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Discussion paper

EU Wellbeing Economy Coalition



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The arguments expressed in this report are solely those of the authors, and do not reflect the opinion of any other party.

This is a discussion paper intended to facilitate discussion among stakeholders – we welcome feedback to the corresponding co-editors.

THE PAPER SHOULD BE CITED AS FOLLOWS

EU Wellbeing Economy Coalition (2023) Discussion Paper on EU Wellbeing Economy

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FOREWORD

The idea for the EU Wellbeing Economy Coalition was born just 2 years ago. Some organisations with shared interest in advancing the wellbeing economy in Europe began to meet, initially to share updates and exchange ideas. It has since evolved into meaningful collaboration as the coalition grew larger and more diverse, and engaged in several initiatives together. Civil society is galvanising behind the need for economic systems that are focused on delivering wellbeing, as momentum grows within European Institutions too.

Our initial intention was to create a “roadmap” for a wellbeing economy for Europe, but it quickly became clear that there is no single map for this. Building a wellbeing economy means complete economic system transformation, which entails many and varied parallel shifts. The more we discussed the component parts of a Wellbeing Economy for Europe, the more complex our vision became - and this was matched by a breadth of knowledge and experience amongst the coalition members.

We worked together to articulate a clear shared vision of a wellbeing economy for Europe, which was published in May and sets out twelve component parts of the new economic system we need. We took the decision to accompany this with a discussion paper to delve into the details of each component and suggestions for policymaking that would take us towards a wellbeing economy, drawing on the expertise of our coalition membership.

Each section in this paper summarises the current state of play in Europe around ten different policy areas, and focuses on potential solutions and ways forward. We hope that it sparks hope, and more importantly sparks policy change towards the wellbeing economy we all need.

It has been a pleasure to work with coalition members to create the first edition of this discussion paper - we would like to thank everyone who contributed their efforts and ideas!

Following the Beyond Growth Conference held at the European Parliament in May 2023, there is more interest and excitement around the wellbeing economy agenda than ever. We hope that this paper makes a useful contribution for policymakers interested in learning more. We are looking forward to strengthening collaborations around wellbeing economy with a variety of stakeholders and we hope this discussion paper will spark discussions on solutions and proposals we need.

Agata Meysner and Lisa Hough-Stewart, Co-Editors of the Discussion Paper

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GLOSSARY OF TERMS

CSO – Civil society organisation

ECB – European Central Bank

EGD – European Green Deal

EU – European Union

EU WEC – EU Wellbeing Economy Coalition

IMF – International Monetary Fund

OECD – Organization for Economic Cooperation and Development

UBI – Universal Basic Income

UBS – Universal Basic Services

WHO – World Health Organization

1. INTRODUCTION

“The wellbeing economy we want is focused on meeting the fundamental needs and rights of all, providing a safe and just space in which everyone can thrive, within planetary boundaries. It delivers purpose, dignity and fairness in a participatory way. For the EU Wellbeing Economy Coalition, a wellbeing economy is an economic system that is no longer structurally dependent on economic growth. It is still a mixed-economy system with strong state, private and third sector actors, but one designed with a very different set of goals, values, and incentives.”

EU Wellbeing Economy Coalition Vision Statement, May 2023ⁱ

Building on the contents of the EU Wellbeing Economy Coalition Vision Statement, this discussion paper sets out to explore the key components of an envisioned wellbeing economy for Europe, showcasing the knowledge and ideas within our coalition. The discussion paper puts forward proposals within the following policy areas: institutions, civil society, employment, trade, taxation and finance, policy design, business models, emissions and resources, nature and biodiversity, health as well as public services. Each of the ten sections offers an accessible overview of the state of play in Europe, as well as solutions and ideas for the way forward.

We have grouped the policy areas under the five “WEAll Needs”ⁱⁱ, which were developed by the global Wellbeing Economy Alliance community in 2019 to articulate the design principles of a wellbeing economy. These are: participation, fairness, purpose, nature, and dignity, fairness.

The contents of this discussion paper do not represent the views of all members of the EU Wellbeing Economy Coalition. Rather, each section brings together the ideas and perspectives of the named author(s) and contributor(s). Therefore, we emphasise that this is a discussion paper, reflective of our discussions as a coalition, and we warmly invite our readers to join the conversation, share comments and feedback. This is the first edition, and the coalition intends to publish future iterations of the discussion paper to incorporate policy progress, emerging ideas, and input from new stakeholders.

2. PARTICIPATION

2.1 Institutions

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Transparent and democratic institutions that enable meaningful participation of diverse stakeholders throughout decision-making processes and policy implementation

Transformation of institutions is required to build a wellbeing economy, going beyond new measures of societal progress. It is about redefining progress and finding new ways of working together in an integrated and collaborative way. Collaboration within and between institutions is essential, as no single person or organisation holds the necessary range of knowledge or controls the required range of actions. Diverse societal actors – including public bodies, businesses, civil society, and academia – all have pivotal roles to play. Transformational change within political institutions is critical if we are to reorient our economy to deliver wellbeing for people and planet.

Taking a wellbeing economy approach helps to build strong foundations for broader public sector reform that:

- Strengthens **horizontal alignment** between different government departments;
- Strengthens **vertical alignment** between different levels of governance, from local authorities to EU and global institutions
- Ensures that citizens and communities, civil society organisations, businesses and academics can **meaningfully participate** in the shaping and achievement of societal wellbeing goals.

2.1.1 Key challenges

The interdependencies between the polycrises our societies are facing stand in stark contrast with a typically siloed and top-down approach to policy decision-making. **Lack of integration and coordination** of strategies, policies and implementation has long been recognised as an impediment toⁱⁱⁱ new economic thinking. Inconsistent policies and fragmented programmes entail a higher risk of duplication, inefficient spending, lower service quality, and difficulty meeting goals. Lack of collaboration between different levels of government widens the gap between what is decided at the EU or national levels, and the needs and realities of local communities.

