



# SETTING A PATH TOWARDS NEW ECONOMICS FOR SUSTAINABLE DEVELOPMENT- AN OVERVIEW

## INTRODUCTION

Decades of unprecedented economic growth have not prevented the cascading and interlinked crisis of climate change, degrading ecosystems and biodiversity, devastating war and violence, aggravating poverty, hunger, and inequalities, increasing costs of living and debt distress, and the continued pandemic, social insecurity and unrest. Instead, we are seeing an increasing disconnect between economic growth and wellbeing. At the halfway point in the implementation of the 2030 Agenda for Sustainable Development, adopted in 2015, it is clear we need radical changes in the way our economies operate.

The New Economics for Sustainable Development (NESD) seeks to address the lack of inclusivity as our economies are leaving too many behind, while waging a war on the planet. The target audience for the series of policy briefs on NESD are decisionmakers, strategists and key actors in the global and national policy space that can steer socio-economic policies towards a world of better holistic accounting of externalities, both positive and negative, in our interconnected system. It is also directed at UN country economists providing them with not “one economic solution fit for all” but rather, a toolbox to advance the three dimensions of the SDGs, while responding to the current priorities and human and environmental capital endowment of the country they serve in.

The policy debates to shape new economics will depend on broader measures of progress in economic life, such as the “Beyond GDP” process called for by the UN Secretary-General to feed into follow-up processes to the 2030 Agenda<sup>1</sup> for Sustainable Development and Our Common Agenda including the Summit of the Future and the 2025 update of the System of National Accounts. But to avoid trade-offs and capture synergies among the three dimensions of sustainable development we require a paradigm shift in our economic paradigm and policies.

The paradigms of NESD are “evolving” ways of thinking about types of economic activities from the perspective of not only their strictly economic dimension but also from their social and environmental dimensions. These paradigms acknowledge the interdependence of the three sustainable development dimensions and the transformative potential that results from combining the three. In Figure 1, the paradigms or concepts considered are as follows:

The effort to integrate the NESD paradigms into mainstream economic policy would depart from “business as usual” as it deliberately seeks to identify and maximize co-benefits across different policy areas. It is mission- and integration-driven, starting not just with one but with several ends in mind from across interdependent policy areas. It provides conceptual, analytical and policy foundations to achieve the 17 Sustainable Development Goals, including its 169 Targets as well as key aspects of sustainable development that might not have been fully captured in the SDGs.

NESD explicitly tackles some of the externalities often sidelined by mainstream policy, as well as many of the blind spots as part of their design, to address growing local and global challenges. These include the multiple and concurrent environmental and ecological crises (climate change, biodiversity decline, land degradation, water contamination, etc.) amid continued population growth; the rise of extreme inequality and the persistence of poverty; and the vulnerability of people and their livelihoods.

Rather than “zooming out” to the macro level to make general assertions about the state of development in a given economy, or statistically “averaging out” disparate social realities, the NESD puts the spotlight on all the levels of analysis required to understand the ability of economic

Figure 1: NESD Concepts



Source: Authors' compilation

agents to conduct economic activities (formal and informal alike). Science has clearly evolved to show how economic activities occurs within interdependent systems. This overview takes a look at the global economic, social and ecological system, with a deliberate aim to address practical drivers that make people and ecosystems thrive, without putting at risk planetary health or social cohesion.

## RATIONALE – SHORTCOMINGS OF MAINSTREAM ECONOMIC THEORY AND PRACTICE

There are several aspects of modern economic life that have not been adequately integrated into mainstream economic policy making. These include, inter alia, the impact of linear production models on the planet, including life on land and in the oceans; the notions of economic, social and environmental resilience and sustainability, which have taken centerstage in the face of increasing volatility and shocks; the realization of the engendered roles in intrahousehold decision-making and in providing many of the critical services on which every society depends; the digitalization and increasing financialization of the economy; the socio-economic impact of ageing populations of developed countries; and the expanding youth bulge in many developing countries, among many others.

While economic theory has benefited from multiple developments in recent years (such as information theory, behavioral economics, and gender economics), not all have translated into practical action. Inversely, many of the realities of our economic life remain sidelined in mainstream economic theory and policymaking.

