that diverse voices are represented in economic and political decision-making.

One of the key principles of Life Economies is to empower communities to take control of their own development pathways. This is achieved through decentralized governance structures, participatory decision-making processes, and the promotion of local governance. By giving marginalized groups—such as indigenous peoples, women, and rural communities—a seat at the table, Life Economies enhance democratic participation and ensure that policies reflect the needs and priorities of all members of society.

In addition, Life Economies celebrate cultural diversity by integrating local knowledge and practices into economic activities. This recognition of cultural identities strengthens social bonds and ensures that development strategies are inclusive and culturally sensitive. Supporting cultural industries and preserving cultural heritage are also central to Life Economies, ensuring that diverse cultural expressions are not only valued but also contribute to economic and social development.

Environmental Inequality: Re-embedding the Economy in Ecological Contexts

Life Economies recognize the intrinsic link between social justice and environmental sustainability. Traditional economic models often externalize environmental costs, disproportionately affecting marginalized communities that are most vulnerable to environmental degradation and climate change. Life Economies address these environmental inequalities by embedding ecological sustainability into their core principles, ensuring that economic activities support both human well-being and planetary health.

Through the adoption of regenerative practices, sustainable agriculture, and renewable energy initiatives, Life Economies prioritize the restoration and preservation of natural ecosystems. By reducing environmental degradation and promoting sustainable resource management, Life Economies protect the most vulnerable communities from the worst effects of climate change and environmental harm. In doing so, they create green jobs and foster economic opportunities that contribute to both poverty alleviation and environmental conservation.

Life Economies also emphasize the equitable distribution of natural resources, ensuring that all communities have access to clean air, water, and land. By promoting environmental justice and reducing ecological harm, Life Economies help bridge the gap between environmental sustainability and social equity, reinforcing the interconnectedness of these issues.

A Holistic Approach to Sustainable Development

Despite global efforts to achieve the SDGs, the recent UN Secretary-General's SDGs report reveals that only 17 percent of the targets are on track. Alarmingly, nearly half of the goals show minimal or moderate progress, while over one-third of the targets have stalled or even regressed, underscoring the urgent need for accelerated action (United Nations 2024).

Life Economies offer a transformative approach to addressing the stagnation in SDG progress by fundamentally reshaping the way we approach economic, social, and environmental challenges. Unlike traditional development models that often operate in silos, Life Economies create an integrated framework that aligns economic activities with social equity and ecological sustainability. This approach tackles the root causes of issues, rather than merely treating symptoms, which is essential given the widespread lack of progress on the SDGs.

Life Economies are designed to create synergies between economic, social, and environmental goals, recognizing that these dimensions are interconnected and mutually reinforcing. This integrated nature of Life Economies allows for the development of cross-cutting solutions that tackle various aspects of inequality while advancing other critical areas of sustainable development. For example, promoting for-benefit agricultural practices not only supports economic growth and job creation but also enhances food security, protects biodiversity, and reduces carbon footprints.

Ultimately, developing Life Economies ensures that progress toward one SDG contributes to progress across the entire spectrum, creating a cohesive and resilient framework for sustainable development that leaves no one behind.

Life Economies represent a strategic shift in how countries can address the root causes of the interconnected dimensions of inequality while simultaneously advancing other sustainable development priorities. In the following section, we will explore various examples of Life Economies in action and how they contribute to reducing inequalities, drawing on cases from around the world.

6. Life Economies Around the World

As illustrated in Table 1, Life Economies encompass a diverse and multifaceted array of approaches, with each model deeply rooted in its own specific political, cultural, geographical, and historical context. This diversity reflects the wide range of values, principles, and practices that shape these approaches across the world. Whether it's the Blue Economy emphasizing sustainable use of ocean resources, the Green Economy focusing on ecological balance, or the Social and Solidarity Economy promoting cooperation and social inclusion, each form operates uniquely within its specific setting. This implies that Life Economies adapt to local needs and conditions, creating solutions tailored to the social, economic, and environmental challenges of their regions.

This variety and context specificity underscores the essential principle that one-size-fits-all solutions are inadequate for promoting sustainable development globally. Instead, Life Economies thrive by embracing a plurality of approaches, integrating unique local values while contributing to global goals of sustainability, inclusion, and equity.

Care Economy

The Care Economy [2] encompasses activities related to caregiving, including childcare, elder care, and care for individuals with disabilities. It heavily relies on informal, unpaid labour, predominantly provided by women, which is vital to functioning of economies and societies but often unrecognized in traditional economic metrics (Folbre, 2001; Himmelweit, 2007; Razavi, 2007). The Care Economy faces several challenges affecting both care givers and those receiving care, which have significant implications for public health and social well-being. These include rising demand for services, workforce shortages, undervaluation of care, inadequate public investment, marketization, and a lack of support and resources for care givers (Fraser, 2016; Lynch & Lyons 2008). Many policies inadequately address these challenges, underscoring the need for comprehensive reforms that recognize the importance of care work, provide financial support, and ensure caregivers have access to resources and training (Addati et al. 2018; UN Women 2020).

A well-functioning Care Economy can reduce inequalities across economic, social, and health dimensions. By recognizing and valuing care work, it can provide fair wages and job security for caregivers, many of whom are women and marginalized groups (Folbre, 2006). This economic empowerment helps reduce income inequality, allowing caregivers to contribute more effectively to their households and communities. When care work is compensated fairly, it can uplift entire families and reduce poverty levels (Elson, 2017; Esquival, 2014). For instance, in countries like Germany and France, informal caregivers are entitled to pension credits and financial compensation. In Germany, caregivers receive credits toward their pension, and in some cases, cash allowances are provided to support care activities. These policies help reduce the economic burden on caregivers, many of whom are socio-economically disadvantaged, ensuring that essential care continues to be provided (OECD 2020).

[2] Care economy is also referred to as purple economy which is also used to refer to another kind of economy emphasizing the integration of cultural aspect into economy. The term "purple economy" referring to the latter was first used in 2011, in France, in a manifest published on Le Monde.fr entitled "L'économie mauve, une nouvelle alliance entre culture et économie (Pale purple economy, a new alliance between culture and economy)" which advocated the integration of cultural aspect into economic relations and activities to look beyond the economic value of cultural outputs to encompass the cultural dimension of any asset or service. The term "mauve" meaning pale, bluish purple sitting between purple and pink in the colour wheel became "purple" in English when the first international forum organized by UNESCO, the European Parliament and the European Commission was entitled as the first "International Purple Economy Forum" (Le Monde, 2011; Scholarly Community Encyclopaedia, 2022). The concept of purple economy referring to care economy as a a gender-egalitarian strategy for employment generation was first proposed by Ipek Ilkkaracan, a feminist economist. She proposed it as a feminist alternative to austerity, advocating for an economic model that recognizes and values care work, addressing the systemic gender inequalities embedded in traditional economic models (Ilkkaracan, 2016; The European Women's Lobby 2019).

A well-structured Care Economy integrates both welfare and economic activities and relations to address the social and economic determinants of health and well-being. Universal health care combined with decent wages and unemployment benefits ensures that all individuals have access to essential care services, regardless of their socio-economic status (Yi et al. 2017; Yi et al. 2024). This access is crucial for addressing health inequalities, as it allows vulnerable populations to receive preventive care, treatment, and support. By improving access to healthcare, the Care Economy can help mitigate disparities in income and social status that often correlate with health outcomes. For instance, Sweden's universal health care system ensures very low levels of unmet needs for health care services. Efforts to enhance access include funding formulas that consider the socioeconomic conditions of populations, thereby promoting outreach to underprivileged groups and contributing to mitigating disparities in income and social status (Fredriksson, 2024).

A functioning Care Economy provides family support systems, including affordable childcare and elder care services. This enables parents to participate in the workforce, thereby promoting gender equality and reducing the burden of unpaid care work that disproportionately falls on women. According to a recent analysis, maternity leave coverage has been shown to enhance women's retention at work during childbirth. This not only helps maintain their work experience and job tenure but also contributes to their wages in the long term. Specifically, the integrated approach of early education and childcare provisions increases women's participation in the labour force, directly addressing gender pay gaps by alleviating the unpaid care responsibilities typically shouldered by mothers. Recent research findings indicate that expanding formal childcare coverage for 40%, 50%, 60%, and 65% of children under the age of three would result in notable increases in maternal labour supply, particularly in countries where female labour participation and formal childcare usage are currently low. For instance, raising early childhood education and care coverage to 50% for children under three could boost female labour supply by 4% in Portugal to as much as 48% in Hungary, depending on how close each country is to achieving the 50% target and its initial level of female employment. However, the overall employment impact would be smaller when considering labour market demand; under the same scenario, overall labour market participation is projected to increase by 2% in Portugal to 32% in Hungary (European Commission 2023). The benefits of investing in early childhood care and education (ECCE) services extend beyond a simple return on investment, contributing significantly to gender equality. By enhancing access to childcare-related leave and ECCE, women's global employment rates could increase from 46.2% in 2019 to 56.5% by 2035. Additionally, this investment could reduce the global gender pay gap, narrowing the disparity in monthly earnings from 20.1% in 2019 to 8.0% by 2035 (ILO 2023). By alleviating these responsibilities, families can achieve better work-life balance and economic stability.

Advancing the Care Economy as part of a larger Life Economy development effort addresses health inequities stemming from social determinants like income, education, and access to services. This integrated approach can help reduce care and health disparities, promote overall community well-being, and foster social cohesion through community engagement and support networks. Thriving Care Economies with accessible and equitable care services lead to thriving communities with stronger social ties and social capital, reduced isolation among vulnerable populations, and greater resilience in the face of economic and social challenges.

Circular Economy 3.0

Circular economy, introduced in the 1970s as an alternative to the linear "take-make-use-throw" model, focuses on maximizing resource use through repairing, rebuilding, and recycling. It holds great potential for job creation, with the International Labour Organization (ILO) projecting a net increase of 7 million jobs globally by 2030 (ILO 2019a)[3]. Despite its significant contribution to addressing climate change and

[3] To achieve the Sustainable Development Goals (SDGs) by 2030, the International Labour Organization (ILO) estimates that approximately 600 million new jobs need to be created globally. https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@asia/@ro-bangkok/@ilo-jakarta/documents/publication/wcms_451905.pdf

achieving sustainable production and consumption, however, narrow interpretations of the circular economy focused mainly on environmental and economic outcomes have drawn criticism for neglecting social inclusion. For example, the waste industry—a key component of the Circular Economy contributing to reducing landfilling and sea dumping—has often not had concrete mechanisms to increase the health and safety of workers, ensure quality jobs and decent pay and working conditions, and provide up-skilling opportunities (Weghmann, 2017). There are also concerns that circular initiatives could encourage waste production or sideline waste prevention (STOA, 2017).

The evolution toward Circular Economy 2.0 and 3.0, often called Circular and Solidarity Economy, responds to these concerns by demonstrating how Circular Economy can integrate economic and environmental concerns with social goals, such as inequality reduction and financial exclusion (Khaw-ngern 2021; Schroder 2020). There has also been calls for a Circular Economy which can enhance participation, social dialogue, democracy, and innovation (Katajamaki, 2023). These evolved versions of Circular Economy integrate strong social concerns align with Life Economy principles. Circular Economy 3.0 incorporates a mechanism to optimize human resource and integrate social goals such as addressing poverty, reducing inequality and unemployment, and eliminating financial exclusion. Circular Economy 3.0 through its reduce, reuse, and recycle stages creates jobs and vocational training opportunities, even for low-skilled workers (Willeghems and Bachus 2018).