Despite positive developments in the use of deliberative processes, **citizen engagement** in policy design has yet to become part of the day-to-day work of policy makers. EU governments are increasingly using representative deliberative processes^{iv}- such as citizens' assemblies, juries, and panels - to help deliver better policies, strengthen democracy, and rebuild trust. However, to date, most deliberative processes for public decision-making are one-off, with topics being defined top-down. Such processes can lead to further frustration and alienation of communities who feel they have been tokenised, or that their time has been wasted. Inclusive and meaningful participation in public decision-making is both a basic democratic principle and key to reducing large inequalities in wellbeing outcomes^v.

2.1.2 Current state of EU and Member States policies

The **EU Strategic Agenda** is an important tool that sets out overarching priorities for the European Council and provides guidance for the work programmes of other EU institutions. The Strategic Agenda 2019-2024 focuses on: protecting citizens and freedoms, developing a strong and vibrant economic base, building a climate-neutral, green, fair and social Europe, and promoting European interests and values on the global stage. However, in practice, trade-offs between these goals exist and the desire for a strong economic base often comes at a cost to the other strategic priorities. For example, while the European Farm to Fork strategy aims to ensure coherent policy design for the entire life cycle of food, there has been opposition to review the current Common Agricultural Policy in light of this new strategy, maintaining it as an independent legislation in favour of economic growth. When it comes to collaboration with citizens, people across Europe have a shared sense that elected officials do not care about their constituents. Only in Sweden does a majority of people say elected officials care what people like them think, with people in most other European countries not believing^{vi} that politicians care about their perspectives.

2.1.3 Proposed solutions

Several institutional mechanisms can support a more joined up approach to improving societal wellbeing. It starts with **applying a multidimensional and collaborative approach** to government agenda setting and policy development. To help inform better decision-making, a growing number of governments are working with communities, civil society, businesses and academics to develop **joint frameworks** of what collective wellbeing looks like. These wellbeing frameworks are subsequently used to guide collaboration between them in working towards this vision. For example, in Amsterdam^{vii}, a holistic wellbeing vision (based on Kate Raworth's Doughnut Economics model) is used to bring together a large network of city actors who work towards city-wide initiatives and co-creation for wellbeing.

Within government, holistic wellbeing frameworks form an important compass to identify cross-government priorities. In the decade of multi-crises, determining policy priorities is a challenging task for any government given the multiplicity of objectives that needs to be simultaneously achieved. Societal wellbeing frameworks give structure to this priority setting

process, by enabling governments to systematically scan evidence across societal wellbeing outcomes, to identify the wellbeing areas of greatest need^{viii}. In turn, defining such **cross-government wellbeing priorities** is fundamental to overcome siloed approaches to policy development whereby government departments each pursue their own policy objectives without paying sufficient attention to impacts on policy objectives that fall outside of their department. For example, Finland's national vision The Finland we want by 2050^{ix}, brings together existing sector-based long-term strategies within one overarching framework with a common timeline up to 2050. Similarly, the Slovenian Development Strategy 2030^x outlines 12 development goals to bring actors together to ensure a high quality of life for all whilst respecting environmental boundaries.

To ensure that wellbeing goals move from words into action, **strengthening public accountability** is key. Here, inspiration can be drawn from the Well-being of Future Generations (Wales) Act 2015^{xi}, which places a duty on all of its public bodies to actively contribute to seven wellbeing goals that were informed by a large-scale public consultation process. Transparency and accountability are an important part of the Act. Together, the Future Generations Commission for Wales and the Auditor General for Wales hold public agencies to account if needed, with bodies being obligated to publish responses to their recommendations which justify action or inaction. This independent oversight and 'comply or justify' mechanism helps to ensure that 'wellbeing' becomes not only a new objective but also a new way of working. Another way in which the Wellbeing of Future Generations Act is unique is that it requires public bodies at all levels - from Ministers and national councils to local authorities - to work together towards the seven wellbeing goals.

Last but not least, creating **permanent or ongoing deliberative structures** can support more continuous collaboration between governments and citizens in the process of building forward. Meaningful citizen participation requires inclusive and deliberative processes that actively reach out to those who tend to be less likely to be heard. Clear parameters need to be set out at the beginning so that everybody understands how they can contribute and what the expected outcomes of their contribution will be, as well as how it will be translated into policy and practice. For example, in 2019, a Permanent Citizens' Council^{xii} was established in Ostbelgien to constitute its third fundamental democratic institution together with the Parliament and the Executive. The objective of the Citizens' Council is not only to give a representative group of citizens a permanent voice in the process of decision-making, but also to ensure that these voices are being followed-up on. By doing so, the initiative increases accountability and reinvigorates the agenda-setting power of common citizens.

2.1.4 Enablers of change

Country experiences show that **political will** is fundamental to implement the required institutional reforms. Visionary political leaders recognise that starting from a collective vision of what societal progress means is key to reinforce historically low levels of trust in government and to reconnect governments with the people they serve. Several countries, including Italy

and Scotland, have built requirements for wellbeing goal setting and consultation into legislation. For example, Scottish Ministers have a duty to consult on, develop, and publish a new set of National Outcomes for Scotland at least every five years. This helps to ensure that public accountability for societal wellbeing outcomes extends beyond electoral cycles^{xiii}.

Within government, an ongoing challenge for strengthening **policy coherence** is that the need for multidimensional assessments can quickly push analysts beyond their areas of expertise. Several governments have begun to implement multi-criteria decision-making tools, such as the Cornwall Council online Decision Making Wheel^{xiv}, which enables experts from different disciplines to work together in assessing the impact of policy proposals on wellbeing outcomes. Building in such multidisciplinary capability is vital for bringing together the wide array of specialist knowledge that is needed. There is also a need to build government capacities^{xv} to enable them to develop such regular, institutionalised engagement.

Box 1: Good practice example

Our Place^{xvi} is a joint initiative in Scotland by a range of public sector partners to initiate and facilitate collaborative approaches to making places the best that they can be. This includes applying a framework for assessing the quality of a place in a holistic way, utilising tools to prioritise what changes can promote greater community wellbeing, adopting an inclusive communication toolkit, and providing support on how to develop productive conversations focussed on the important relationship between climate and place. Place-based approaches promote the need for communities, public organisations and businesses to work collaboratively to design holistic responses to common challenges, in ways that work in a local context.