Mainstream applied economic policy has proved inadequate to tackle major challenges: the “dotcom” bubble of the 1990s, or the 2007-2008 financial crisis (aided by the prior deregulation of the financial sector); the impact of economic production and consumption patterns on the planet amid continued population growth and resource use (not only generating climate change, but also causing biodiversity extinction and geological alteration into the so-called “Anthropocene” era or triple environmental crisis); the ever-increasing and intersecting forms of inequality (including the widest polarization ever recorded in economic wealth), the persistence of poverty and the reversal of some gains (including pockets of poverty in developed economies); the precarization of employment with the expansion of the “working poor” phenomenon as well as the gig economy; and the global socioeconomic and cost-of-living crises emerging from an uneven response to the COVID-19 pandemic.

At the international level, the very notion of “development” has changed. With the Millennium Development Goals (MDGs), there was a global economic consensus addressing the issue of poverty and as

such, a greater emphasis on socioeconomic issues rather than environmental ones. While the MDGs were a first global effort towards results-based development commitments, they did not attempt to adequately integrate the interdependency and interlinkages between economic, social and environmental crises that the global development agenda had and has at hand.

The notion of sustainable development has existed informally for time immemorial and only incorporated to the global development agenda following successive incremental efforts. In 1987, the UN General Assembly adopted the Environmental Perspective to the Year 2000 and Beyond. The Perspective underlined the relationship between environment and development, and for the first time introduced the notion of sustainable development and its three pillars through the Brundtland Report. As the urgency for a stronger international action on the environment gained momentum, in 1992 the General Assembly decided to convene in Rio de Janeiro, Brazil, for the United Nations Conference on Environment and Development. In 2015, the notion of sustainable development was universally adopted at the United Nations Summit on Sustainable Development, with an agreed text for “Transforming Our World: The 2030 Agenda for Sustainable Development by 2030” including 17 sustainable development goals and 169 targets covering environmental, social, and economic dimensions.



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However, despite these gains in international agreements to define the interlinkages between these three pillars of sustainable development, mainstream economic thinking has not evolved accordingly. Despite the warnings from scientists, prevailing economic policies have not managed to mitigate the ongoing climate, biodiversity and pollution crises. Therefore, there is a need to expand the conceptual, analytical and policy frontiers of mainstream economics and particularly, of applied policy to address the new realities brought about by modern economic life and the major global mission of achieving sustainable development.

The UN has a history of pushing the knowledge boundaries in development policy. For example, in 1990, the UN Human Development Report introduced the Human Development index (HDI) at a time when GDP had been seen as the champion metric of development. This broadened the horizons of development policymakers and practitioners from an exclusive focus on production of goods and services to a more human-centered view encompassing people’s living standards, health status and educational opportunities.

In 2012, the UN Statistical Commission introduced the first international standard for environmental-economic accounting, bringing together a common framework to measure the condition of the environment, the contribution of the environment to the economy and the impact of the economy on the environment. Today the Statistical Commission has advanced global dialogue and discourse on accounting for the stocks of physical, human and now natural capital through the 'System of Environmental-Economic Accounting– Ecosystem Accounting' (SEEA-EA), which will be updated by 2025.

However, the next step is to shape multilateral, regional and especially national policymaking to better measure and manage the stocks and flows of capital across our natural and economic systems, towards a more balanced state.

### THE SYSTEMS VIEW FOR NEW ECONOMICS TO ADDRESS EXTERNALITIES AND BLIND SPOTS

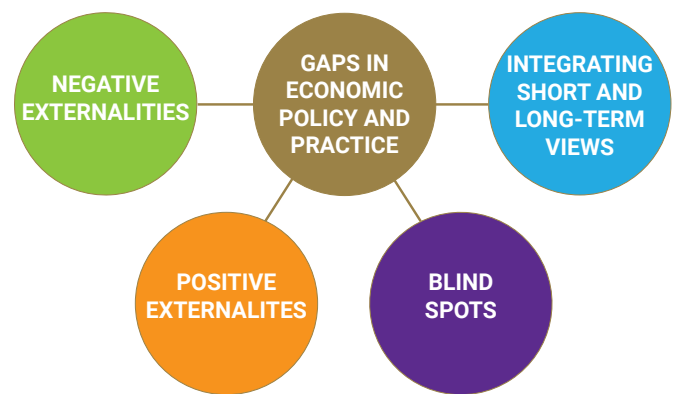
The common thread of these NESD paradigms is the acknowledgment of the inter-linkages and interdependence of economic, social, and environmental dimensions and the need for development policy to embed and “re-couple” those three dimensions in a “systemic approach”, in order to achieve sustainable development. For example, by binding together the common policy imperatives across the three dimensions of sustainable development, such as wealth creation, resilience, protection, inclusivity, mitigation, and adaptation, calculating the impacts of policies across dimensions, government can achieve more balanced outcomes.