Another step toward minimizing risks involves setting common rules and standards for international circular value chains. To set quality benchmarks for production, exports and circular value chains globally, the International Organization for Standardization (ISO) has established industry-based standards for circularity which provide a framework for implementing a circular economy (ISO 2024). By evolving beyond environmental goals, Circular Economy 3.0 fosters inclusive economic growth, addressing social, economic, and environmental challenges in tandem.

Box 3. The Emilia-Romagna Region's Cooperative Model in Italy

The Emilia-Romagna region in Italy is renowned for its robust cooperative business model, which integrates the principles of the Circular and Solidarity Economy. This model emphasizes not only environmental sustainability but also social inclusion, equity, and democratic participation (Sani et al.2021). The Emilia-Romagna cooperative model is characterized by its Circular Economy practices, such as resource efficiency, waste reduction, and recycling, combined with a Solidarity Economy's emphasis on social equity and mutual aid. Cooperatives in the region operate across various sectors, including agriculture, manufacturing, retail, and services, and are known for their resilience and contribution to local development.

The Circular and Solidarity Economy is implemented through the cooperative networks which shares resources, knowledge and infrastructure to enhance sustainability and competitiveness. Cooperatives in this region promote social inclusion by providing employment opportunities, supporting worker integration, and ensuring fair labour practices. They also promote democratic governance, with decisions made by member consensus, ensuring that economic activities align with community values and needs. The cooperative actively invests in education and vocational training, enhancing the skills of workers and fostering innovation (Regione Emilia-Romagna. 2020).

Source: Regione Emilia-Romagna. 2020; Sani et al.2021.

Green and Blue Economy

The concepts of "green economy" and "green growth" have gained significant traction globally in recent decades. Introduced as a rhetorical concept in 1989 by environmental economists to emphasize the importance of integrating economics into environmental policy, it became the concept encompassing various environment-friendly economic responses to multiple global crises at the turn of the 21st century (Pearce et al. 1989; United Nations Sustainable Development

Goals Knowledge Platform 2012). In particular, during the 2008 financial crisis, green economy became a key concept describing various green stimulus packages and identified specific areas where large-scale public investment could kick-start a growth through investment in environmentally friendly sectors (Atkisson, 2012).

Policy recommendations on green economy emphasize sustainability and equity while fostering economic growth. They include but are not limited to: promotion of renewable energy and energy efficiency; implementation of sustainable agriculture and food systems; investment in green infrastructure; promotion of circular economy and waste reduction; protection of ecosystems and biodiversity; incentivizing green investments and financial mechanisms; support of green job creation and skills development; integration of policies aligning environmental, social and economic goals; promotion of sustainable consumption and production; and ensuring green economy polices are inclusive, address inequalities, and reduce poverty (UNEP, 2011; OECD, 2011). Across sectors, the green economy is a major driver of employment. In 2022, for instance, there were approximately 12.7 million jobs in renewable energy sectors worldwide, with the potential to create over 42 million green jobs by 2030. (IRENA, 2022).

However, a study of 48 countries found job postings for 'green' jobs are growing nearly twice as fast as the number of workers with the skills to fill them. Currently, only one in eight people possess the skills needed to address the climate crisis, with women facing a particular disadvantage (LinkedIn Economic Graph 2023).

As interest in the green economy grew leading up to the Rio+20 summit, several international organizations such as UNEP and its partners proposed applying the concept to the ocean, introducing the idea of a "blue economy." At the summit, this concept emerged in discussions about the relationship between humans and marine ecosystems, framing the ocean as natural capital—a valuable resource for both business and small-scale fishing livelihoods. Since then, several national strategies and international summits have focused on the blue economy (Patil et al. 2016).

The Blue Economy is a significant reality constituting Life Economies which concerns oceans covering nearly three-quarters of the Earth's surface. Oceans play a crucial role in our economic, social, and environmental development. With around 40% of the global population living near coastlines, ocean ecosystems provide vital protection for coastal areas, regulate the climate by absorbing 90% of the excess heat generated by climate change, and serve as a primary source of nutritious food for over three billion people. Oceans also contribute significantly to the world's energy supply.

Furthermore, oceans offer substantial economic opportunities and future potential, especially for the 54 low and lower-middle-income countries with significant coastlines or marine areas. And all G20 countries have significant relationships with oceans and coastlines due to their geographic locations and economic interests.

In 2020, the export value of ocean-based goods and services reached $1.3 trillion out of total global trade of $23 trillion, representing about 6% of global trade (Davies and Vauzelle, 2023).

The Blue Economy or sustainable ocean economy in the context of Life Economies refers to the sustainable use of these significant ocean and coastal resources for economic growth, improved livelihoods and jobs, while ensuring the health of ocean ecosystems and human wellbeing. It encompasses a wide range of economic sectors and activities, such as fisheries, aquaculture, renewable energy, tourism, shipping, and biotechnology. The Blue Economy aims to balance economic development with environmental protection, ensuring that ocean resources are managed in a way that benefits both current and future generations.

In the context of Life Economies, the concept goes beyond traditional ocean-based industries to include new and emerging opportunities, such as marine biotechnology and ocean energy. It also focuses on mitigating the negative impacts of human activity, such as overfishing, pollution, and habitat destruction, while fostering innovation, sustainability, and conservation in oceanic and coastal regions.

Green and Blue Economies both have the potential to impact inequality in positive and negative ways, depending on how their polices and initiatives are implemented. For instance, while the Green Economy can create jobs, there is often a mismatch between the skills needed for green jobs and the qualifications of workers in low-income communities. Without targeted education and training programs, green jobs may benefit higher-skilled workers, potentially widening the skills gap and exacerbating inequality. Additionally, the Green Economy may disproportionately benefit urban populations, leaving rural and marginalized communities behind (ILO 2019 a).

Environmental policies, such as carbon pricing, taxes on fossil fuels, or increased energy costs, can disproportionately affect low-income households. These policies may raise the cost of essential goods and services (e.g., fuel and electricity), potentially increasing the economic burden on vulnerable populations. If not carefully designed, these policies can exacerbate income inequality by placing a greater financial strain on those with limited resources (Shang 2021; World Bank 2023).

Box 4. Two Green Economy Cases in Sub-Saharan Africa

Rwanda's Green Growth and Climate Resilience Strategy (GGCRS), initiated in 2011, is a robust example of sustainable development in Sub-Saharan Africa. The GGCRS targets reducing the national carbon footprint while supporting economic growth in key sectors like agriculture and forestry. Rwanda's Vision 2050 further embeds circular economy principles, with goals for efficient resource use and a transition to high-income status by 2050.

Agriculture, which constitutes nearly 30% of Rwanda's GDP, benefits from the GGCRS's climate-smart initiatives, including the Land Husbandry, Water Harvesting, and Hillside Irrigation Project. This project has raised crop yields by 30%, integrating erosion control and water conservation measures to avoid environmental degradation. In addition, Rwanda aims to restore two million hectares of degraded land by 2030, with over 710,000 hectares of forest already reclaimed, improving biodiversity, water quality, and soil stability. This transformation is driven by a community-based farming cooperative model, where 100,000 farmers are trained in agritech and agroforestry, enhancing food security, employment, and environmental resilience.

Rwanda's sustainable agriculture strategy strikes a balance between immediate interventions, like farmer training, and long-term capacity building through a Green Growth and Climate Resilience Curriculum. This framework fosters an inclusive Life Economy that integrates economic, social, and environmental dimensions, promoting sustainable agricultural practices that address food security, income generation, and social equity.

South Africa's Working for Water (WfW) program, launched in 1995, exemplifies a regenerative economic approach, tackling water scarcity and unemployment simultaneously. The program hires marginalized individuals to remove invasive alien plant species, which consume approximately 7% of the nation's water resources. This initiative reduces wildfire risks, restores watersheds, and enhances water availability crucial for both urban and agricultural needs. The WfW program employs over 32,000 people annually, with a strong focus on inclusivity, hiring people from disadvantaged backgrounds, including women and individuals with disabilities.

In addition to ecosystem restoration, the WfW program provides valuable training in skills such as herbicide application and ecosystem management, preparing participants for roles in South Africa's expanding green economy. The program is integrated with other initiatives, like Working for Wetlands and Working for Forests, creating a comprehensive framework that addresses environmental sustainability, rural development, and job creation.

These two cases highlight Sub-Saharan Africa's innovative approaches to the green economy, illustrating the balance between economic growth, environmental sustainability, and social inclusion. Rwanda and South Africa serve as models for other nations aiming to implement Life Economies that foster sustainable development across multiple dimensions.

Source: Government of Rwanda, 2011; FONERWA, 2020; IUCN, 2022; Rwanda Agriculture Board, 2023; Department of Environment, Forestry, and Fisheries, 2022; Department of Water and Sanitation, 2022; Climate Investment Funds, 2021; GreenCape, 2021.

Impact Economy

The Impact Economy refers to the pursuit of merging social, environmental and economic value in business, a movement that emerged in the 1990s seeking more responsible business practice. Emphasizing a blended approach that seeks measurable social, environmental, and financial returns beyond traditional corporate social responsibility (CSR), which often added isolated initiatives to core business operations, the Impact Economy seeks to integrate these values into the fabric of enterprise and investment. Concepts such as triple bottom line (1997, John Elkington), social return on investment (SROI, 2000, Roberts Enterprise Development Fund), and blended value (2001, Jed Emerson) advanced the redefinition of business value creation as the simultaneous pursuit of financial, social, and environmental gains. With this, new terminology and standards sought to advance traditional business reporting such as AccountAbility 1000 (2000, Simon Zadek), Environmental, Social, and Governance (2004, ESG), and the Global Reporting Initiative (GRI) established by the Ceres Coalition and United Nations Environment Programme (UNEP) in 1997. Most recently at Climate Week in New York, the International Foundation for Valuing Impacts (IFVI) - which was established in association with GSG Impact and the Impact Taskforce (ITF) set up by the G7 during Britain's 2021 Presidency - launched, in collaboration with the Value Balancing Alliance (VBA), a leap forward for embedding impact in accounting with the release of 100,000+ environmental value factors which cover 430 different environmental impacts across 268 geographic locations. (2024, IVFI recap).

The Impact Economy, with its diverse tools and frameworks, is characterized by an ecosystem of purpose-driven investments and innovative financial instruments that seek to redefine economic success. It has been driven by a growing global awareness of environmental and social issues, such as climate change, labour rights, natural resource depletion and corporate governance, which sparked demand for businesses to address their impacts. At the same time, investors, consumers, and other stakeholders were increasingly seeking transparency on how companies manage these risks and opportunities. With this came the rise of impact investing and shareholder activism to influence business practices. More fringe movements are also pushing the boundaries of the traditional impact economy, questioning the very nature of how economies should be structured and how value can be created and shared. They reflect a growing desire to align economic systems more closely with the needs of people and the planet, often using new technologies, systems thinking, and community-based approaches.