Place-based approaches also combine the strengths of horizontal and vertical government alignment with meaningful social participation. These ways of working are about considering the environmental, social and economic elements of a place collectively in its local context, with community participation at the heart of the process.

2.2 Civil society

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Thriving and inclusive organised civil society and trade union movements that encourage active citizenship at all levels of governance

Organised civil society actors are key agents of change towards a wellbeing economy. They act for the common good and are values based. These actors have a diverse set of knowledge and expertise on social, environmental, and economic policy areas and they offer a repertoire of actions oriented towards impact (e.g. advocacy, awareness-raising, strategic campaigning). This set of unique skills means they are best placed to engage with citizens and ensure active citizenship from local to global levels in the EU. Within a whole of society approach, civil society and citizens are indispensable for inclusiveness, especially considering underrepresentation, imbalance of powers and diminishing trust in institutions^{xvii}.

The transformation to a wellbeing economy will only be successful if it is based on broad support and active **participation of different actors in society, from decision-making to implementation and monitoring and evaluation of policies**. The meaningfulness of participation and its processes can be realised if it addresses systemic changes, structural challenges and the (economic) inequalities which are exacerbated today by the impacts of climate change and the excesses of our current economic system.

2.2.1 Key challenges

Civic space is a cornerstone of functioning democracies and therefore crucial in a wellbeing economy. Protected civic space allows citizens and CSOs to engage with governments, participate meaningfully throughout policy- and decision-making cycles, provide oversight of government activities and hold governments accountable. However, this **civic space is shrinking** as recognised by different institutions such as the European Parliament^{xviii} and in the latest update of the European Agency for Fundamental Rights^{xix} CSOs' involvement in law- and policy making remains generally rather patchy.

Moreover, the lack of adequate inclusion of CSOs in participative processes or governance bodies (advisory and non), has enhanced the sense of **distrust in public institutions**^{xx}. For instance, experts' knowledge within "stakeholders" committees or other forms of governance aiming at including a diverse set of actors and knowledge, are largely dominated by corporations' knowledge, with CSOs and trade unions playing a secondary role (see case/composition of the European Chemicals Agency stakeholders' committee^{xxi}).

Finally, growing **inequalities** continue to a huge challenge. A large portion of the contemporary (and future) society is composed of vulnerable and structurally excluded groups which remain too often underrepresented in or entirely prohibited from policymaking processes, with no equity of access available to them, and monitoring is aggravated by a lack of disaggregated or incomplete data on marginalised groups. For example, future generations are in most cases not considered in long term decision making in environmental policies (e.g. nuclear waste or rights of those not yet born).

2.2.2 Current state of EU and Member States policies

Some multi-stakeholder structures have been in place for many decades, such as the United Nations Economic Commission for Europe and the United Nations Environment Programme. In the EU those structures and mechanisms are not permanent, and are often too institutionalised to improve their practices of civic participation. For example, while the rhetoric of Agenda 2030 promotes an important paradigmatic shift towards a more participatory model of multi-stakeholder governance for sustainable development, and Article 11 of the TEU places an obligation on EU institutions to consult with CSOs to ensure open, participatory, and inclusive multi-stakeholder approaches. The Multi-Stakeholder Platform set up by the European Commission in 2017 was never renewed, despite repeated calls from civil society for structured civic dialogue on the SDGs.

Moreover, society organisations often join forces with other CSOs under a common vision and shared values. This results in large CSOs platforms working on horizontal issues (e.g. Civil Society Europe), global/broad agenda (e.g. SDG Watch Europe^{xxii}) or focusing on crucial areas through coalitions (e.g. EU Wellbeing Economy Coalition^{xxiii}). Coalitions provide their members with several advantages such as knowledge sharing, networking, collective voice, agenda setting, and offer the possibility of amplifying messages from citizens and local groups to decision makers in different policymaking fora. The European institutions should focus on strengthening the capacity of civil society coalitions as they play a vital role in building a healthy democracy.

In addition, the European Economic and Social Committee (EESC) Liaison Group was set up in 2004 to provide a framework for political dialogue and cooperation between the EESC and the European organisations and networks, as well as other EU institutions, on cross-cutting issues of common interest. The Group provides a unique bridge between civil society organisations and the European institutions, enabling civil dialogue and promoting participatory democracy.

2.2.3 Proposed solutions

There are several solutions that would allow us to move toward thriving and inclusive organised civil society and trade union movements that encourage active citizenship at all levels of governance:

- Foster an **European civic space** and ensure a sustained dialogue - through reviewing existing mechanisms, provision of sufficient resources and establishing permanent

mechanisms of governance bodies (committees, boards, councils, alike) - between citizens, the civic organisations representing them, and the institutions/policymakers is fundamental to democratise the European project and to strengthen the feeling of ownership and belonging among those who live in the EU today.

- **Reduce asymmetrical relations of power** within governance through participatory processes that empower citizens and CSOs and disempower the profits-based logic of private lobbies against the transition. CSOs have the potential to influence governmental policies, for instance by interacting directly with key policymakers, engaging in official debates with joint statements, helping in balancing the existing power relations.
- Partner with organised society which represents and works with **underrepresented groups** (e.g. individuals with lower educational levels and consequent difficulties in finding economic opportunities/decent jobs, ethnic minorities, homeless and young, elderly). These organisations can provide valuable insights and perspectives on the needs and concerns of the underrepresented or marginalised which would then feed policies to overcome structural inequalities in the EU.
- Grant broader and better **access** to documents and to all the steps of the legislative decision-making process including the position of Member States in preparatory Council working group meetings.
- Support civil society in its advocacy and monitoring role through a **civil society strategy** (there is a current call on the President of the European Commission to develop a European Civil Society Strategy^{xxiv}).
- Safeguard **civic and cultural mobilisations** favouring transition paths as they should become the main advancing agents of change.
- Scale up existing positive experiences of **public participation** with CSOs and citizens in Member States.
- **Make people aware** of the importance of environmental policies as tools for improvement not only for the environment but also for society and the economy, and of the fact that failure to implement them and the worsening of environmental threats pose a serious risk to well-being, health and economy. Citizens must also be educated on economic matters to guarantee active participation in the legislative process. CSOs should participate in an advisory role that can support the European institutions in developing policies for new economic models
- Increase **capacity building for civil society organisations**, who should be able to understand the economic model and fully engage in discussions related to it.
- National governments and the EU must invest heavily in **social protection and in reducing inequalities**, by supporting the most vulnerable populations. Civil society organisations should not need to replace governments in providing essential social services.