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The NESD paradigms address two existing gaps in mainstream applied economic policy: externalities and blind spots (see Figure 2). Unacceptable environmental or social outcomes were being generated by the economic activities, and the policies to support them were either explained away in economic theory by the concept of externalities, or simply not recognized—remaining a blind spot in economic theory and policy. Such issues considered only marginally, if at all, as unavoidable outcomes of economic activity, are to be dealt with by social or environmental policies and measures after the fact. There was little direct focus on these externalities and blind spots in either mainstream economic theory or policy, and little attempt was made to integrate them into mainstream economic policymaking.

**Figure 2:** Gaps in mainstream economic policy and practice



Source: Authors' compilation

#### NEGATIVE EXTERNALITIES

Negative externalities arise when the cost of an action is not (fully) attributed to or internalized by the economic agent. Instead, it is externalized to a third party, either an individual or a collective. For example, the pollution generated by a production process may not fully reflect the costs of that process, or in the market price of the goods that it generates. Neither the producer nor the consumer is required to pay a price that fully reflects the actual cost to people and the planet. This is particularly evident now in the context of the climate crisis induced by greenhouse gas emissions and human activity. These broader costs of fossil fuel combustion are only recently beginning to be reflected, in some jurisdictions, in carbon tax prices, usually set too low to truly internalize the cost.

The problem of externalities is that their existence allows individuals to disregard the full cost of their activities because the private market prices do not encompass other costs to society and stakeholders, creating a skewed and fundamentally false cost-benefit calculation for economic actors. If the costs were fully integrated, societally harmful activities such as burning fossil fuels, would become tremendously more expensive, so that maximizing personal welfare would require stopping the use of fossil fuels earlier and quickly level the playing field towards renewable energy use.

Overtime compounding effects from individuals choosing to maximize their own personal welfare under distorted cost perceptions and incomplete market prices, will lead to systemic challenges to a way of life escalating towards climate change and environmental degradation. To counter the effect of such externalities, for example, the green economy paradigm advocates the “polluter pays” principle to fully internalize the true costs of any polluting activity. The circular economy recognizes the substantial costs of discarding by-products of production and consumption—by stepping away from the concept of linear production and treating

these byproducts as potential inputs, it aims to raise their market value and encourages their reuse in production.

Finally, the notion of social externalities has emerged as a by-product of market or economic externalities reflecting situations where economic activities and outcomes, while benefitting some individuals, have a high “implied collective cost” to the society at large. These could include an impact to increase extreme income inequalities and wealth distribution; inequitably distributed opportunities for participation in economic and social life; and, eroding social cohesion, with their attendant increase in the risk of loss of trust coupled with rising social tension ultimately leading to conflict or to violence. NESD paradigms, like the care economy and the social and solidarity economy (SSE), avoid this implied collective cost by designing productive models that simultaneously seek to maximize individual and collective welfare.

### POSITIVE EXTERNALITIES

Positive externalities arise when the consumption or production of a particular good results as a benefit to a third party, an individual, or a collective, without having to contribute to it. Just as mainstream economic policies fail to account for negative externalities, they often do not fully leverage the positive ones. The notion of “homo economicus”, the rational economic agent that maximizes its own individual utility, as opposed to someone else’s or that of the collective, is not conducive to designing policies that maximize positive externalities, despite their undoubted positive welfare effects. NESD paradigms like the social and solidarity economy and the circular economy promote “positive spillovers” and industrial symbiosis through waste and product recycling, knowledge sharing, reutilization and remanufacturing, asset sharing and pooling (for example, in the transport industry), or converting formerly tangible products as services, thus reducing their environmental impact. The purple economy creates public goods that generate benefits extending beyond the individual care recipients, to societies at large and into the future.

### BLIND SPOTS

The NESD concepts help illuminate several key blind spots of economic policy and thus provide an opportunity for economic theory to evolve and create frameworks to address them. Intertwined with the treatment of externalities, an integrated sustainable development policy involves a concerted effort by governments to address both blind spots and externalities through long-term inclusion in policymaking. By not taking an inter-generational view of setting economic policy, governments are placing society on a track for continued inequality and sub-standard outcomes for the most marginalized groups today and tomorrow. Meanwhile, the global

population has grown by the billions in recent decades to 8 billion today and will continue to grow reaching 9.7 billion by 2050, requiring we take an inter-generational view that prioritizes environment and inequality as preeminent development challenges when planning for continued productivity and resource distribution.