Over the past 20 years we have seen the Impact Economy expand with the rise of social enterprises which seek to design themselves explicitly to tackle social and environmental challenges while maintaining financial sustainability. New hybrid models such as benefit corporations, community interest companies, cooperatives, and other forms which legally commit to considering the interests of all stakeholders—not just shareholders—in their

Box 5. Brazil as an Example of a Country Catalysing the Impact Economy

Launched in 2023, Brazil's National Strategy for Impact Economy (ENIMPACTO – Decree no. 11,646 of 16/08/23) "includes objectives to expand the supply of capital to impact businesses, generate data on the sector and encourage the inclusion of socio-environmental impact solutions in the supply chains of companies and governments" (World Economic Forum, 2023) and establishes a national Impact Economy Committee. Lucas Ramalho Maciel, Director of New Economies at Brazil's Ministry of Development, Industry, Commerce & Services shares in an interview with ImpactAlpha at the impact investing conference FLII 2024 that this decree brings together over 25 government bodies with civil society, multilateral organisations and to "foster actions to promote the impact economy in Brazil. Since it was created, the national strategy in Brazil was able to multiply by 20 the impact investment in Brazil and multiply by 4 the number of impact businesses in Brazil." Examples of actions include the creation of a fund of funds, blended finance mechanisms, financial incentives, green taxonomy and unlocking regulatory blocks to strengthen the social finance sector in the country.

decision-making. While Impact Economy values and strategies have been triggered largely in the private sector, over the last decade this has evolved to actions and strategies at the ecosystemic level. Impact ecosystems are based on the premise that by applying a sufficient density of Impact Economy in a territory or sector, the capacity for positive systemic change (impact) grows throughout that territory or sector. One interesting emerging Impact Economy area is the territory of Catalonia, Spain which through the EU-funded RISCAT3 initiative has created a dynamic monitoring system that shows a data-driven approach to make the territorial economic transformation not only more visible but also more efficient, resilient, green and fair.

Box 6. Social Enterprises – A Vital Form of Economic Entity within Life Economies

Social enterprise is a business model that combines profit-making activities with social and environmental missions, which is very much aligned with the principles of Life Economies. These enterprises create jobs, foster local economies, and promote social inclusion by addressing issues such as poverty, inequality, and environmental degradation. By reinvesting profits back into their missions, they help build stronger communities and provide essential services that might not be met by the private or public sectors.

Social enterprises are particularly significant in driving change in regions such as Central and Eastern Europe, South Asia, Latin America, and Turkey, contributing to GDP growth, job creation, and social impact. Their ability to innovate around sustainability and inclusivity makes them powerful agents in transforming the way economies function.

Innovative business models fulfilling their mandates have been developed by social enterprises and their ecosystems too. For example, TOMS Shoes operates on a "One for One" model, donating a pair of shoes for every pair sold, significantly impacting communities in need. Similarly, Grameen Bank, founded by Bangladeshi Nobel Peace Prize Laureate Muhammad Yunus, has provided microloans to millions of individuals in Bangladesh, empowering them to start businesses and improve their living conditions. Collaborative Innovators Initiative in Europe brought startups together with the public sector to co-create innovative solutions. The partnership enabled social enterprises to collaborate on projects that fuelled local economic growth while addressing social challenges. MAGIC Malaysia, a program designed to grow a community of ASEAN start-ups with a regional outlook, empowered social enterprises to expand their reach, fostering relationships and contributing to sustainable development. The Heart of Amman Project in Jordan connects social innovators with government support to foster local growth through social innovation, benefiting both local economies and social welfare.

Despite their potential, however, social enterprises face several challenges including:

- Policy and Regulatory Constraints: In many countries, social enterprises lack formal recognition, which limits their access to financial resources and government support. Inflexible frameworks can stifle innovation.
- Market and Financial Barriers: Access to funding remains a significant hurdle for social enterprises, especially in emerging markets. Many social enterprises struggle to secure patient capital that aligns with their long-term social and environmental goals.
- Cultural Barriers: Societal norms, particularly around gender, can restrict entrepreneurial activity for certain groups, including women and migrants, limiting their ability to fully participate in or benefit from social enterprise ecosystems.

In a nutshell, social enterprises are driving impactful change globally, offering innovative solutions that are changing the landscape of development across the world. They represent a vital form of economic entity within Life Economies, playing a crucial role in fostering inclusive growth and sustainability. However, overcoming regulatory, financial, and cultural barriers is essential for maximizing their potential for impact.

Source: Impact Hub 2024

Box 7. Patagonia - the Apparel Sector

Patagonia stands out as a pioneer in the Impact Economy, blending business success with environmental and social responsibility. Founded in 1973, the outdoor apparel company has consistently demonstrated its commitment to sustainability by using eco-friendly materials, reducing waste through repair and reuse programs, and advocating for environmental conservation. Patagonia integrates its values into its business model, with 1% of sales donated to environmental causes through its "1% for the Planet" initiative, and a strong focus on transparency and ethical production practices. The company's activism extends beyond products; it has campaigned for climate action and has taken legal steps to protect public lands. By prioritizing purpose over profit, Patagonia exemplifies how businesses can drive positive change while remaining financially successful, aligning its operations with the broader goals of the impact economy. (www.patagonia.com)

LiFE Economy

LiFE (Lifestyle for Environment), launched by India during COP26 in 2021, represents a pioneering approach to fostering sustainable consumption and production by encouraging individuals and communities to adopt mindful and environment-friendly lifestyles. LiFE emphasizes deliberate choices that minimize environmental impact, contrasting with the prevalent trends of wasteful consumption.

A core issue LiFE addresses is the dis-proportionate impact of high consumption lifestyles. According to the UNEP Emissions Gap Report (2023), the wealthiest 10% of the global population contributes almost half of the world's emissions, while the poorest 50% account for only 12% of emissions. This inequality reflects a broader challenge of consumption-based emissions and resource use, which are heavily concentrated in high-income nations. Recognizing these disparities, LiFE advocates for global responsibility, urging developed nations to lead by example in adopting sustainable practices, thereby addressing climate equity.

The concept of LiFE was a central component of India's G20 agenda in 2023, highlighting the critical need to promote sustainable lifestyles and address the challenges posed by unsustainable consumption and production patterns. Recognizing the necessity of a systemic strategy to drive this transformation, India adopted a Life Economy approach in advancing the G20 High-Level Principles (HLPs) on Lifestyles for Sustainable Development, which were adopted in 2023. The HLPs emphasize both the importance of sustainable choices by individuals as well as the need for enabling ecosystems to facilitate those choices (G20, 2023).

In this way, the HLPs seek to advance holistic solutions that harmonize environmental stewardship with development objectives, promoting equitable resource distribution and robust environmental conservation.

The concept of LiFE thus evolved into an expanded conceptual framework of the "LiFE Economy" [4], involving the following facets (T20 India, 2023):

1. Promoting sustainable consumption and production (SCP) patterns. LiFE places sustainable consumption at its core while addressing existing inequalities.
2. Measuring well-being beyond GDP, incorporating factors such as natural capital, basic needs, inequalities, and negative environmental externalities.
3. Embracing social enterprises and community participation for sustainable and equitable development, while promoting the localization of efforts.
4. Reorienting development finance towards non-discriminatory and ethical considerations, with a focus on resilient infrastructure financing, particularly for the Global South.

[4] To clarify a potentially confusing distinction, the "LiFE Economy" is a framework evolving from India's innovative LiFE (Lifestyle for Environment) initiative, focusing on sustainable lifestyles and behavioral and structural changes to advance climate equity and sustainable development. Whereas, "Life Economy"—the focus of this report—encompasses a broad range of economic systems and frameworks globally that integrate ecological, social, and economic goals through diverse strategies and policies. The "LiFE Economy" is one approach within a broader "Life Economies" spectrum, with its own distinctive focus and strategy.

5. Mainstreaming ethics and values in economics, fostering technology development, and strengthening global governance.

The LiFE Economy framework represents a transformative approach to addressing the pressing challenges of climate equity and sustainability by bridging individual actions with systemic changes. It extends the LiFE initiative beyond a focus on sustainable lifestyles to encourage structural reforms that prioritize well-being, equity, and environmental stewardship, in alignment with other Life Economy approaches.

New Energy Economy

A New Energy Economy is emerging, driven by policy measures, technical advancements, and the growing urgency to address climate change. It is expected to change the energy landscape significantly in the future (IEA, 2021), with the development of renewable energy at its core.

Renewable energy has significantly contributed to improving the global environment by reducing greenhouse gas emissions, lowering air pollution, and promoting sustainable energy consumption. By the end of 2023, renewables grew by 13.9% and accounted for 43% of global installed power capacity[5]. The growth has been driven by falling costs of renewable technologies like wind and solar. They are now among the world's cheapest energy sources (IRENA, 2024). The deployment of renewable energy together with the help of nuclear power, electric cars and heat pumps from 2019 to 2023 could avoid around 2.2 billion tones (Gt) of CO2 emissions annually, which is about 5.9% of the global emission of CO2 in 2023 (IRENA, 2024). Energy poverty, i.e. the absence of access to power, affects economically and socially vulnerable groups disproportionately and exacerbates inequalities in many dimensions such as health, education and economic opportunities. Renewable energy has a potential to increase their access to affordable, dependable and clean energy and reduce social and economic inequalities, especially when it is properly designed and created in regions with low electrification (Arndt et al., 2019; Bazilian et al., 2012b; IFC, 2016; SEFORALL, 2018; Szabó et al., 2011). Renewable energy plays a catalytic role in reducing income inequality as well. According to a study which analysed data from over 200 countries between 2000 and 2019, when renewable energy use is close to half (47%) of total energy consumption, a 1% increase in renewable energy consumption can reduce income inequality by 0.2% (Filippidis, 2021). In the context of the New Energy Economy, renewable energy plays a central role within Life Economies by focusing on production and consumption that benefits people and communities directly. This approach aims to avoid harmful practices, such as land grabbing or forced evictions, which have often accompanied large-scale energy projects. By ensuring that renewable energy initiatives are inclusive and community-centred, this model promotes a "green new deal" that provides equitable access to sustainable energy, benefiting all without compromising social or environmental well-being.

In particular, the development of renewable energy projects in rural areas can provide substantial economic and social benefits, helping to bridge the rural-urban divide. Success in sustainable energy transition is most evident when local residents, with the support of committed local governments, take the initiative—such as in Feldheim, Germany, Samsø, Denmark, and El-Hierro, Spain (UN Climate Change 2024; Islar & Busch, 2016; Iburescu, 2021). These projects enhance civic participation and increase local value by enabling residents to lease land for renewable energy facilities such as wind turbines, generating stable income and attracting energy tourism. Governments can further reduce inequality by subsidizing low-income households, helping them adopt renewable energy and lower their energy costs. By participating in these projects, rural residents reduce their reliance on volatile agricultural markets, stabilizing their income and securing their livelihoods. Moreover, diversification into renewable energy initiatives creates jobs in underdeveloped rural areas, reducing regional disparities and fostering economic growth.

[5] In 2023, renewables made up a record 473 gigawatts (GW), 86% of global power additions, but the world is still not on track to meet the COP 28 goal of tripling installed renewable power capacity to 11 TW by 2030. To stay on a 1.5°C pathway, the world now needs to add approximately 1,050 GW of renewable energy each year for the rest of the decade, according to the World Energy Transitions Outlook 1.5°C Scenario (IRENA, 2024).

The economic activity generated by renewable energy projects boosts tax revenues through income tax, corporate tax, and other levies, enhancing the financial stability of local governments and communities. This increased revenue allows for further investments in community infrastructure and public services. Overall, renewable energy initiatives in rural areas provide not only economic benefits and reduced inequality but also strengthen community bonds and resilience. These projects foster sustainable development, ensuring a brighter future for rural regions (UN Climate Change 2024; Islar & Busch, 2016).

However, the development of renewable energy can also exacerbate global inequalities. Currently, the trade in environmental goods and services is dominated by developed countries like the U.S., Europe, and Japan, with the Global North controlling patents and trade flows. This concentration of power risks deepening North-South divides, especially as automation and AI technologies threaten the competitiveness of developing countries reliant on low-cost labour (UNRISD 2024). Additionally, environmental trade-offs—such as those from increased use of photovoltaics, biomass, and hydroelectric plants—must also be carefully considered to avoid unintended negative impacts.