2.2.4 Enablers of change

First of all, involving CSOs should not be seen as a burden by institutions (time-consuming, conflict generating) nor as a way to legitimise political choices by instrumentalizing public participation (consultations). It is further essential to **assign roles and functions with assigned resources** for CSOs so that they can play their role within participatory democracy. CSOs should also be leaders in connecting the discussion to communities and local action, and they should be supported and funded by institutions to do so. Moreover, governments and institutions need to provide access to information to enhance transparency. Neither ordinary citizens, civil society organisations, nor scientists can meaningfully contribute to public policy discourse unless they have a sufficient level of access to information.

In addition, there is a **poor level of understanding** of the wellbeing economy among governments. In many countries economic progress and development are overly dominant in cultural narratives of success. As mentioned in the CSO spotlight report on SDGs^{xxv}, CSOs should work together to put real regulation of global finance onto the political agenda. Global debt amnesty, elimination of fossil fuel subsidies, and wealth taxes can raise the necessary funds required to implement the SDGs.

Box 2: Good practice example

SDG Watch Austria^{xxvi} was officially launched on 27 September 2017 to promote the effective and ambitious implementation of the 2030 Agenda in Austria. It brings together 228 members active on education, health, global justice, human rights, young people and children, climate and many other thematic areas.

As part of the lobbying results, the platform is considered the primary civil society point of contact for the government when it comes to the SDGs. This is, among other factors, due to the very successful voluntary national review process (VNR) that included SDG Watch Austria as part of the national drafting committee. The 1st Austrian VNR published in 2020 included key recommendations made by SDG Watch Austria, such as the strengthening of the Interministerial Working Group (IMAG) and the multi-stakeholder process, which would not have been integrated without the participatory approach. SDG Watch Austria is again involved in the editorial process for the next VNR, planned for 2024. Moreover, the third SDG Dialogue Forum, planned for October 2023, will serve not only as the largest discussion format on SDG implementation in Austria, but also feed into the next Austrian VNR.

3. FAIRNESS

3.1 Employment

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Contributors: Marguerite Culot (European Environmental Bureau), Jan Mayrhofer (European Youth Forum)

Employment that delivers economic democracy, purpose and the means for a decent livelihood, with safe and healthy working conditions for all people

Jobs matter to us - they are often a major part of our identities, and income from work helps us meet our needs and live the lives we want to. Work is even a human right as Article 23.1 of the Universal Declaration of Human Rights^{xxvii} states: "Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment." But the future of work is uncertain. While the climate crisis has been telling us for years that the way we work will have to change, recent crises have further disrupted the labour market. Europe is still suffering from the consequences of the COVID-19 pandemic on the economy and employment, with a direct effect on people's jobs and wellbeing. This is expected to continue because of climate-induced inflation, additional supply chain disruptions, speculation on energy and food, and the Russian invasion of Ukraine. In the context of the cost of living and climate crises, **employment as it currently exists is not fit for purpose.**

3.1.1 Key challenges

One of the main challenges is that our economic system is **structurally dependent on productivity growth**. That means that economic growth becomes a necessity to create jobs. Our system can best be seen as an endless treadmill^{xxviii}: the growth-driven market system continues to function as long as we keep on producing more to keep people employed. Any slowing down of economic indicators, such as lower productivity growth or rising unemployment, can have cascading effects on our economies. For example, an economic downturn triggered by a crisis such as the COVID-19 pandemic can lead to unemployment and trigger a negative spiral of reduced spending power, less demand, fewer investments, and lower employment.

Besides promoting growth, politicians and businesses have always had an interest in increasing labour productivity so that less labour per hour is needed to produce the same output. Thanks to this reduction in costs, growth increases. However, this growth does not trickle down to the people who contribute the most. Higher labour productivity means that a business can produce more goods in the same amount of time. In a fair system, the excess profit from increased production should translate into higher wages (as more wealth is being created per hour), but

real wages have been declining^{xxxix}. This is due to the fact that in recent decades, **rewards have shifted from labour to capital**.

Besides, the current economic system based on marketized employment **does not recognize caring and reproductive activities** (such as child and elderly care, housework, midwifery, healthcare etc.) that are often unpaid or underpaid but essential for the functioning of the economy and creating a resilient society. Since the tasks of the reproductive or maintenance economy still largely fall on the shoulders of women, the impacts of this divide are still present today.

3.1.2 Current state of EU and Member States policies

In Europe, employment policies remain mostly a national competence. Nevertheless, through the **European Pillar of Social Rights and the European Green Deal**, the EU has attempted to imagine the future of work in a decarbonising world. Targets focus on employment, training and social inclusion; whilst specific policy proposals focus on jobs within specific sectors, most notably the renewable energy industry. However, these guidelines/measures are insufficient in scope and funding and are more symbolic than transformative^{xxx}. Some Member States have also experimented with some of the policies proposed in the following section but not on the sufficient level needed (e.g. Belgium^{xxxii} allows workers to request a 4-day work week but it is a compressed one).

In parallel, a high focus on maximizing profits and minimizing costs has also led to attempts to make the European workforce more flexible. Precarious employment trends such as zero-hour contracts, bogus self-employment, unpaid internships and undeclared work are a direct result of that^{xxxiii}. Jobs that are most valuable for our societies are also often unrecognised and undervalued. To give an example: The average salary of an investment banker^{xxxiii} in Germany is EUR 116,672 per year. In contrast, the average salary of a childcare worker in Belgium is around EUR 25,000^{xxxiv}, while in Portugal it does not exceed EUR 13,900 per year^{xxxv}.