While GDP is no longer credited as the sole relevant metric for a nation’s development, it remains the dominant measure of economic activity and its growth. However, the excessive focus on both the GDP level and its rate of change has resulted, focusing on one of the three dimensions of sustainable development, at the expense of others or key blind spots in understanding the positive and negative interactions among economic activities. As a result, policy makers often miss opportunities to introduce policies that would affect individual decisions and choices in ways that contribute to enhancing the resilience, sustainability, and inclusiveness of economic activity. An example of a metric that addresses some contributing factors to economic growth is the “Productive Capacities Index (PCI)” introduced by UNCTAD, the first comprehensive attempt to measure productive capacities, including human capital, natural capital, energy, transport, ICT, institutions, trade, finance, and labor mobility.



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GDP is an accounting measure of value added by goods and services produced and mostly priced by the market measuring flows, however missing the value of stocks on which it depends. GDP as it is currently used fails to take into account unpriced or mispriced goods, services and assets, such as: informal work; “free” digital services and natural assets; as well as dimensions, such as vulnerability, risks and inequalities.

Therefore, GDP is a measure of flows and not stocks. This means that GDP can be used to capture the flow of monetary value, and yet is unable to inform how that affects capital stocks, especially with respect to non-renewable resources or biodiversity, for example. However, it is precisely the stock of capital assets (environmental, social, financial) that constitute the basis of future prosperity. Under GDP methodology, a country can temporarily generate value by ruthlessly exploiting their own environment, such as cutting down its trees for

timber, an action that is unrepeatable in future periods, therefore harming future capital stock and growth potential of that country, resulting in the loss of ecosystems and services provided by forests, for example. GDP cannot account for this critical phenomenon, and as such, can be seen as a flawed short-term economic measure.

There are other domains of economic provisioning not mediated by formal markets through prices, such as economically relevant activities in the household –while GDP often includes estimates for the informal sector, it generally does not capture intrahousehold economics. For example, as the care economy paradigm illustrates within the “intra-household” economy, engendered roles for males and females produce key services such as feeding and nutrition, care for the young and ageing dependents, and intergenerational transmission of knowledge and life skills, particularly for the young. While these services are not mediated by the market and not measured by GDP, without them, it would be impossible for household members to join the labor force or to conduct their own productive activities, especially in other domains such as the marketplace (formal or informal), the State or the commons.



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Furthermore, the attention economy paradigm, named by psychologist and Nobel Laureate Herbert A. Simon, alerts about the economic dimensions of digital platforms like apps, websites, and social networks. In the attention economy, consumers receive services and pay for them with their attention time. The ultimate purpose is of course, to sell a product or service to consumers, deploying big data, AI, and machine learning to capture limited attention spans, influencing consumer choice in insidious ways. While there are ethical questions for policy to address, the attention economy has been valued at USD 7.1 trillion, given its growing importance to sway consumption choices across markets.

#### **INTEGRATING SHORT AND LONG-TERM VIEWS**

Another blind spot of mainstream economics (and its impact on mainstream finance as it is based on the same set of microeconomics axioms) is the inadequate treatment of the long term. This is illustrated by the paucity of techniques to value the longer term in project finance. As the future is largely unknown, it is also heavily discounted under most techniques and assumptions. Future opportunities are sacrificed at the altar of the short

term. For example, the cost of foregoing the potential development of future medicines due to the destruction of biodiversity occurring today, is not taken into account.



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The blue economy paradigm alerts that the oceans’ potential is still largely unexplored, as well as their numerous sustainable applications such as bioprospecting for blue biopharma solutions. Compounding the shortsightedness is the blind spot on the role of natural capital. Up to the recent emergence of the Economic-Environmental accounting framework (whose use is still a novelty for many countries), natural capital was essentially assigned an intrinsic value of zero. Within a “green economy” perspective, the definition of the nine planetary boundaries or “ceilings”<sup>1</sup> is now widely accepted as the definition of planetary health within which humanity can thrive for generations to come, i.e., withing a long-term view, being inter-generationally inclusive.

#### **INTERLINKAGES BETWEEN THE NESD CONCEPTS**

The NESD includes concepts that go beyond the scope of traditional economic policies (See Table 1). For instance, the circular economy aims at eliminating waste by the continual use of resources, while the social and solidarity economy puts social outcomes first. The green and blue economies carry the idea of sustainability and social responsibility towards future generations. It is therefore closely linked to the other concepts of NESD in their relationship to sustainable development. However, some of these concepts, in turn, contribute to the achievement of the green and blue economy—through the reduction of the carbon footprint (the circular economy), the efficient use of resources (the frugal economy), and social inclusion (the social and solidarity economy and the care economy). By preserving underwater life and the marine ecosystem, the blue economy contributes to reducing human impact on the planet while promoting sustainable economic activities of companies and populations related to marine ecosystems.