Box 8. Samsø, Denmark

Samsø, a small Danish island in the Kattegat Sea, offers a remarkable example of a Life Economy approach that integrates renewable energy transition with energy tourism through local ownership. The first phase of the project (Version 1.0), initiated in the late 1990s, achieved 100% renewable electricity production by the early 2000s. With a population of about 4,000, the island installed 11 onshore wind turbines, each with a 1 MW capacity, generating 28 GWh annually—more than enough to meet local needs. Additionally, 10 offshore wind turbines produce surplus energy exported to the mainland, making Samsø a net renewable energy exporter.

Several internal and external factors are often cited as having contributed to the project's success. External factors include guiding visions and plans, governmental technology and process support, and expert assistance. Internal factors include local traditions and community spirit, a history of cooperative efforts, local responsibility, entrepreneurial spirit, active community participation, as well as guiding visions and plans. A critical element was the financial investment of residents to own the wind turbines and district heating plants, ensuring that profits from energy sales remain within the community.

This local ownership model has not only lowered household energy costs, narrowing the gap between Samsø and the rest of Denmark, but it has also stimulated energy tourism, creating jobs in tourism and education. Building on this success, the island is advancing into Version 3.0, focusing on circular bioeconomy practices that recycle agricultural resources to further boost sustainability (Sperling, 2017; Albulescu et al. 2021; Energi Akademiet, 2024). Samsø demonstrates how a more holistic approach to renewable energy rooted in local ownership can drive sustainable economic growth, reduce inequality, and foster resilience in rural communities.

Social and Solidarity Economy

Social and Solidarity Economy (SSE) refers to economic activities that focus on social and environmental goals rather than just making profits. It involves people working together in solidarity to create a more democratic and fair economy, including producers, workers, and consumers. SSE is often used as a broad term to include concepts like "social economy" or "solidarity economy," and various organizations.

The main idea behind SSE is to reconnect the economy with society and nature, ensuring that social values like equity, cooperation, and environmental care, guide economic actions.

Many SSE organizations are set up to meet the specific needs of communities, while some also aim to completely transform the economic system based on values like democracy, solidarity, human rights, and respect for nature. These organizations emphasize ethics, cooperation, and community-focused management in all their activities. Over the years, SSE organizations have grown significantly in both rich and poor countries, helping to reduce problems like

Box 9. Social Stock Exchange and Social Enterprises in India

India has demonstrated a good model of integration of sustainable finance and social enterprises in the context of its broader development strategy, particularly through the launch of the Social Stock Exchange in 2019, which stands as a unique and innovative platform that fosters the growth of social enterprises by mobilizing capital for social good. Social enterprises (SEs) in India have been playing a critical role in driving equitable development by addressing key social challenges such as poverty, healthcare, education, and inequality. The Social Stock Exchange have provided a platform for these social enterprises and other economic entities such as non-profit organizations (NPOs) and for-profit enterprises (FPEs) engaged in social welfare activities to raise capital, enhancing their capacity to scale operations and create measurable social impact. This integration has been initiated in both a top-down and bottom-up manner. The Indian government, under the Securities and Exchange Board of India (SEBI), established Social Stock Exchange as a regulatory mechanism to facilitate fundraising for social enterprises through transparent and accountable means. In 2020, SEBI constituted a Technical Group on Social Stock Exchange to define the eligibility criteria for organizations, emphasizing that social enterprises must prioritize social impact over financial gain (e.g. 67% of their activities should focus on social objectives and demonstrate tangible impact). Eligible activities for social enterprises on Social Stock Exchange include eradicating poverty, promoting healthcare, education, gender equality, environmental sustainability, and supporting rural and urban livelihoods. The Social Stock Exchange platform offers various financial instruments for social enterprises to raise funds, including Zero Coupon Zero Principal Bonds, equity or debt instruments, and development impact bonds. These tools provide flexibility for both investors and social enterprises, making it easier to mobilize resources for social causes. The government's support has been further increased within the framework of the LiFE (Lifestyle for Environment) initiative, launched during India's G20 presidency, which aims to promote sustainable living and the localization of development.

On the other hand, social enterprises in India have a strong grassroots presence, addressing issues directly related to local communities. Organizations listed on the Social Stock Exchange, such as Foundation to Educate Girls Globally and SGBS Unnati Foundation, highlight how social enterprises are leveraging the platform to expand their impact. These organizations focus on providing education, employment, and skill development opportunities, especially for marginalized and underprivileged groups. Social enterprises are deeply embedded in local communities, often using a bottom-up approach that blends traditional knowledge with innovative financial and operational models. For instance, initiatives like Missing Link Trust focus on child safety and women's empowerment, while Ekalavya Foundation promotes sustainable livelihoods in rural areas.

This Indian experience shows how to create synergies between various sectors—government, private investors, social enterprises, not-for-profit and for-profit sectors for sustainable development. By integrating market principles with social objectives, the Social Stock Exchange allows social enterprises to attract investments while ensuring social accountability. The government acts as both a regulator and market influencer, creating an ecosystem where public and private sectors collaborate to achieve the Sustainable Development Goals (SDGs). Not only social enterprises but also for-profit enterprises contribute to sustainable development by incorporating social impact into their business models through the Social Stock Exchange. Non-profit organizations gain access to capital traditionally unavailable to them, which is one of the key factors determining longevity or sustainability of their actions for sustainable development. This cross-sectoral collaboration enhances the capacity of social enterprises to address complex social challenges, from environmental sustainability to poverty alleviation.

Source: Chaturvedi 2024.

poverty, inequality, environmental damage, and unemployment. They have also been important in providing social services, especially when government budgets are tight, and have created and maintained jobs, even during crises like the COVID-19 pandemic.

As SSE organizations prove their impact, more policymakers are beginning to recognize their importance in achieving the Sustainable

Development Goals (SDGs), thus SSE was formally recognized by the International Labour Conference (ILC) and the UN General Assembly through resolutions in 2022 and 2023 respectively.

SSE has played a significant role in advancing the SDGs in developing countries by promoting inclusive economic growth. In Cameroon, SSE initiatives have fostered economic development and social cohesion between refugee and host communities by empowering women through entrepreneurship and cooperatives in agricultural value chains. In Cote d'Ivoire, Ghana, Kenya, Mali, Nigeria, and Uganda, SSE efforts have expanded employment opportunities in key supply chains, contributing to reduction in child labour (African Union and ILO, 2024).

SSE often integrates with alternative development models to create synergies that foster solidarity and reciprocity. In Ecuador, SSE serves as a key mechanism for advancing Buen Vivir—a concept emphasizing holistic well-being—and contributes to reducing social inequalities by promoting community-based economic activities and inclusive development practices (Villalba-Eguiluz et al. 2020).

Box 10. Definition of Social and Solidarity Economy endorsed by the Resolution of the United Nations General Assembly

The United Nations General Assembly officially recognized the Social and Solidarity Economy (SSE) through a resolution adopted on 18 April 2023 (A/77/L.60) promoting SSE for sustainable development. According to the resolution, "… the social and solidarity economy encompasses enterprises, organizations and other entities that are engaged in economic, social and environmental activities to serve the collective and/or general interest, which are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits, as well as assets, that social and solidarity economy entities aspire to long-term viability and sustainability and to the transition from the informal to the formal economy and operate in all sectors of the economy, that they put into practice a set of values which are intrinsic to their functioning and consistent with care for people and planet, equality and fairness, interdependence, self-governance, transparency and accountability and the attainment of decent work and livelihoods and that, according to national circumstances, the social and solidarity economy includes cooperatives, associations, mutual societies, foundations, social enterprises, self-help groups and other entities operating in accordance with the values and principles of the social and solidarity economy." Source: United Nations General

Wellbeing Economy

The Wellbeing Economy is an economic model that prioritizes human and planetary well-being over mere financial growth. Since people's quality-of-life is its central concern, it measures success through indicators such as health, education, income, employment, and housing, shifting focus from production to quality-of-life. Sustainability is also an essential pillar, recognizing that climate change, biodiversity loss, and environmental degradation threaten long-term well-being. This human-centric model ensures that prosperity today does not compromise well-being of future generations. That means when production and income growth are not accompanied by a rise in overall quality-of-life, a Wellbeing Economy prioritizes actions and policies for well-being over production and income growth (OECD 2011).

A Wellbeing Economy identifies inequality as a major threat to both human well-being and environmental health. Inclusive growth and resilience are key components, linked to other economic frameworks such as the Social and Solidarity Economy through mechanisms to equitably distribute the benefits of growth, Care Economy through health care and social protection systems, and Green Economy through sustainable infrastructure (OECD 2018; Quinn and Turner 2020).

However, achieving policy coherence is a big challenge, as building a Wellbeing Economy requires aligning policies across sectors and economic models. The Life Econom**y** framework supports this by helping policymakers easily identify the linkages between the Care Economy and other sectors, for example, to maximize synergies and minimize trade-offs (OECD 2018).

A core principle of the Wellbeing Economy is the need to move beyond GDP as the sole measure of progress, addressing critiques from academia and policy circles of GDP's limitations in reflecting true prosperity (Stiglitz et al. 2010). New indicators of progress that measure well-being broadly across economic, social and environmental dimensions have been evolving. The Wellbeing Economy provides an important path through which we can develop multidimensional metrics to measure different aspects of quality-of-life, such as education, health, work-life balance, culture, environmental quality, civic engagement, and subjective well-being, providing a more holistic understanding of national progress and individual prosperity. These alternative measures capture the complexity of human and environmental well-being, ensuring that policies promote sustainable development while enhancing quality-of-life.

Box 11. New Zealand's Wellbeing Budget (2019-2023)

The world's first Wellbeing Budget was introduced by New Zealand in 2019 and continued until 2023. It pioneered an approach to economic policy that prioritized human and environmental well-being over traditional financial growth metrics. The 2019 budget prioritized allocations to five key areas: mental health, child well-being, supporting the aspirations of the Māori and Pasifika communities, building a productive nation, and transforming the economy. A fundamental aspect of the Wellbeing Budget covered all aspects of a good life, such as access to healthcare and education or a strong sense of connection to one's community, must be considered holistically. In designing the budget, the government used social, environmental, economic, and fiscal indicators to guide its investment and funding decisions. To make the budget effective, the government broke down agency silos and worked across ministries to assess, develop, and implement policies that improve well-being. The budget focused on outcomes that meet the needs of present generations while also considering long-term impacts on future generations. Progress was tracked using broader success measures, including the health of the country's finances, natural resources, people and communities (Wellbeing Economy Alliance. 2020).

7. BEYOND GDP MEASUREMENT

Appropriate measurement tools are essential for Life Economies to help capture broader aspects of well-being, such as health, education, environmental quality, and social progress—elements largely overlooked by traditional metrics like GDP. GDP fails to measure crucial aspects such as income inequality, environmental degradation, and non-market activities such as unpaid care work (Myrdal 1975; Stiglitz et al. 2009; OECD 2011; United Nations 2012; UNDP 2020). Life Economy indicators must assess well-being and intangibles such as happiness, social cohesion, and mental health; the depletion of natural resources; the harmful effects of some economic output such as fossil fuels; unpaid care work such as housework and care for a family member; costs of growth on the environment, workers and society; the quality of growth; and inequality in multiple dimensions. These tools require consistent, timely, appropriately scaled, and comprehensive data to track progress toward sustainability and equity goals effectively. However, the development of such alternative metrics has faced methodological challenges, such as the difficulty of valuing non-market activities and inconsistent data across countries (Giannetti et al., 2009).