3.1.3 Proposed solutions

One of the most popular solutions is to **shorten the working week**, with no reduction in pay, allowing the freed-up working hours to be distributed to more workers through job-sharing schemes. Shortening the working week could not only decouple employment from economic growth and stabilise our economic system by allowing more people to gain employment^{xxxvi}, but it is also beneficial for workers. It reduces stress and the risk of burnout^{xxxvii}. It also liberates people to pursue more leisure and creative activities, allows for the redistribution of unpaid care activities, and helps increase political participation, which benefits democracy. A shorter working week would also have a positive impact on the environment. Studies^{xxxviii} suggest that shorter working hours can lead to a reduction in resource use and emissions. For example, research^{xxxix} indicates that if Europeans worked as many hours as Americans, they would consume at least 15 per cent more energy. Reducing working hours could hence also help to reduce our environmental footprints.

Another highly debated proposal is to introduce a **universal basic income**. This is a government programme in which every citizen receives an amount of money which covers their basic needs. It ensures a minimum standard of living for all people no matter their background or employment status, and can help narrow the widening inequalities we observe in our societies^{xi}. We should point out that a universal basic income is not a substitute for work but an enabler that empowers people to pursue more rewarding forms of labour, including but not limited to paid work. These could be spending more time with family and friends, caring for loved ones or the community, turning hobbies into professions, volunteering or community work.

Another way to change the way we work is to enhance **democracy in the workplace**. Many of us feel alienated at work because most corporations and enterprises are ruled exclusively by employers or boards selected by shareholders, leaving the voices of workers unheard^{xii}. A more democratic working environment can be achieved by broadening decision-making power in the workplace to include workers and a larger group of stakeholders, including customers, suppliers, and the broader public^{xiii}. Examples include cooperatives (such as agricultural, housing or energy cooperatives), self-directed enterprises, worker-managed enterprises, and worker-owned enterprises, as well as simply a higher representation of workers on the boards and organization and strong union representation.

Finally, governments can take it upon themselves to become the employer of last resort. This can be achieved through (green) **job guarantee schemes** which ensure that everyone who is seeking employment can get a decent and suitable job. Such schemes can be used to create jobs that can help our societies and nature to flourish. For example, the shortfall in the care sector we see in many Member States can be closed through job guarantee schemes. They could also support and expand the arts and culture, two sectors which are on the brink of catastrophe due to years of underspending worsened by the coronavirus crisis. Job guarantees can also generate work in nature protection, conservation and restoration (see example below).

3.1.4 Enablers of change

While the solutions presented are not one-size fits all, they need to be considered part of a package towards the **wider transformation of our economic systems**. For example, working time reductions alone will not do the trick. It needs to come with no pay cuts and green and decent jobs accessible to all. The combination of greater democracy in the workplace, the close involvement of civil society organisations and the binding participation of labour unions are key.

First and foremost, we need the **political will** to experiment and pilot further case studies to draw lessons learned and investigate potentials for scaling up. This requires **financial resources** to fund research and pilot projects as well as larger schemes (such as working time reductions and a job guarantee). Solutions could be financed through progressive tax reform

such as (non-exhaustive) shifting from labour to environment and capital tax, taxes on unsustainable consumption, financial transaction tax, measurements to close tax havens and wealth/inheritance taxes as well as new and existing EU funding mechanisms. For example, Techerneva and Lalucq^{xliii} propose to make EU-initiated temporary instruments like Support to mitigate Unemployment Risks in an Emergency (SURE)^{xliiv} permanent to finance a Job Guarantee scheme implemented at the EU level.

Secondly, while Member States retain most power in the employment policy arena, the EU lacks **ambition and vision** in areas where it can play a role. The European Trade Union Institute argues that the EU could strengthen its leadership in this area by providing more substantial guidance to Member States, including through legislation such as the recent Minimum Wage Directive or an ambitious Pay Transparency Directive^{xliv}. Techerneva and Lalucq argue that the Joint Employment Report mandated by Article 148 of the Treaty on the Functioning of the European Union could potentially build the legislative base for an EU-wide Job Guarantee^{xlvi}.

Box 3: Good practice example

Territoires zero chômeur de longue durée (Zero long-term unemployment territories) is a job guarantee experiment in France initiated in 2016 by the nonprofit association All Together in Dignity (ATD) Quart Monde^{xlvii}. The aim was to offer anyone denied employment in a local community a permanent job based on their skills.

To date, 1,100 permanent jobs were created through the scheme, of which nearly 40% were green jobs, 36% aimed to increase solidarity and social integration and the remaining quarter to support the local economy (as of December 2018). Jobs include cleaning up construction sites, delivering groceries, waste sorting for recycling, caring activities such as cleaners, kitchen help over managing of local museums, repair and maintenance of goods, as well as newly created positions, such as social relationship facilitators that aim to foster intergenerational exchange within^{xlviii}.

3.2 Trade, taxation and finance

Authors: Caroline Whyte (Wellbeing Economy Alliance Ireland), Susana Martin (Wellbeing Economy Alliance Iberia)

Global trade, taxation and financial policies that provide equal opportunities, rights, power, and the fair distribution of wealth within society, between countries and across generations

Beyond a minimum threshold, increased material consumption is not correlated with improved wellbeing^{xlix}. Moreover, its pursuit is dangerously intertwined with global-level environmental^l and societal damage. Yet European trade, taxation and financial regulations are still built on the assumption that an ever-expanding economy is key to delivering prosperity.

Orientation towards economic growth has been curving the EU economy towards offshoring, fiscal competition (including between EU states), the development of tax havens^{li} and debt accumulation in low-income countries, all of which exacerbate historically entrenched power inequalities, injustices and environmental degradation. International trade has been described as 'the poorer countries developing the richer countries^{liir}'. By introducing money into the economy, finance directs economic activity to particular sectors and social groups. It is therefore of paramount importance. At present, the financial system is undermining global and EU-level well-being because of its orientation towards profit and its failure to systematically address power inequalities.

3.2.1 Key challenges

International **trade rules** and related transport^{liii} strongly favour wealthier countries, making it effectively impossible for others to achieve a wellbeing economy^{liiv}.

Moreover, lack of **tax harmonisation**^{liv} - both between EU Member States and with third countries - contributes to the excessive lobbying power of 'mega-corporations'^{lvi}, places a disproportionate financial burden on vulnerable groups^{lvii}, and hinders the adoption of progressive taxation measures at the EU level and globally^{lviii}. Tax havens leak an estimated \$500-600 billion out of the real economy annually^{lix}.