The circular economy also contributes to advancing the green economy in that it aims to eliminate waste generation as much as possible through integrated recycling in the economic production chain, thus putting the efficient use of resources at the heart of the process. A similar contribution is made by the frugal economy which emphasizes optimizing the use of resources through innovation and product design at affordable price for those typically left behind. The social and solidarity economy also contributes to the efficient use

**Table 1: Matrix of Interlinkages Among NESD Concepts - Areas of Focus to Realise Synergies**

NESD Concepts	Blue Economy	Green Economy	Circular Economy	Social & Solidarity Economy	Purple/Care Economy	Yellow/Attention Economy	Orange/Creative Economy	Frugal/Innovation Economy
Blue Economy	1	Reduction of oceans waste, including plastics.	Support to sustainable use of resources including fisheries and ocean biodiversity.	Improve livelihoods and employment of coastal communities.	Improve the livelihoods and employment of vulnerable population groups.		Support of coastal MSMEs and SSE entities.	Support to innovation in efficient use of resources.
Green Economy	Use of clean energy; green principles applied to the oceans.	1	Support to efficient use natural resources.	Localizing the SDGs, support vulnerable groups such as Indigenous communities and firms protecting the environment.	Support decent work in green activities of vulnerable population groups.	Support the use of technology for protecting the environment and benefitting the social commons.	Support of MSMEs and social entrepreneurs in valorizing cultural and natural endowment and creativity for greening the economy.	Support innovation in renewable energy technologies to provide affordable energy for all.
Circular Economy	Efficiency in the use of resources.	Support to recycling and reduction of waste.	1	Support to communities practicing circular agriculture and entrepreneur practicing recycling (e.g. e-waste recyclers).	Recycling activities can support employment in MSMEs.	Support to reduction of information waste.	Supports growth of MSM cultural organizations.	Support to low resource, high quality solutions including for last-mile gaps and those usually left behind.
Social & Solidarity Economy	Support MSMEs and SSE entities of coastal communities.	Incentive to protect, restore, and sustainably use the local resources to improve and maintain communities' livelihoods.	Support MSMEs and SSE entities reducing waste and using efficiently natural resources.	1	Women-owned SSE entities provide affordable care services.	Support the use of social media to promote the sharing economy and business opportunities in the NESD.	Supports MSMEs and SSE entities and cultural organizations run by disadvantage communities, including Indigenous communities.	SSE entities deploy frugal innovation to provide affordable services to most disadvantaged.
Purple/Care Economy	Support livelihoods, and health of vulnerable populations and oceans.	Support of human and environment's health.	Values family and civil society's work in recycling and repair activities.	Care services being provided by cooperative and financed by mutuals.	1	Supports the use of social media to underscore the value of unpaid work by women and other vulnerable population groups; connect women entrepreneurs to clients, suppliers and financiers.	Create business opportunities for women entrepreneurs.	Women-led innovation that provide services to most disadvantaged.
Yellow/Attention Economy	Supports the use of social media and platforms for encouraging a sustainable use of marine resources and the reduction of waste and pollution.	Supports the use of social media and platforms for the protection, restoration, and conservation of natural resources.	Supports the use of social media and platforms to reduce 'information waste' and promote efficient use of natural resources.	Support the use of social media and platforms to promote SSE entities.	Supports the use of social media and platforms to raising concern on unpaid work and improve its value measurement.	1	Streaming and other platforms are a source of market access for creators across the world that can accelerate the growth of a creative economy and opportunities for developing countries.	Pool tool, assets and ideas through platforms and social media to foster innovation in more efficient use of resources and delivery of affordable services.
Orange/Creative Economy	To support creative, cultural, and artistic expressions that can persuade a sustainable use of marine resources.	To support creative, cultural, and artistic expressions that dissuade a culture of overconsumption and waste production.	To support a culture of less waste and artistic representations (in music, theater, sculpture) of recycling and repair activities.	To support creative and artistic activities to improve the livelihoods of disadvantaged people including Indigenous peoples.	Values music, art, and other cultural expressions for enhancing individual and communities' health and women's empowerment.	Support cultural and artistic activities taking place and communicated through social media and platforms.	1	
Frugal/Innovation Economy	Support innovation for improving protection, restoration, efficiency, and conservation of marine resources, including the elimination of pollution.	Support innovation in renewable energy technologies that substantially reduce carbon emissions and the cost of using them vis-a-vis fossil-fuels.	Support industrial innovation for recycling, repair, and waste reduction without compromising the environment.	Support innovation and scale-up of MSMEs and SSE entities.	Support innovation that adds value to the provision of care services.	Support development of innovative products and services in workshops taking place and disseminated through social media and platforms.	Digital natives in the orange economy can help change consumption behaviors towards frugal innovations.	1

of resources by pooling the assets of cooperative members, although its main goal is to achieve social outcomes.