Despite these hurdles, many innovative indicators have been developed to more accurately reflect the soundness of economies and true progress of societies (INTHEBLACK 2024), and some of them are very suitable for measuring key Life Economy principles, including inclusivity, solidarity, and sustainability.

These tools, often referred to as "beyond GDP" measures, incorporate social, environmental, and economic dimensions to offer a holistic view of progress aligned with Life Economies. Here are some of the key alternatives.

Human Development Index (HDI)

The Human Development Index (HDI) was created by the United Nations to provide an alternative indicator that emphasizes the balanced approach to development highlighting the importance of people and their capabilities, instead of economic growth alone, for assessing the development of a country which is very much aligned with the approach of Life Economies. It emphasizes people and their capabilities as the ultimate criteria for assessing the development of a country and combines indicators of life expectancy, educational attainment, and income to provide a broader picture of economic health (UNDP 2022).

Multidimensional Poverty Index (MPI)

The global Multidimensional Poverty Index (MPI) is a key international resource that measures acute multidimensional poverty across more than 100 developing countries. First launched in 2010 by the Oxford Poverty and Human Development Initiative (OPHI) at the University of Oxford and the Human Development Report Office of the United Nations Development Programme, the global MPI advances SDG 1 — ending poverty in all its forms everywhere — and measures interconnected deprivations across indicators related to SDGs 1, 2, 3, 4, 6, 7 and 11. The global MPI uses the most recent comparable data available and shows who they are, where they live and what deprivations hold them back from achieving the wellbeing they deserve. Global MPI values, incidence and intensity of poverty, and component indicators are disaggregated subnational regions, as well as by age group, rural–urban area and gender of the household head (UNDP & OPHI, 2024).

Better Life Index (BLI)

Developed by the OECD, the Better Life Index (BLI) measure the performance of about 11 essential topics in the areas of material living conditions and quality of life such as housing, income, jobs, community, education, environment, and health. This comprehensive approach provides a detailed picture of well-being and quality of life which is relevant to measure the performance of Life Economies (OECD, 2020b).

Genuine Progress Indicator (GPI)

The Genuine Progress Indicator (GPI) is a metric created by Gross National Happiness USA, a network of activists, analysts and advocates, to provide a more comprehensive assessment of a nation's well-being, considering not only the state of its economy but also incorporating environmental and social factors such as income distribution, environmental costs, and the value of household and volunteer work that Gross Domestic Product (GDP) does not account for. This makes GPI a more comprehensive measure of well-being compared to GDP. GPI has been proposed as an alternative or complement to GDP for measuring economic progress (Gross National Happiness USA. 2016).

Green GDP and Gross Ecosystem Product (GEP)

Green GDP is a concept that builds on the traditional measure of Gross Domestic Product (GDP) by incorporating environmental factors, particularly the depletion and degradation of natural resources. In response to criticisms of GDP as a standard measure of economic performance, the 1992 Rio Summit called for the development of new accounting systems to integrate environmental and social dimensions into economic performance measurement. This led to the United Nations' establishment of the System of Environmental-Economic Accounting (SEEA) in 1993, which proposed the concept of "green GDP." Green GDP modifies the traditional GDP measure by subtracting the costs of environmental degradation and resource depletion. This approach provides a more accurate reflection of sustainable economic development. However, despite initial experiments by countries like China and the U.S., political concerns and the difficulty of consistent valuation methods led to the eventual abandonment of green GDP initiatives in several countries.

To counter this trend, several new concepts built upon the methodology of Green GDP and one of the notable examples is the Gross Ecosystem Product (GEP). The GEP which measures the total value of ecosystem services, have been tested by SSEA Ecosystem Accounting as complementary measures to GDP, helping policymakers understand the trade-offs between economic growth and environmental protection (UN

System of Environmental Economic Accounting 2021).

Life Economies can derive or develop many new indicators from the methodologies and indicators of both Green GDP and GEP since they have demonstrated how to measure various non-financial aspects in monetary terms, using valuation principles consistent with the System of National Accounts.

Inclusive Wealth Index (IWI)

The Inclusive Wealth Index (IWI) was introduced in 2012 during the Rio+20 Summit. It was developed by the United Nations University International Human Dimensions Programme (IHDP) and the United Nations Environment Programme (UNEP). The IWI incorporates "green" accounting by assessing changes in natural capital, such as forests and waterways, alongside human and economic capital. Unlike GDP, which focuses solely on economic output, the IWI takes into account the sustainability of a country's resources, considering long-term impacts on well-being and environmental health. This long-term perspective of the IWI is very much aligned with Life Economies' concern about the sustainable future (United Nations University 2012, 2024).

Genuine Savings Indicator (GSI)

The Genuine Savings Indicator (GSI), also known as Adjusted Net Savings, originated from the work of environmental economists and was later refined by the World Bank in the late 1990s. The concept was first introduced to provide a more comprehensive measure of a nation's sustainability, focusing not only on economic output (like traditional GDP) but also on environmental and social well-being. It is an indicator aimed at assessing whether a country is accumulating or depleting its overall wealth, including natural and human capital which determine the long-term sustainability of the country. For instance, the World Bank's analysis of Ecuador from 1970 to 1994 provides a clear example of the implications of GSI. Although Ecuador showed traditional savings rates of over 20% (peaking at 30%), when adjusted for natural resource depletion, particularly oil, the genuine savings were found to be near zero or negative (Kellenberg, 1996). This case underscores how the depletion of non-renewable resources like oil, without reinvestment in other forms of capital (such as human capital), results in a misleading picture of a country's long-term economic health. The GSI provides Life Economies with a strong tool to reveal unsustainable paths of resource-dependent economies and encourages a shift toward policies that promote long-term sustainability (Hamilton, 2000).

Happy Planet Index (HPI)

The Happy Planet Index (HPI) is a metric developed by the New Economics Foundation (NEF) in 2006 to measure the sustainable well-being of people in different countries. Unlike traditional indices like Gross Domestic Product (GDP) that focus on economic output, HPI prioritizes human happiness and environmental sustainability. The Happy Planet Index is designed to show how efficiently countries convert the natural resources they consume into long, happy lives for their citizens by measuring life expectancy, experienced well-being, and ecological footprint. However, it does not account for factors like human rights violations and modern slavery, which can significantly impact happiness (Hot or Cool institute, 2024).

Gross National Happiness Index (GNH)

The Gross National Happiness Index (GNH Index) is a comprehensive tool developed by Bhutan to measure the well-being of its population. It reflects the belief that the well-being of citizens should be the ultimate goal of development, surpassing mere economic growth. Originating from the philosophy of Gross National Happiness (GNH) introduced by Bhutan's Fourth King, Jigme Singye Wangchuck, in the 1970s, the GNH emphasizes a holistic approach to development, integrating economic, social, spiritual, and environmental well-being. The GNH measures quality of life in nine domains, each covering various aspects of well-being, such as psychological well-being, health, education, time use, cultural diversity, good governance, community vitality, ecological resilience, and living standards. These domains encompass a total of 33 indicators to capture various facets of happiness and sufficiency. The subjective nature of measuring happiness and well-being makes it challenging to apply GNH universally, especially in countries with different cultural values (Ura et al. 2023).

Thriving Places Index (TPI)

The Thriving Places Index (TPI) is a UK-based initiative (Centre for Thriving Places, formerly Happy City in partnership with local governments and academics) that measures and evaluates the well-being and sustainability of communities at the local level, considering not just economic factors but also environmental sustainability, equality, and social justice. The Thriving Places Index (TPI) moves away from defining success purely in terms of consumption. It measures and evaluates how well a place promotes well-being for residents within environmental limits. Its major concern on the holistic human flourishing in communities are very closely related to the emphasis of Life Economies on well-being as a virtuous living based on solidarity. Unlike global indexes, the TPI is typically applied to local government areas in the UK, and therefore there is no global ranking available (Abdallah and Harding 2017; Centre for Thriving Places 2023).

Sustainable Development Performance Indicators (SDPI)

The Sustainable Development Performance Indicators (SDPI), developed by UNRISD, offers a comprehensive tool for measuring sustainable development that can address weaknesses and gaps of existing ESG indicators. This framework includes 61 context-based indicators to measure and assess the sustainability performance of diverse economic entities—including both for-profit organizations and social and solidarity economy (SSE) enterprises—across environmental, economic, social, and institutional dimensions. Unlike conventional ESG reporting, which often focuses on measuring isolated data points, SDPI measures sustainability performance in relation to specific thresholds and norms. It emphasizes context-based reporting and trend analysis, enabling organizations to understand their progress relative to long-term sustainability goals.

SDPI provides insights into where economic entities may fall short of sustainability targets, offering policymakers and business leaders critical data for prioritizing and adjusting policies to address identified gaps. This approach is particularly relevant for assessing the application of values and principles of Life Economies within individual economic entities, especially new forms of economic activities and organizations like SSE (Yi et al. 2022).

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The following two tables present the performance of countries based on select indicators discussed in this section. While these results provide some noteworthy observations, they should not be seen as definitive conclusions about countries' overall performance across various dimensions due to several factors, including the inclusion or exclusion of metrics, data inconsistencies, and methodological issues such as biases favoring developed countries and statistical unreliability.

The first observation is that while rising incomes contribute to increased life satisfaction, non-income factors like personal progress, social support, and cultural values play crucial roles in determining overall happiness. Policies should therefore prioritize these broader aspects to enhance national well-being. Second, employing multiple indicators reveals areas in which countries need to improve inclusivity, solidarity, and sustainability. In this simulation, for example, countries like South Korea, Switzerland, Norway, Denmark, Sweden, Australia, Finland, and New Zealand appear frequently across various indicators, suggesting they have robust socioeconomic frameworks driving their high rankings in multiple well-being dimensions. South Korea, for instance, appears nine times, reflecting its strong performance across a wide range of metrics that likely enhance its national well-being.

The World Happiness Report underscores that happiness levels vary significantly by age group, gender, and region (Helliwell et al., 2024). This aligns with the observation that countries appearing frequently in the table likely have policies and systems addressing these diverse factors. For instance, Norway and Finland, which each appear seven times, are known for their comprehensive social welfare systems that cater to different age groups and genders, thereby enhancing overall happiness.

In contrast, countries like Liechtenstein and the UAE appear only three times, highlighting areas where further improvements are needed. The increase in global happiness inequality by over 20% in the past twelve years underscores that even countries with high socioeconomic indicators must address internal disparities (Helliwell et al., 2024).