Lastly, **monetary policy** in the Eurozone focuses only on the primary mandate of the European Central Bank: price and financial stability. Its secondary mandate, to support EU policy goals, has yet to be implemented. Moreover, monetary policy is contributing to a grave debt crisis in low-income countries^{lx}. Debt cancellations, while important, will not suffice to rectify this, as debts will reaccumulate in the absence of broader measures^{lxi}.

These dynamics have all been reinforced by the so-called ‘Washington Consensus’ imposed by bodies such as the International Monetary Fund, forcing deregulation and privatisation on poorer countries while championing foreign direct investment and the free movement of goods, but not of people^{lxii}. They also have deep historical roots in the raw violence of slavery and colonialism, which continue to heavily impair global relationships with the modern-day EU^{lxiii}.

3.2.2 Current state of EU and Member States policies

In addition to the European Green Deal, and related developments such as the Carbon Border Adjustment Mechanism and “Fit for 55”, other policy initiatives should be critiqued and improved so that wellbeing becomes the clear priority. For example there is no mechanism for penalising Paris Agreement signatory nations which fail to comply with the Agreement terms^{lxiv}.

In addition, legislation may be proposed^{lxv} which would force third countries to trade their key resources with the EU, while the EU also obliges them to pay the Carbon tax on the border. This should be prevented. Moreover, the EU and Member States are party to trade deals which grant disproportionate power to private entities such as fossil fuel companies, while undermining EU or State autonomy^{lxvi}.

Taxation is a national issue, but the European Climate Law^{lxvii} and the ongoing reform of the EU Economic Governance^{lxviii} may be used to guide it. Monetary Policy and Financial regulation, which are highly centralised, lie in the EU administration, the European Central Bank, and the Basel Committee of Banking Supervision. Coordinated action at the EU and international levels is therefore necessary to change it. While the ECB has recently developed a Climate Action Plan^{lxix}, it is unclear how this will contribute to EU goals^{lxx}.

3.2.3 Proposed solutions

The European Climate Law could help impose fiscal harmonisation in the EU, on the basis that the climate crisis requires urgent and well-coordinated taxation reforms. These could include:

- Creating fiscal incentives for the green transition, such as:
 - **Reducing VAT** to 0% for repair services that will increase product’s lifespans, and for train tickets.
 - **Increasing aeroplane tickets’ VAT** to a harmonised percentage (of say 10%) in the whole EU, with aeroplane fuels subject to the same taxes as petrol for cars in each country by law.
- Introducing a family of ‘commons-based’ taxes (these are hard to evade and avoid, discourage overconsumption and financial speculation, and help redress power inequalities) such as:
 - **Market concentration fee**, to be imposed whenever a firm captures 10% of the

EU market, and sharply increased if its share of the market continues to expand^{lxxi}.

- **Financial Transactions Tax** at the EU level, as has been explored in recent years^{lxxii} (but currently only implemented at national level by France, Italy and Spain).
- A **windfall tax** on banks, energy companies and great fortunes, such as the ones implemented in Spain for temporary extraordinary profits^{lxxiii}.
- **Land value** taxation within the EU Member States and elsewhere.
- Analysis and consideration by policymakers of the recommendations on fiscal policy reform in the EU from the Fiscal Matters Coalition, which include encouraging future-oriented fiscal spending, and increasing national and democratic participation in the design of fiscal-structural plans^{lxxiv}.

Moreover, EU policymakers need to work towards a world economy in which trade between nations or trading blocs becomes as balanced and fair as possible. EU policymakers should therefore advocate:

- A more **transparent, democratic, UN-led brokering process** for international taxation policy, replacing the current OECD-led process^{lxxv}.
- **Debt restructuring or cancellations** in low-income countries where necessary.
- The provision of **climate finance** in the form of grants, rather than debts^{lxxvi}.
- Tackling **illicit financial flows** to tax havens with stronger and better-targeted international regulation of the financial system, following the recommendations of the Tax Justice Network^{lxxvii}.
- The restructuring of the International Monetary Fund into an **International Clearing Union** which would symmetrically distribute the burden of readjustment between debtor and creditor countries, along the lines of Keynes' Bancor proposal.
- The **democratisation** of the International Monetary Fund and World Bank's governance structures and lending policies.
- Changes to the **WTO's mandate** that would oblige it to prioritise environmental stability and social cohesion^{lxxviii}.

Finally, this should also include measures on finance, most notably:

- Two new **wellbeing economy indicators** which communicate the effects of monetary policy on social and economic inequality and on the investment needed for the green transition should be introduced in order to advance the ECB's secondary mandate under article 127 of the TFEU, by clarifying the extent to which ECB policy supports the EU's social, environmental and economic objectives.
- **Article 123(1)** of the Lisbon Treaty that prohibits the European Central Bank from 'monetary financing' should be repealed, as there is no evidence that such financing

actually interferes with fiscal discipline^{lxxxix}, and the existing law exacerbates the disproportionate power of large commercial banks and the profit-orientation of finance^{lxxx}.

- Since climate risk affects financial stability, the ECB should implement **selective interest rates**, to offer refinancing operations to banks at negative interest rates for green loans, so people can access 0% interest loans for green investments such as house energy renovations. It should also continue to green its APP by buying bonds whose interest rates are linked to sustainability goals (including government bonds at 0% interest rates).
- While the arrival of Central Bank Digital Currencies raises some valid concerns, it can also be seized as an opportunity to introduce **debt-free money** into the economy with no commercial motive that could undermine social and environmental objectives^{lxxxix}. Additionally, the EU should provide more structured support for public and mutual banking^{lxxxii}.

3.2.4 Enablers of change

Building awareness within the EU, both among policymakers and in the general public, tackling misperceptions on subjects that range from the nature of the wellbeing economy itself (which is sometimes assumed to be solely a personal lifestyle matter) to more technical subjects such as commercialised money creation^{lxxxiii}. Information campaigns and abundant opportunities to discuss these issues in depth - including 'safe spaces' where so-called 'stupid questions' can be asked - will therefore be vital.