The social and solidarity economy embraces the notions of social responsibility. Often motivated by the objectives of greater inclusivity and maximizing specific social outcomes it therefore feeds on concepts such as the green economy, the blue economy, the circular economy, and the frugal economy through some SSE enterprises, such as waste collection and recycling cooperatives, which ensure waste items are not sent to landfills and have a chance of being repurposed into new products, or providing affordable health and education services to disadvantaged populations. These SSE organizations place circular economy and care principles at the heart of their business models and help service the circular and care economy.

One can find the same rationale behind the frugal economy in the idea of optimizing resources, including by reusing them where possible. The care economy with its nursing, childcare, and elderly care, clearly contributes to social and solidarity values and objectives in the society. However, there is currently no clear evidence of interlinkages with other concepts such as the blue economy, the frugal economy, and the circular economy.

## NESD CONCEPTS AND THE SDGS

The NESD concepts are multi-dimensional and can be instrumental for building more sustainable, inclusive, productive, and resilient development. They constitute valuable additions to the conceptual, analytical and policy tenets of mainstream economics. While the NESD concepts respond to a general economic inquiry, each one also focuses on the specific aspect(s) or processes linked to social development and environmental protection e.g., social inclusion and resilience. Overall, the NESD concepts help reduce the trade-offs and increasing synergies among the SDGs, thus accelerating progress.

Furthermore, every NESD concept can contribute to the achievement of a particular SDG and have a second dimension of co-benefits towards other SDGs. For example, the green economy can contribute to decent work and sustainable growth (SDG 8), which can also generate resources for wider access to water and sanitation (SDG 6), affordable and clean energy (SDG 7), and enable inclusive and sustainable industrialization (SDG 9). Similarly, the care economy can enhance progress in health care systems (SDG 3) and gender equality (SDG 5), both of which can accelerate progress in reducing broader inequalities (SDG 10), poverty (SDG 1), food insecurity (SDG 2), and improve quality education for girls and boys (SDG 4). Notably, NESD policies that support the development of a particular concept such as circular economy, which coincides with several dimensions of co-benefits on the SDGs, would be prioritized over

unidimensional policies. The Social and Solidarity Economy can localize and help scale the SDGs in communities and cities, as it focuses on those furthest behind.



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The combined effects among the NESD concepts can also multiply their impacts on the SDGs. For example, policies underlining the creation of decent employment and improvement of community livelihoods by both the green and blue economies can strengthen progress in both the economic and planetary SDGs e.g., SDG 8, 14, 7, 9 and 13. Similarly, the care and innovation economies may have a stronger combined impact on the human (social) and economic SDGs, e.g., health, education, gender equality, sustainable economic growth, inclusive and sustainable industrialization and sustainable cities. To this effect, the synergies between the NESD concepts can boost the linkages among SDGs, which will serve to multiply the policy synergies among the respective goals.

It is important to examine the NESD concepts as building blocks or a set of tools that respond to different levels of development and resources endowment that can enable achievement of the SDGs in all countries according to their priorities. As recognized in the 2030 Agenda for Sustainable Development, achieving the SDGs requires an integrated approach to take advantage of the interlinkages among all the SDGs and enhance policy effectiveness. Indeed, the COVID-19 experience has revealed that strengthening the health-care system (SDG 3) alone cannot ensure a country's sustainable recovery, unless progress in other SDGs is also ensured. The integrated achievement of the SDGs also means to have a multistakeholder strategy and a long-term intergenerational perspective to include transitional and more mature processes of sustainable development.

Adopting an integrated approach is a key characteristic for envisioning cross-cutting and effective policies that can facilitate social, technological, and institutional leapfrogging during the transitional period on the path towards sustainable development. For example, policies enabling the deployment and access of renewable energy technologies for sustainable growth can accelerate leapfrogging processes for spreading innovation and rapid adoption of other technology applications, in the

manner that the creative and circular economies propose. On the other hand, the care, social and solidarity, and attention economies can contribute to the building of more inclusive and resilient institutions to reduce the digital divides, social gaps (SDG 10), and biodiversity degradation (SDGs 14, 15). Overall, while the economic dimension is quite essential, the social and environmental dimensions highlighted by the NESD concepts are equally important.