Table 2. Top 19 Countries in Various Metrics of 2023

Rank	Country	GDP per Capita (Nominal)	Green GDP per Capita	HDI Ranking	Better Life Index	Genuine Progress Indicator	Inclusive Wealth Index	Happy Planet Index	Genuine Savings Indicator
1	Luxembourg	Luxembourg	Luxembourg	Switzerland	Norway	Sweden	Norway	Finland	Norway
2	Switzerland	Switzerland	Switzerland	Norway	Australia	Norway	Switzerland	Iceland	Switzerland
3	Norway	Norway	Norway	Iceland	Sweden	Finland	Finland	Sweden	Sweden
4	Iceland	Iceland	Iceland	Hong Kong (SAR)	New Zealand	Iceland	Sweden	Costa Rica	Finland
5	Hong Kong (SAR)	Hong Kong	Sweden	Denmark	Denmark	Denmark	Netherlands	Norway	Denmark
6	Denmark	Denmark	Denmark	Sweden	Switzerland	Netherlands	Denmark	Austria	Iceland
7	Sweden	Sweden	Finland	Germany	Canada	Germany	Germany	Germany	Australia
8	Germany	Germany	Germany	Ireland	Netherlands	Belgium	Australia	Switzerland	Belgium
9	Ireland	Ireland	Netherlands	Singapore	Finland	Australia	Belgium	New Zealand	Netherlands
10	Singapore	Singapore	Austria	Australia	Belgium	France	France	Australia	Canada
11	Australia	Australia	France	Netherlands	Iceland	Norway	Ireland	Japan	Ireland
12	Netherlands	Netherlands	Belgium	Finland	Germany	Finland	United Kingdom	Luxembourg	United Kingdom
13	Finland	Finland	Ireland	Belgium	France	Denmark	Netherlands	Netherlands	France
14	Belgium	Belgium	Australia	Liechtenstein	Finland	Germany	Canada	Canada	Germany
15	Liechtenstein	Liechtenstein	New Zealand	United Kingdom	Iceland	Luxembourg	Luxembourg	Sweden	Norway
16	United Kingdom	United Kingdom	United Kingdom	New Zealand	United Kingdom	United Kingdom	Australia	Finland	New Zealand
17	New Zealand	New Zealand	Canada	United Arab Emirates	Ireland	Ireland	New Zealand	Denmark	Iceland
18	United Arab Emirates	United Arab Emirates	United Arab Emirates	Canada	New Zealand	Luxembourg	Luxembourg	United Arab Emirates	Luxembourg
19	South Korea	South Korea	Singapore	South Korea	South Korea	South Korea	South Korea	South Korea	South Korea

Source: Various metrics for the year 2023; authors' compilation.

Table 3. Count of Appearances of Each Country in the Various Metrics

Country	Appearances	Country	Appearances
South Korea	9	Netherlands	6
Switzerland	7	Belgium	6
Norway	7	United Kingdom	6
Denmark	7	France	5
Sweden	7	Luxembourg	5
Australia	7	Ireland	5
Finland	7	Singapore	4
New Zealand	7	Liechtenstein	3
Iceland	6	United Arab Emirates	3
Germany	6	Hong Kong (SAR)	2

Note: The counts were derived from the key points provided in the Table 1, which detailed the number of times each country appeared in the table across various metrics such as GDP per Capita, Green GDP per Capita, HDI Ranking, Better Life Index, and others. The counts were cross-referenced and verified from multiple sources to ensure accuracy.

8. Aligning Finance with the SDGs through Life Economies

Development finance, whether provided by governments, international institutions, or philanthropic organizations, must play a catalytic role in promoting Life Economies. However, while encouraging steps have been made in recent years to align development finance with the SDGs, significant challenges and conflicts of objectives remain [6]. Growing Life Economies has the potential to address such misalignments by shifting trillions towards responsible corporate conduct and entrepreneurship, decent labour standards, clean technologies and energy sources, and sustainable consumption and production, in keeping with the well-being of all people and the priorities of countries regardless of their state of economic and social development.

Achieving the SDGs through the growth of Life Economies is critically dependent on adequate financing, particularly for developing countries that face significant resource constraints. The financial challenges worsened substantially after the COVID-19 pandemic, which further widened the existing financial resource gap required to meet the SDGs by 2030. This shortfall has serious implications for essential sectors such as healthcare, education, infrastructure, and climate resilience, making progress toward sustainable development even more challenging (OECD 2023).

Additionally, the climate crisis complicates these efforts, as developing countries which have contributed minimally to its cause are particularly vulnerable to its effects. These countries need considerable investment to transition to low-carbon economies and strengthen climate resilience (United Nations Inter-Agency Task Force on Financing for Development 2021). Without sufficient financial resource, they will struggle to address both climate and development challenges, potentially worsening global inequalities.

Many developing countries face fiscal challenges, worsened by rising debt and constrained government revenues. These conditions limit their ability to invest in critical sectors needed to meet the SDGs. The strain of debt repayment further restricts their capacity to fund long-term development initiatives, perpetuating a cycle of financial strain (United Nations 2021).

Various financing mechanisms, tools and policies to address these problems have been developed across the world. Some of them are very much effective in mobilizing resources but with unintended consequences such as worsening inequality in terms of access to finance or causing setbacks on other SDGs. Developing countries and marginalized communities have been excluded from financial market with innovative sustainable financing instruments (OECD 2023).

SDG-aligned financing mechanisms and instruments are those which can address these unintended consequences through an appropriate institutional ecosystem and sustainable and inclusive design of mechanisms and tools. Several developing countries have successfully established SDG-aligned financing mechanisms and instruments such as green bonds, social bonds, sustainability bonds, sustainability-linked bonds, sustainable investment funds, blended finance models, impact investing and digital financing platforms. There are several reasons why some developing countries such as India, Brazil, South Africa, Indonesia, Malaysia, the Philippines, and Mexico could establish and increase SDG-aligned financing mechanisms and instruments (World Bank 2023b)[7].

Firstly, these countries could scale their green industry sector, which demands massive capital investment needs. The development of green industry, in most cases initiated systematic planning, requires affordable, long-term financing

[6] A report published under the responsibility of the Secretary-General of the OECD notes that "the SDGs never were properly translated into simple metrics of relevance to investors. Too high-level goals or targets, and insufficiently ambitious definitions of SDG-alignment, run the risk of SDG washing – for example, any economic activity contributes to at least one or more SDGs through job creation." (OECD & UNDP 2020)

[7] As of January 2023, green bonds have generated $2.5 trillion worldwide to fund environmentally friendly and sustainable projects. Governments in emerging markets have contributed $74 billion, accounting for 2% of the total global issuance of green, social, and sustainability bonds (World Bank Group 2023).

to support green initiatives. SDG-aligned mechanisms such as green bonds have emerged as a viable solution to mobilize the necessary funds for these green initiatives. For instance, India, setting the goals of adding 450 GW of renewable energy by 2030, has continuously increased the volume of renewable energy, and according to India's Ministry of New and Renewable Energy estimate, India needs additional investments of 380 billion USD (USAID 2020).

Secondly, government support and policy frameworks have played a crucial role. Government policies actively promote green financing through various policy tools including the issuance of sovereign green bonds, the establishment of an environment with various sustainable investment options for both domestic and international investors, and active capitalization of private finance and institutional investment (Singh and Shrivastava, 2024).

Integration of social values into the green bonds is one of the good examples of the SDG-aligned finance advancing Life Economies. Examples include Egypt's Sovereign Green Bond allocated to investments in clean transportation and sustainable water management, which are crucial for improving living conditions and reducing inequality in the region; Indonesia's Sustainability Bond to support the Sidrap Wind Farm in South Sulawesi, which not only contributes to the country's renewable energy goals but also creates job opportunities and supports local communities; Colombia's Local Currency Green Bond which ensures that the benefits of green financing are accessible to local investors and communities; and Malaysia's Green Sukuk which supports sustainable development but also ensures that the financial benefits are accessible to a broader segment of the population, including those who adhere to Islamic financial principles (World Bank 2023b).

Box 12. Addressing the Obstacles to Financing Sustainable Development for Life Economies

Addressing the obstacles to financing sustainable development demands a united and coordinated effort from all participants in the sustainable investment chain. The G20 holds a crucial and distinctive position in fostering collaboration among its members and working groups, enabling the development of integrated policies and tools that redirect substantial resources to areas with the greatest need.

To strengthen enabling environment and identify co-ordinated approaches conducive to a more equitable access to sustainable finance at the global level, G20 countries should:

1. organize collective action for SDG investments by establishing incentive mechanisms for the private capital increase investments in the sectors critical for SDG attainment, in particular climate and infrastructure investments;
2. build capacity in developing countries through various initiatives to improve data transparency, disclosure practices, financial literacy to facilitate investments, and ability to navigate complex financial markets and utilize innovative financing instruments in favour of people and planet; and
3. promote the use of innovative approaches, including blended finance, which should be used in the way to support long-term sustainable industrial policy, prioritize public goods, ensure people's wellbeing and planet health over profits, build local capacity and ownership, and reduce inequality;
4. establish policy frameworks that require more comprehensive and meaningful, genuine sustainability criteria and incentivize investors to prioritize sustainability and inclusiveness over short-term financial returns,
5. create de-risking mechanisms that mitigate the risks associated with financing in developing countries, such as currency fluctuations, political instability, market uncertainty and adequate guarantees and insurance frameworks; and
6. advance guidelines to scale-up the SDG-aligned finance to mobilize enough resource to support the efforts to achieve the SDGs.

Source: OECD 2023; and Group 2023.

Box 13. Colombia's Local Currency Green Bond and Its Benefits to Local Communities

In October 2021, Colombia took a major step in sustainable finance by launching its first green bond in local currency. This milestone made Colombia the first Latin American nation to issue green bonds in its domestic market, significantly benefiting local communities by creating economic opportunities, strengthening resilience, and advancing inclusive growth (Regelink and Stewart 2022).

The Colombian government was instrumental in promoting the creation of a local green bond market to fund environmentally sustainable projects. This initiative was a key component of the government's broader strategy to achieve its environmental, climate, and sustainability goals (World Bank 2022).

The capital generated from green bonds has been directed towards climate-resilient and low-carbon initiatives, generating economic opportunities and encouraging inclusive growth. These investments benefit local communities by driving job creation, infrastructure improvements, and sustainable economic activities (Regelink and Stewart 2022).

For example, Bancolombia issued a green bond worth COP 350 billion (approximately $115 million) to support the financing of green buildings. The bond offered loans for environmentally friendly construction at competitive rates, enabling local communities and businesses to invest in sustainable building initiatives. As a result, over 73,000 housing units across the country have achieved EDGE certification, with two-thirds classified as low-income, affordable housing. This highlights the inclusive nature of the green bond, promoting the development of sustainable and affordable housing for low-income families (Andrade 2021).

Source: Andrade 2021, Regelink and Stewart 2022, World Bank 2022

In this context, multilateral development finance plays a pivotal role in advancing the SDGs through supporting Life Economies. Institutions such as the United Nations Development System (UNDS) and the multilateral development banks (MDBs) are key channels for Official Development Assistance (ODA), providing crucial funding to address socio-economic and environmental challenges. The increasing share of funding from OECD Development Assistance Committee (DAC) members to these institutions—from 37% in 2010 to 43% in 2022—underscores their growing significance in international development co-operation. However, much of this increase, except for some notable examples like GIZ's initiatives closely related to Life Economies, has been directed towards crisis response rather than long-term development goals, which are fundamental to building resilient Life Economies.

In recent years, the widening gap between countries' sustainable development aspirations and their available financial resources has intensified calls for reforming the global financial architecture. There is increasing emphasis on reforming the international financial institutions (IFIs), such as major MDBs like the World Bank and IMF, to expand their mandates beyond poverty and inequality to tackle global challenges like climate change. These reforms include improving their operational effectiveness and increasing lending capacity through financial innovation. However, while scaling up multilateral development finance is crucial, it should not detract from the need to safeguard its capacity to support long-term goals essential to Life Economies, such as the establishment of economic systems that advance poverty reduction, social equity, environmental protection, and economic resilience. Achieving this balance requires monitoring the allocative impacts of ongoing reforms and ensuring measures to increase MDBs' financial leverage are complemented by efforts to increase their concessional resources.

Moreover, the continued expansion of the multilateral development system or co-ordinated joint international responses to developmental challenges introduces vulnerabilities at individual and societal levels, including growing fragmentation and complexity. These challenges need to be addressed through structural and systemic improvements, which are critical to supporting Life Economies. This includes tackling ongoing reform processes, such as the recently updated UN Funding Compact, and addressing areas for reform often overlooked such as enhancing transparency and coherence within the multilateral development financing architecture (OECD 2024).