The implementation of **concrete indicators** so the European Parliament can control the effects of Monetary Policy on EU policy goals through the ECB's secondary mandate.^{lxxxiv}

Research on details which need to be clarified, such as how to ensure that trade better responds to the needs of low-income countries while also supporting low-income people within the EU, and how to organise debt restructuring and cancellations so as to meet the needs of debtors while also providing a safety net for those who are currently financially reliant on debt repayments (such as many retirees). Some of the taxation measures we propose, such as land value tax, also need mapping work to be done in order to become implementable.

Box 4: Good practice example

Tax on Windfall profits in Spain - In the face of rising inflation, the Spanish government is taking the approach of increasing public spending to alleviate the effects on society in general and on the most disadvantaged classes in particular. Although, as a result of inflation, tax revenues have increased, they have not increased

sufficiently to cover the necessary social measures. The government sees the way to increase public income through the contribution of certain economic sectors (which make considerable profits) to what it calls the "revenue pact".

On these grounds, law 38/2022 was passed on 27-12-2022, creating the following temporary taxes for 2 years^{lxxxv} with the following projected revenues^{lxxxvi}.

- Energy tax: 3.6 billion euros
- Tax on banks: 3 billion euros
- Solidarity tax on large fortunes: 3 billion euros

Given the profits banks made in 2022 (a historical high), the tax on banks ' revenue in 2022 alone^{lxxxvii} almost surpasses the projections, demonstrating the enormous positive potential of such measures.

4. PURPOSE

4.1 Policy design

Author: Christiny Miller and Nora Demitry (ZOE Institute for Future-fit Economies)

Policy design, implementation and evaluation prioritising human and planetary wellbeing

The wellbeing economy is thought of as a new set of goals and metrics of progress, but these goals cannot be met without rethinking the policy design process. This is not a linear journey but rather an iterative process that helps create policies that consider the wellbeing of all aspects of society and the environment. As the frequency and complexity of the challenges increases, the demand for a shift in the policy design process to create the values of a wellbeing economy becomes more urgent.

Although these processes should always be contextual and based on the needs of communities, there are six broad stages which should feature:

- laying the foundations by mapping stakeholders and coalition building with partners;
- setting out a vision of what the wellbeing economy should look like;
- designing a strategy for how to get there;
- creating policies which work towards the vision, whether they be new or tweaks on existing policies;
- implementing these policies;
- and evaluating the results^{lxxxviii}.

4.1.1 Key challenges

The ambitious goals for the EU's green transition, laid out in the European Green Deal, aim to create ecological wellbeing but have various impacts on socio-economic wellbeing. However, the EU faces many challenges that can impede progress toward building a wellbeing economy, such as the **complexity and uncertainty around the transition** and the current polycrisis. The interrelatedness of the elements within the transition can lead to trade-offs and tensions, where the improvement of one objective can lead to a deterioration of another. This requires either a prioritisation and decision (in the case of trade-offs) or an adjustment of policy approaches (in the case of tensions). One common example of these trade-offs is job loss in fossil fuel and fossil fuel-dependent industries as these are phased out in favour of renewable energies. A well-designed policymaking process can help policymakers to minimise the potential harmful impacts of unmanaged trade-offs and tensions.

4.1.2 Current state of EU and Member States policies

To support policymakers to overcome these challenges, the EU's **Better Regulation Guidelines and Better Regulation Toolbox** aim to help establish an evidence-informed and transparent policymaking process. The BRG covers all steps of the policy cycle to ensure that policymakers are equipped with tools and procedures to achieve the best outcome. However, these are not always enforced. Especially in times of crisis, important steps such as stakeholder participation and impact assessments are skipped in order to create a faster response. This was recently seen in the REPowerEU formulation, which was developed in the context of the Russian war on Ukraine. While this allows for a faster policy response, the policies may be less resilient and coherent because of their design process.

Additionally, the Joint Research Centre of the EU Commission has developed the **Competence Framework for 'Innovative Policymaking'**^{lxxxix} to provide policymakers with needed competences across the policy cycle. The competences are: advise the political level; innovate; work with evidence; be futures literate; engage with citizens and stakeholders; collaborate; and communicate.

4.1.3 Proposed solutions

To help manage tensions and trade-offs to guide the EU towards a wellbeing economy, policymaking should be based on a set of principles which guide effective governance^{xc}. These principles can be divided into "foundations" and "enablers", with all of them contributing to effective processes that can help in mitigating the tensions and trade-offs when creating policy instruments. **Foundations** refer to overarching conditions that contribute to effective governance; they are the preconditions for good policies. **Enablers** are practices to employ to create good policy instruments, and are thus the most relevant for directly helping to manage tensions and trade-offs to guide the wellbeing economy.

These enablers are:

Participation: Residents should have opportunities to engage at various stages and levels of policy- and decision-making. This enabler helps bring new perspectives and expertise into policies and thus overcoming complexities and increasing public acceptance.

Coherence, coordination, & collaboration; Working across policy areas to promote synergies and avoid harmful trade-offs

Evidence-informed; Using evidence to design policies and to feed back into the process of reforming and adjusting policies. Using data and information can demonstrate potential or actual conflicts between policies.

Commitment & leadership; Policymakers' commitment to creating policies with the best outcomes for people and planet, and leadership in steering the ship towards these. This enabler is crucial for guiding towards a green and just transition and therefore making important prioritisation when there is a need for it.

Experimentation & adaptability; Readiness to adapt to changing realities, and looking to the future with innovation for new technologies, ideas, and processes. To face increasing complexity, time pressure, and uncertainty, experimentation with new solutions can help governments adapt to changes and shocks and increase resilience.

Competence, capacity, & capability: Skills, knowledge, and time needed to design and implement policies fit for the green and just transition. This enabler relies on maintaining and effectively using the rest of the enablers to minimise the trade-offs and tensions.

Policymaking should reorient towards a wellbeing vision in a way that adheres to these principles of effective governance. This means having governance systems which are grounded in the foundations while going through the steps of the policy cycle with all of the enablers supporting the process.

This doesn't mean creating a large-scale transformation of policymaking processes overnight. Using the **experimentation and adaptability** enabler, policymakers can create pilot initiatives and experiment with new ideas before launching new processes and programmes on a larger scale. This can help to see what works—and what doesn't—and create learnings for how to improve before scaling up. This can also help to build **participation** on a smaller scale, and build this up alongside the initiative.