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Broadly, the majority of NESD explicitly or implicitly, contribute to social inclusion and equality. They enhance both the value of human capital (e.g., blue economy, green economy, purple/care economy) and social capital (e.g., yellow/attention economy, social and solidarity economy). The care and social and solidarity, blue and green economies underline the importance of human (social) and economic SDGs for the reduction of poverty, food insecurity, and creation of decent employment. The blue, social and solidarity, and care economies also contribute to the achievement of SDGs 14, 10, 3 and 5 by pursuing the reduction of marine pollution, fostering solidarity, and improving the livelihoods of coastal populations, Indigenous communities, women, older persons, and other vulnerable groups. Overall, the co-benefits generated by progress in a handful of SDGs can have positive effects in other relevant SDGs.

Having every NESD concept envisioning a particular type of economy, they all underscore the productive component of sustainable development. In particular, the frugal/innovation, creative, and attention economies can significantly contribute to the achievement of SDG 9 (“Industry, innovation, and infrastructure”), indicating the key role that human ingenuity and technological savvy play in supporting sustainable industrialization. Likewise, the pursuit of sustainable economic growth (SDG 8) can be enhanced by the circular, blue, and green economies’ focus on recycling, repair, reduction of waste, efficient use of natural resources, and elimination of marine, air, and land pollution. In sum, the NESD concepts can facilitate the realization of sustainable growth by supporting progress in SDGs 8, 9, 11, 12, 13, 14 and 15.

Regarding the environmental aspect of sustainable development, the majority of the NESD concepts strongly support the protection, restoration, efficient use, and conservation of natural resources as well as the use of renewable energy, on both the production and demand

sides of the economy. Notably, the green, blue, circular, and social and solidarity economies can substantially contribute to the achievement of SDGs 7, 11, 12, 13, 14 and 15, even though these NESD concepts have their own individual characteristics. The importance that the frugal/innovation economy gives to the minimization of products’ size and more efficient use of inputs can also support progress in achieving SDGs 11 and 12. Overall, while the care, creative, and attention economies did not explicitly stress the protection of nature, their development can be enhanced by the achievement of the SDGs linked to the greening and bluing of economies and societies.

## **POLICY RECOMMENDATIONS TO ADVANCE NESD**

Implementing policies to advance the New Economics for Sustainable Development requires a national to global focus as the following key policy recommendations propose (See Table 2). The policy briefs hereafter this overview provide key examples of how countries are moving these NESD concepts forward and even realizing synergies. National policies can realize synergies or co-benefits across the areas covered under NESD concepts, given the inherent inter-linkages between concepts. For example, fiscal policies for a green economy can automatically send market signals to strengthen circular economy clusters, or investments in the Social and Solidarity Economy can advance areas across the care economy and more.

However, for many countries key challenges lie ahead for NESD to operationalize these policy recommendations, including establishing comparable data across countries to measure progress across countries on the circular economy, or to assess the contributions to sustainable development from the attention economy. International policy, through globally agreed metrics, guidance and multilateral frameworks can set regional and national agendas for greater policy action.

Lastly, policy adoption and implementation will depend on political prioritization of NESD topics at country level and an interlinkage with existing national agendas, including the SDGs, human rights, and existing frameworks and conventions. National to local dimensions and asymmetric development conditions are of the essence if NESD is to truly provide coherent and risk-adjusted policies that support effective policy implementation in practice.