Box 14. Life Economy Initiatives at GIZ: Transformative Economic Approaches for Sustainability

GIZ is pioneering Life Economy projects worldwide, implementing transformative economic approaches that prioritize social-ecological goals. These projects serve as models for sustainable development that balances environmental integrity and social well-being, aligning with the principles of Life Economies. For instance, in Brazil and Caribbean, GIZ promotes sustainable business models leveraging the bioeconomy, focusing on regenerative forest resources to conserve biodiversity and create green jobs. This initiative emphasizes the sustainable use of forest resources, fostering a harmonious relationship between the economy, society, and the environment. In Morocco, GIZ supports cooperatives and MSMEs in forest and park areas to integrate eco-friendly activities, including medicinal plants, honey production, sustainable wood, and ecotourism. GIZ promotes Just Energy Transition Partnership (JETP) in South Africa, which facilitates an equitable energy transition by encouraging green energy while minimizing social and economic impacts of decarbonization. This partnership prioritizes socio-ecological transformations, especially for marginalized communities. Through these projects and others related to Life Economies principles and values, GIZ exemplifies the practical and theoretical applications of Life Economies, contributing to a sustainable and inclusive future by aligning economic activities with ecological and social well-being.

Source: GIZ (2024)

Box 15. Innovative Financial Instruments

Blended finance is defined as the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries (OECD 2018a). Blended finance aims to reduce the risk-return profile of investments, to ultimately help them meet the needs of private investors. By demonstrating project viability and supporting the development of markets, blended finance therefore helps attract commercial capital. Blended finance can take the form of financial instruments (including loans, guarantees, and grants) and mechanisms (including funds, securitisation, and public-private partnerships) (OECD 2018a). The OECD DAC Blended Finance Principles and accompanying Guidance guide actors across the development finance ecosystem in designing and implementing effective, efficient and transparent blended finance programmes.

As such, blended finance can also support innovative financial instruments, like green, social, sustainability and sustainability-linked (GSSS) bonds (OECD 2023b, OECD 2024b). GSSS bonds can tap into large pools of capital – therefore linking scale with impact, while mobilising private finance. Yet despite this potential, GSSS bond issuances are largely not occurring in the countries with the greatest financing needs. According to the OECD, for example, the share of SLB issuances from developing country issuers as a percentage of the total issued amount decreased from 13% to 5% between 2021 and 2022 (OECD 2024b).

Donors and development actors therefore have a crucial role to play in supporting developing country issuances of GSSS bonds. This can include, for example, supporting the 'impact' dimension of GSSS bonds, through the development and use of harmonised, locally adapted Standards, Principles and Frameworks that guide the pre- and post- issuance process. It can also include the provision of technical assistance and capacity building to support various phases of the issuance process itself, and using blended finance instruments like guarantees to provide credit enhancement which makes GSSS bonds more attractive to investors.

While blended finance and other innovative financial instruments therefore have a fundamental role to play in mobilising finance for sustainable development, they must not be seen as a panacea. Blended finance should not be seen as a substitute for strong public investment, for other efforts to build and support the private sector in developing countries, or for more traditional forms of development assistance.

Source: Various materials from OECD.

9. Policies for Growing and Leveraging Life Economies

In the face of unprecedented global challenges, from rising inequalities to environmental degradation, governments, international organizations, and stakeholders must adopt a transformative approach to sustainable development. A global expansion of Life Economies would accelerate the transition to a sustainable, equitable and inclusive development paradigm and the achievement of the SDGs. There are encouraging indicators there is already momentum behind such a transition:

- The Global Commons Survey 2021 found that among G20 countries, 74% of people support the idea that their country's economic priorities move beyond profit and increasing wealth to focus more on human well-being and ecological protection.
- According to the 2022 Global State of Social Enterprise report by the British Council and Social Enterprise UK, an estimated 11 million businesses across the world could be recognized as social enterprises.
- According to the Global Sustainability Study 2021, 85% of people worldwide indicate that they have made minor to significant shifts towards being more sustainable in their consumption in the past five years.
- Already in 2017, the Business & Sustainable Development Commission suggested that sustainable business models could open economic opportunities worth up to US$12 trillion and increase employment by up to 380 million jobs by 2030.
- A 2020 British Council report on social enterprise and job creation estimated that the number of jobs directly created by social enterprises in Sub-Saharan Africa ranged from 28 million to 41 million.
- In 2022, the Global Impact Investing Network (GIIN) estimated the size of the worldwide impact investing market to be $1.16 trillion.
- According to Forrester, global green finance saw record growth in 2021, exceeding $720 billion.

Central to leveraging Life Economies to address the root causes of inequalities and unsustainable development is the establishment of robust regulatory frameworks, cross-sector collaboration, and innovative financing mechanisms. These elements are essential not only for promoting sustainability but also for addressing skills gaps in jobs critical to various forms of Life Economies. Equally important is the need for policies that protect public investment and ensure equitable access to capital, particularly for marginalized communities. Protecting the interests of future generations is paramount for sustainable development, making the equity framework a vital starting point: inclusive policies must incorporate principles of distributive equity (ensuring fair distribution of benefits and costs), procedural equity (inclusive decision-making processes), and contextual equity (addressing pre-existing conditions that limit or enable access to decision-making procedures, resources, and, thereby, benefits) (Melanie McDermott, etc, 2013).

Implementing Life Economies requires harnessing the collective strengths of all sectors, to accelerate their growth and create enabling conditions for their success. This involves designing and implementing policies that foster collaboration, address systemic barriers, and align economic systems with social and environmental priorities.

The following policy pathways, derived from the research and case studies in this report, offer an initial framework for advancing Life Economies. While these pathways provide valuable insights and actionable steps, they are not yet comprehensive or fully strategic. Developing robust policy recommendations for the G20 will require a deeper phase of research and collaboration. Future efforts will build on this foundational work by conducting baseline studies of Life Economies across diverse national contexts, identifying existing models and their enabling policies and ecosystems, and engaging stakeholders across sectors. These efforts should produce a holistic, evidence-based policy blueprint to guide G20 nations in fostering sustainable, inclusive, and equitable economic systems.

A. Governance Reform and Development Priorities

1. Shift Development Priorities: Shift development agendas towards human well-being, environmental sustainability, and equitable development, prioritizing issues like healthcare, education, and gender equality. This policy is necessary as traditional economic growth models have often led to increased inequalities and environmental degradation, failing to enhance overall societal well-being. New Zealand's Wellbeing Economy Budget exemplifies how this shift, focusing on mental health, child welfare, and sustainable economic policies could produce tangible impact affecting all in New Zealand. By prioritizing these areas, New Zealand demonstrates how Life Economies align with holistic development goals that prioritize well-being over profit, which has become increasingly essential in addressing global sustainability challenges.

2. Strengthen Global Governance: Rethink global governance structures to reflect the interests of the Global South, ensuring more equitable decision-making processes and promote the development of Life Economies networks across the world. This is crucial because current governance systems often marginalize the Global South, leading to policies that do not address their specific needs and contexts. Various forms of collaboration through the networks of new and innovative economic activities and relations such as SSE networks of United Nations Inter-Agency Task Force on Social and Solidarity Economy (UNTFSSE) show how active promotion of a Life Economy network, i.e. SSE network in this case, can strengthen inclusive governance structures at the global level (UNRISD, 2021). The G20 can also serve as an important platform for global governance, bringing together major economies to address international economic challenges. Expanding its focus to include the specific needs of the Global South and innovative economic paradigms such as Life Economies can make it a more inclusive and impactful body.

3. Strengthen Multilateral Effectiveness: Complement the efficiency focus of ongoing multilateral reforms with efforts to enhance the system's effectiveness. Ensure multilateral organisations are adequately resourced, both in terms of funding quantity and quality, to meet their expanded mandates. Promote greater coherence and coordination within the multilateral architecture to prevent issues like system's fragmentation and the lack of flexibility and predictability of multilateral organisations' funding. The ongoing reform of the World Health Organisation's funding model and the successful 2010 merger of four UN entities into UN Women demonstrate that, although challenging, restructuring efforts are feasible and can deliver positive outcomes with sustained commitment from all stakeholders (OECD, 2024).

B. Capacity Building and Knowledge Sharing

4. Support Knowledge Sharing and Capacity Building: Facilitate knowledge exchange on Life Economy models and innovations through centres of excellence and training programs across G20 nations. The facilitation of knowledge sharing and capacity building is a critical policy lever for advancing Life Economies, since Life Economies offer localized solutions to specific challenges in specific contexts. The policies should help to establish education and training systems to provide training and resources for Life Economies and enable actors of Life Economies to thrive in the market economy while staying true to their values and principles of Life Economies.

5. Build Capacity for Life Economies in Developing Countries: Enhance transparency, financial literacy, and data practices in developing countries to facilitate the development of Life Economies. By definition, Life Economies are particularly important for developing countries since their primary concerns are social and environmental issues that are pressing in developing countries. Realising their dual mission of generating revenue and addressing social and sometimes environmental challenges demands appropriate skill sets. SSE initiatives in Africa, which focus on economic empowerment, for instance, provide valuable lessons for building capacity in developing countries (African Union and ILO, 2024).

6. Address Skills Gap in the various forms of Life Economies: Implement targeted training and education programs to equip workers, particularly youth and women, with the skills needed for jobs in various forms of Life Economies, facilitating an inclusive transition to sustainability. Addressing the skills gap, including through re-skilling and up-skilling, is critical to ensuring that the workforce is prepared for the changing demands of Life Economies, which prioritize ecological and social goals. Education and training to address skills gap should include those related to innovation in social and environmental dimensions For instance, the Young Social Entrepreneurship Support Programme in Korea provides a model for how targeted training can empower young entrepreneurs to engage in the social economy (Yoon and Lee, 2020).

C. Enabling Environments and Regulatory Frameworks

7. Create Enabling Environments for Life Economies: Develop policy frameworks and interventions that support the growth of Life Economies. For instance, Quebec's legal frameworks for SSE demonstrate how legislation can support these economies by ensuring autonomy and fostering social enterprises (Mendell et al., 2020). Enabling environments such as legal frameworks can provide the structural foundation and legitimacy needed for Life Economy actors, easing access to resources such as grants, subsidies, loans, and public procurement opportunities. Additional tools like tax incentives for investors, as implemented in the UK, and accreditation schemes, such as South Korea's certification for social enterprises, should be incorporated to provide tailored support (World Bank, 2017). These frameworks should also regulate unfair competition, while fostering partnerships and collaborations to scale impact.

8. Foster a Supportive Entrepreneurial Ecosystem: Implement public procurement policies and create partnerships to support purpose-driven or for-benefit companies, one of the key elements constituting Life Economies, integrating them into national development strategies. A supportive entrepreneurial ecosystem is essential for fostering innovation and sustainable business models. Latin America's support for Collective Interest and Benefit Companies (CIBs) shows how legal frameworks can support such companies (UNDP Latin America and the Caribbean, 2021). To further strengthen entrepreneurial ecosystems, governments should consider training public servants to collaborate with for-benefit enterprises, as demonstrated in South Korea and Egypt. Capacity-building programs, such as the UK's business support initiatives that develop commercial skills for for-benefit enterprises, are also crucial for enhancing their operational effectiveness and sustainability.