**Table 2: Policy Recommendations**

NESD CONCEPT	NATIONAL POLICY RECOMMENDATIONS	REGIONAL AND INTERNATIONAL POLICY RECOMMENDATIONS
<b>Blue Economy</b>	<ul style="list-style-type: none"> <li>• Accurately value the contribution of natural oceanic capital to national accounts and welfare.</li> <li>• Catalyze new financial investments and targeting financial instruments can help leverage investment that can feed directly into national budgets.</li> <li>• Integrate new coastal and marine spatial planning into national and local planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure policy coherence for ocean-based economic production and consumption.</li> <li>• Implement effectively and enforce the UN Convention on the Law of the Sea.</li> <li>• Improve the integration of ocean assets in international and regional strategies.</li> </ul>
<b>Green Economy</b>	<ul style="list-style-type: none"> <li>• Policy strategies towards the full removal of fossil fuel subsidies, while minimizing impacts on the poorest and most vulnerable through social protection programs.</li> <li>• Investment strategies for the creation of green jobs, green human capital, and to de-risk viable green technology startups, while benefiting vulnerable areas and groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Global guidance on the reform of price systems through fiscal policies that can ensure the value of goods and services when social, environmental, and economic externalities are internalized.</li> </ul>
<b>Circular Economy</b>	<ul style="list-style-type: none"> <li>• Public investment strategies can provide the overall public governance framework to steer the economy towards circularity, with clear targets and finance for a whole of government and whole of society transformation.</li> <li>• Market-based instruments rooted in fiscal policies such as taxes or subsidies can guide the behavior of firms, consumers, and the public sector, while generating revenue for direct action by governments.</li> <li>• The Extended Producer Responsibility (EPR) is a key regulatory and legal tool that countries can adopt to ensure manufacturers finance recycling costs or the safe disposal of products in the end-of-life stage.</li> </ul>	<ul style="list-style-type: none"> <li>• International agreements on standards set quality benchmarks for production, exports, and circular value chains globally. Multilateral agreements must be made on common definitions for non-hazardous waste or secondary raw materials to facilitate trade and environmentally sound waste management. The Trade and Environmental Sustainability Structured Discussions (TESSD), which now counts 71 WTO members as co-sponsors can contribute to this policy advance.</li> <li>• A global metric is required to comparatively assess country by country progress towards a circular economy and this can be achieved through greater multilateral cooperation and agreement.</li> </ul>
<b>Orange/ Creative Economy</b>	<ul style="list-style-type: none"> <li>• Create or improve an institution for the development the strategies required.</li> <li>• Development of sustainable infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• International debates about the future of the orange economy and global policy agreements.</li> </ul>
<b>Yellow/ Attention Economy</b>	<ul style="list-style-type: none"> <li>• Measure and quantify the impact of the attention economy at national scale with macro indicators and data.</li> <li>• Support to private sector firms with the substitution effect generated by yellow economy and other impacts of scarcity of attention from consumers.</li> </ul>	<ul style="list-style-type: none"> <li>• Shared norms and conventions on data protection and privacy standards for private sector and users.</li> <li>• Guiding policies and agreements on children's online engagement and protection.</li> <li>• Shared data and recommended indicators to measure the socio-economic impact of the attention economy at across countries.</li> </ul>
<b>Purple/Care Economy</b>	<ul style="list-style-type: none"> <li>• Invest towards formalizing job opportunities around the care economy, including benefits and protections for the sector linked to a decent jobs framework.</li> <li>• Quantify the impact of the care economy and its economic potential, especially through formalization.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement regional care economy strategy building on the LAC experience.</li> <li>• Research to document the multiplier effects of investing in the care economy.</li> <li>• Promotion of rights-based approaches at the global level to advance implementations of existing agreements around decent work, human rights, and gender equality.</li> </ul>
<b>Social &amp; Solidarity Economy</b>	<ul style="list-style-type: none"> <li>• Promote and implement policies and measures for supporting and enhancing the SSE, as people and planet centered economy by developing a specific legal framework for the SSE, making visible the contribution of the SSE in the compilation of national statistics, fiscal and procurement incentives and including SSE in education curricula.</li> </ul>	<ul style="list-style-type: none"> <li>• UN resolution on social and solidarity economy is being supported by the UN Inter-Agency Task Force on Social and Solidarity Economy.</li> <li>• Identify, formulate, implement and assess coherent policy measures for developing the SSE as a tool for achieving the Sustainable Development Goals.</li> <li>• Encourage international financial institutions, including multilateral and regional development banks to support the SSE, including through adapted financial instruments and mechanisms.</li> </ul>
Frugal Economy	<ul style="list-style-type: none"> <li>• Policies that help to create and guide more economic, social, and ecological value simultaneously optimizing the use of all available resources.</li> <li>• Develop guides and capacity to reorient firms and economic sectors</li> <li>• Fiscal incentives to use fewer resources in an efficient way.</li> </ul>	<ul style="list-style-type: none"> <li>• Multilateral agreements in trade and regional economic bodies that help to create and guide more economic, social, and ecological value simultaneously optimizing the use of all available resources.</li> <li>• Global guidance on fiscal policies to incentivize a frugal economy.</li> </ul>

## Endnote:

- <sup>1</sup> The nine planetary boundaries are climate change, biosphere integrity (functional and genetic), land-system change, freshwater use, biogeochemical flows (nitrogen and phosphorus), ocean acidification, atmospheric aerosol pollution, stratospheric ozone depletion, and release of novel chemicals (including heavy metals, radioactive materials, plastics, and more).

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