9. Encourage a Supportive Regulatory Environment: Establish regulatory bodies to oversee and ensure that Life Economy organizations focus on measurable social and environmental impacts, as demonstrated by India's Social Stock Exchange model, which allows social enterprises to raise capital and enhance their impact (Chaturvedi, 2024). Supporting innovation-driven solutions like social impact bonds, which link financial returns to measurable social outcomes (e.g., UK, Singapore), and credit guarantee funds to mitigate risks for lenders in emerging markets (e.g., Italy, South Korea), can enable social enterprises to expand their reach and impact. Additional mechanisms such as end-user subsidies (e.g., South Korea), can bridge financing gaps and empower underserved communities. Mitigating adverse effects of carbon pricing is another example. Some countries, such as Canada, have established regulations to ensure that a portion of revenue from carbon taxes is redirected to low-income households to alleviate the financial burden caused by increased energy costs (Wilson, 2024). This policy ensures that climate policies do not disproportionately impact vulnerable populations, aligning with broader efforts to ensure that the transition to a low-carbon economy is just and inclusive.

D. Financing

10. Promote Innovative Financing Instruments: Encourage the use of blended finance and other innovative tools that prioritize public goods and local capacity while addressing inequality. Innovative financing is crucial for mobilizing resources to support Life Economies, which often struggle to access traditional forms of capital due to their focus on social and environmental outcomes. The Social Stock Exchange in India exemplifies how innovative financial instruments can be used to channel investments into social enterprises, thereby enhancing their capacity to address social challenges (Chaturvedi, 2024).

11. Incentivize Sustainable Financing: Offer tax incentives and promote financial instruments like green bonds and social bonds to mobilize capital for social, environmental, and economic goals. Such incentives are necessary to shift investment towards sustainable practices aligned with values and principles of Life Economies, that is, the long-term well-being of society and the environment. Colombia's issuance of local currency green bonds, which supports sustainable projects while ensuring benefits for local communities, illustrates the potential impact of incentivizing sustainable financing (Regelink and Stewart, 2022).

12. Enhance Access to Capital for Marginalized Communities: Ensure inclusive access to finance for marginalized groups by leveraging tools like local currency green bonds and community-based financing initiatives. Access to capital is crucial for enabling marginalized communities to participate in and benefit from Life Economies, thereby promoting social equity and inclusion. Colombia's local currency green bonds provide a model for enhancing access to finance for underserved communities, supporting local development and sustainability (Andrade, 2021).

13. Strengthen Global Coordination for SDG Financing: G20 countries could encourage efforts to increase private capital for SDG investments, especially in climate and infrastructure sectors. Achieving the Sustainable Development Goals (SDGs) by 2030 requires an estimated additional $2.5 to $3 trillion annually, a gap that widened due to the COVID-19 pandemic and ongoing climate crises. G20 countries, representing the world's largest economies, have a crucial role in bridging this gap. If G20 countries adopt Life Economies in terms of the standards and metrics for sustainable investments, and risk mitigation mechanisms such as guarantees, blended financing models, innovative financing instruments such as green bonds, social bonds and sustainability-linked bonds, local currency bonds, and genuine sustainability assessment tools for sustainable investment, G20 countries can drive transformative change in global development financing, effectively bridging the funding gap and accelerating progress toward a sustainable future.

14. Protect Public Investment: While promoting Life Economies, ensure that public-private financial instruments do not substitute strong public investment, and that privatization of essential services is carefully regulated. This is important when addressing unintended consequences of Life Economies. Maintaining public interest and preventing essential services from being driven solely by profit motives is crucial to people's well-being and planet health. Life Economies themselves should find out the way to harmonize with public sector and its investment. Quebec's social finance ecosystem illustrates how diverse financial instruments can support Life Economies, i.e. SSE in this case, without compromising public investment (Barco Serrano et al., 2019).

E. Economic Inclusion and Community Empowerment

15. Inclusive Stakeholder Engagement: Engage stakeholders through participatory, bottom-up models, collaborating with local communities, social enterprises, and grassroots movements. This approach is vital for ensuring that policies and initiatives are grounded in the realities and needs of those they are intended to serve, thereby enhancing their effectiveness and sustainability. Life Economies are based on people-centred approach in terms of their design, implementation and distribution of gains. The co-construction of public policy in Barcelona, which involves extensive stakeholder engagement in developing SSE strategies, and the case of Samsø, a remarkable example of Life Economies which combines renewable energy transition with energy-tourism based on local ownership serve as good empirical examples of how inclusive processes can lead to more effective and sustainable economic models (Chaves-Avila et al., 2020; Sperling, 2017; Albulescu et al. 2021; Energi Akademiet, 2024).

16. Community-Centred Economic Development: Prioritize placing local communities at the centre of new economic models, increasing their capacity as agents of change. Community-centred development, one of the common forms of Life Economies, is essential for empowering local populations to take ownership of sustainable initiatives, thereby enhancing their effectiveness and resilience. For example, the renewable energy projects on Samsø Island in Denmark exemplify how community engagement can lead to successful and sustainable local development (UN Climate Change, 2024).

17. Combat Rising Inequality: Implement comprehensive policies that combine redistributive and pre-distributive measures to address growing inequalities through Life Economies. This approach is critical because it points to the fact that traditional economic systems, focused predominantly on market-driven growth, have often exacerbated disparities by concentrating wealth and resources among a small group while marginalizing vulnerable populations. By contrast, Life Economies, such as the Social and Solidarity Economy (SSE), offer a viable alternative by embedding economic activities within social and ecological contexts, thereby addressing systemic inequalities. SSE organizations, through their emphasis on solidarity, cooperation, and democratic governance, actively work towards reducing inequalities by fostering inclusive and equitable economic development. Life Economies, such as SSE, can strengthen the impact of polices to not only reduce income inequality but also address broader social and environmental dimensions of inequality. Empirical evidence from SSE initiatives across diverse contexts—ranging from women's self-help groups in India to community cooperatives in Latin America—demonstrates the transformative impact of these economic models in fostering inclusive growth and social justice (Fontaneau and Pollet, 2019).

18. Integrate social objectives into environment-focused frameworks such as circular economy: Evolve the circular economy into a model that includes social goals, such as waste reduction, job creation, and ensuring decent working conditions. Integrating social objectives into the circular economy can enhance its impact by addressing both environmental and social challenges simultaneously. The cooperative networks in the Emilia-Romagna region demonstrate how circular economy practices can be combined with solidarity economy principles to promote sustainability and social equity (Sani et al., 2021).

F. Collaboration and Coordination

19. Foster Cross-Sector Collaboration: Promote collaboration between industries, governments, and communities to align economic activities with social and environmental goals, ensuring that growth is inclusive and sustainable. This policy is necessary because traditional economic systems often operate in silos, which can lead to inefficiencies and a lack of cohesion in addressing complex social and environmental challenges. Cross-sector collaboration is one of the key features of Life Economies which can integrate diverse perspectives and resources, leading to innovative solutions and more resilient economic systems. For example, the Emilia-Romagna region in Italy demonstrates successful cross-sector collaboration through its cooperative model, which integrates principles of the circular and solidarity economy to enhance sustainability and social inclusion (Sani et al., 2021).

20. Promote Synergies amongst different stages of circular economy: Connect businesses across the product life cycle to create synergies, reduce waste, and increase recycling rates, while promoting the creation of well-paying green jobs. This approach is necessary to maximize the efficiency and impact of circular economy practices, fostering economic growth that is both sustainable and inclusive. The European Union's initiatives to promote circular economy practices across industries highlight the potential for creating synergies and enhancing sustainability (ILO, 2019a).

Benefits of Advancing Life Economies

Life Economies provide a blueprint for transforming how countries approach development. By addressing the root causes of multiple dimensions of inequality and integrating social, environmental, and economic goals, Life Economies offer a path toward achieving the SDGs in a holistic and sustainable manner. Countries that adopt and invest in Life Economies are better equipped to confront global challenges—ranging from poverty and inequality to climate change—while building more resilient, equitable, and sustainable societies. This approach offers a unique range of benefits:

a) **Direct Impact on Root Causes:** Life Economies address the fundamental economic structures that perpetuate inequalities. By redesigning the way economies function, they directly tackle the systemic issues that lead to uneven resource distribution and access to opportunities.

b) **Adaptability and Resilience:** Life Economies enhance a country's resilience by diversifying its economic base and reducing dependence on volatile global markets. This adaptability is crucial for economic stability, particularly in developing countries that face economic shocks.

c) **Alignment with Global Goals:** Adopting Life Economies aligns national policies with the full range of SDGs and fosters policy coherence for sustainable development. This alignment not only addresses local issues but also contributes to global efforts in tackling economic disparities.

d) **Long-term Sustainability:** Prioritizing Life Economies ensures long-term sustainability, offering a stable foundation for future economic development that does not sacrifice environmental or social health for short-term gains.

e) **Enhanced International Standing:** Countries leading in Life Economies are often viewed as pioneers in inclusive and sustainable development, enhancing their international standing and influence in global economic discussions.

10. CONCLUSION AND CALL TO ACTION

Life Economies represent a transformative paradigm capable of addressing the root causes of multi-dimensional inequalities while simultaneously addressing climate change and systemic challenges that hinder global progress toward the Sustainable Development Goals (SDGs). By prioritizing human well-being, social equity, and environmental sustainability, Life Economies complement traditional profit-centered models, re-embedding economic activities within social and ecological contexts. The case studies presented in this report demonstrate that economies and societies can thrive sustainably when these principles guide development.

Recognized and championed by the Indian and Brazilian G20 presidencies, Life Economies align closely with the priorities and objectives of the G20. Building on existing commitments to sustainability, inclusivity, and global resilience, they provide an actionable framework to address interconnected global challenges. By promoting inclusive growth, advancing climate action, and fostering multilateral cooperation, Life Economies offer G20 members a pathway to operationalize their collective commitments to the SDGs and beyond.

Key insights from this report highlight the critical role of cross-sector collaboration, robust policy frameworks, and innovative financing mechanisms in scaling Life Economies. Policies supporting sustainable finance, for-benefit organizations, and inclusive development models have shown significant potential across diverse contexts. For policymakers, this underscores the need to promote innovative economic entities, expand access to sustainable finance, and ensure that financial instruments align with the SDGs. Equally vital is investing in education and workforce development, particularly for marginalized groups, to enable broader participation and benefit-sharing in Life Economies.

Looking ahead, advancing Life Economies requires focused efforts in several strategic areas. Conducting comprehensive baseline mapping across G20 countries is foundational, including discovering existing actors, identifying best practices, and evaluating policy and regulatory frameworks. Future research should address knowledge gaps, explore emerging trends, and refine methodologies to guide decision-making. Engaging stakeholders through participatory approaches will be crucial for deepening understanding of Life Economies, co-designing effective solutions, and fostering cross-cultural collaboration to advance their development.

To integrate Life Economies effectively into G20 priorities, it is essential to embed the framework within G20 structures and mechanisms. Strategies must clearly articulate how Life Economy initiatives align with existing G20 efforts, such as the Development Working Group, Finance Track, and task forces. Highlighting synergies with past declarations and action plans will ensure continuity, coherence, and alignment with ongoing global efforts.

Ensuring long-term success will require refining metrics to assess the impact of Life Economies, fostering synergies across sectors, and scaling successful models both locally and globally. The G20 and other international organizations are uniquely positioned to lead this transformation, fostering collaboration and prioritizing people and the planet in policy and development strategies. By aligning the framework with G20 mechanisms, setting measurable targets, and enhancing coordination, Life Economies can become a driving force for sustainable, equitable, and resilient development worldwide.

This report underscores the immense potential of Life Economies to catalyze global change while advancing G20 objectives. By integrating these recommendations into G20 structures and building on established foundations, Life Economies offer a hopeful and actionable pathway to a future where humanity and the planet thrive in harmony. The G20's leadership is vital to realizing this vision, ensuring global progress toward a sustainable, inclusive, and prosperous future for all.

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