4.1.4 Enablers of change

Political will is a key element in transitioning towards the wellbeing economy. It refers to the policymakers' intent to systematically address the root causes of public issues while mobilising the necessary resources^{xcⁱ}. While effective governance frameworks and better regulation are all sought-after tools and processes, they are alone insufficient to materialise into real-life changes. Actual process redesign can only occur if sided by political backing. Policymakers must have a long-term vision of the wellbeing economy to commit to a process makeover. This does not come without challenges, such as existing mental models which resist change. In addition, there is a need to harmonise short political cycles with long-term systems change.

As policymakers engage more actively with the Wellbeing Economy, they can gain a better understanding of the need for policy design processes that are more inclusive and bottom-up, which can better address the complex challenges of the 21st century.

Box 5: Good practice example

'Wellbeing in Germany – what matters to us' is a successful national-level example of orienting towards the wellbeing economy^{xcⁱⁱ}. It aimed to measure well-being dimensions and indicators based on a national dialogue^{xcⁱⁱⁱ}. The federal government conducted a six-month consultation with citizens, targeting different groups to ensure a diverse perspective; these included unions, women's agricultural associations, and

religious groups, among others. The initiative ultimately included 203 national dialogue events across German cities and rural communities.

The Chancellor and federal ministers participated in fifty of these events to engage with the citizens with the aim to pinpoint social priorities and political challenges. An independent team of scientists analysed the results of citizens' insights. The government's goal is to use those insights and reporting to take stock of wellbeing in Germany and identify future intervention points for policymaking. This case highlights the crucial role of political will in transitioning to a wellbeing economy, as governments leverage top-down approaches to incorporate bottom-up strategies.

4.2 Business models

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Contributors: Jan Mayrhofer (European Youth Forum), Lisa Hough-Stewart (Wellbeing Economy Alliance)

Business models that go beyond profit extraction to social and environmental purpose placed at the heart of their mission and practices

Businesses are a cornerstone of any economy and can play a critical role in producing and providing the goods and services needed for our common prosperity, while considering the needs of all stakeholders. Mainstream business practices threaten our social and ecological wellbeing. But it does not have to be this way.

In a wellbeing economy, business and financial activities would instead help achieve human and ecological prosperity. For most of us who have grown up and worked in economies that value profit above all else, the task of transforming business to be a driving force for improvement of people and planet's wellbeing appears daunting. However, the need to transition to sustainable ways of production and consumption has never been more urgent. To bring this transition forward, political leaders have to get better at recognizing existing business models and practices that do align with wellbeing economy values, so that they can be incentivised and supported.

4.2.1 Key challenges

In our current growth-oriented economy, many businesses, especially large public corporations, operate with an **overriding focus on short-term profit maximisation**. Nobel Prize Winning Economist Joseph Stiglitz connects this mentality with GDP thinking: *"An economy that uses its resources more efficiently in the short term has higher GDP in that quarter or year. Seeking to maximise that macroeconomic measure translates, at a microeconomic level, to each business cutting costs to achieve the highest possible short-term profits. But such a myopic focus necessarily compromises the performance of the economy and society in the long term"*^{xciv}.

This philosophy became supercharged in the wake of sweeping global deregulation in the late 20th century. Since then, this profit imperative has invaded policy and business so pervasively that it has become the dominant model for how business should operate. This is a systemic issue. Listed companies have a fiduciary obligation to maximise returns for their shareholders. Therefore, real sustainability action is almost impossible for these companies as this would mean breaching their fiduciary obligation. Moreover, businesses risk losing market share in comparison to companies that are not paying for sustainability action as there are no or weak regulatory mechanisms to discourage/eliminate negative environmental or social externalities derived from business activity.

4.2.2 Current state of EU and Member States policies

While the EU has made some progress in terms of environmental protection and the protection of worker's rights, there are other policy areas that are effectively hindering even businesses who are willing to be more sustainable from doing so. For instance, competition policy **Article 101(1)** of the Treaty on the Functioning of the European Union prohibits anti-competitive agreements, which might discourage European companies from forming alliances and becoming more active in fighting the climate crisis.

More broadly, the EU's governance documents take an expansionist stance on the economy which serves to reinforce profit orientation in businesses. For example, the **Treaty on the European Union** states that the sustainable development of Europe will be based on economic growth (albeit so-called 'balanced growth'). This prioritisation of growth is even reflected in the name of the Directorate for the Internal Market, Industry, Entrepreneurship and SMEs: DG GROW.

A substantial majority of the tens of thousands of professional lobbyists in the EU institutions represent large, profit-oriented corporate interests^{xcv}. This severe imbalance in political influence raises serious concerns about the 'crowding out' of unbiased, scientifically-grounded policy advice on social and environmental wellbeing by louder voices, whose focus is on profit maximisation and expansionism.

4.2.3 Proposed solutions

Shifting to a wellbeing economy not only requires new mindsets and new ways of doing business, but also new types of policymaking to make those new ways of doing business easier to enact as well as policies that curtail anti-social/ecological business behaviours. Support for new businesses to emerge and for existing businesses to convert their structure and practices is required. Examples of policy reforms that would facilitate the spread of Wellbeing Businesses include the following measures.

Encouraging prosocial and environmental business practice:

- Include strong **social and environmental provisions in trade agreements**. If benefits from multilateral trade were tied to social and environmental improvements, this would accelerate the application of existing, ratified standards^{xcvi}.
- Introduction of **higher taxes on resources and lower taxes on labour**. Lower taxes on labour make it easier for companies to employ more people, while higher taxes on resources create incentives for companies to operate more efficiently and for people to consume in a more environmentally friendly manner. Examples of reforms exist in France, Denmark and Sweden.^{xcvii}
- Strengthen **green public procurement**. Environmental demands from public purchasers can educate businesses and develop a general awareness of sustainability

issues. Barcelona is setting one of the **best examples in the EU** by increasingly including sustainability considerations in its purchasing practices since 2001.

Supporting expansion of prosocial/ecological legal structures:

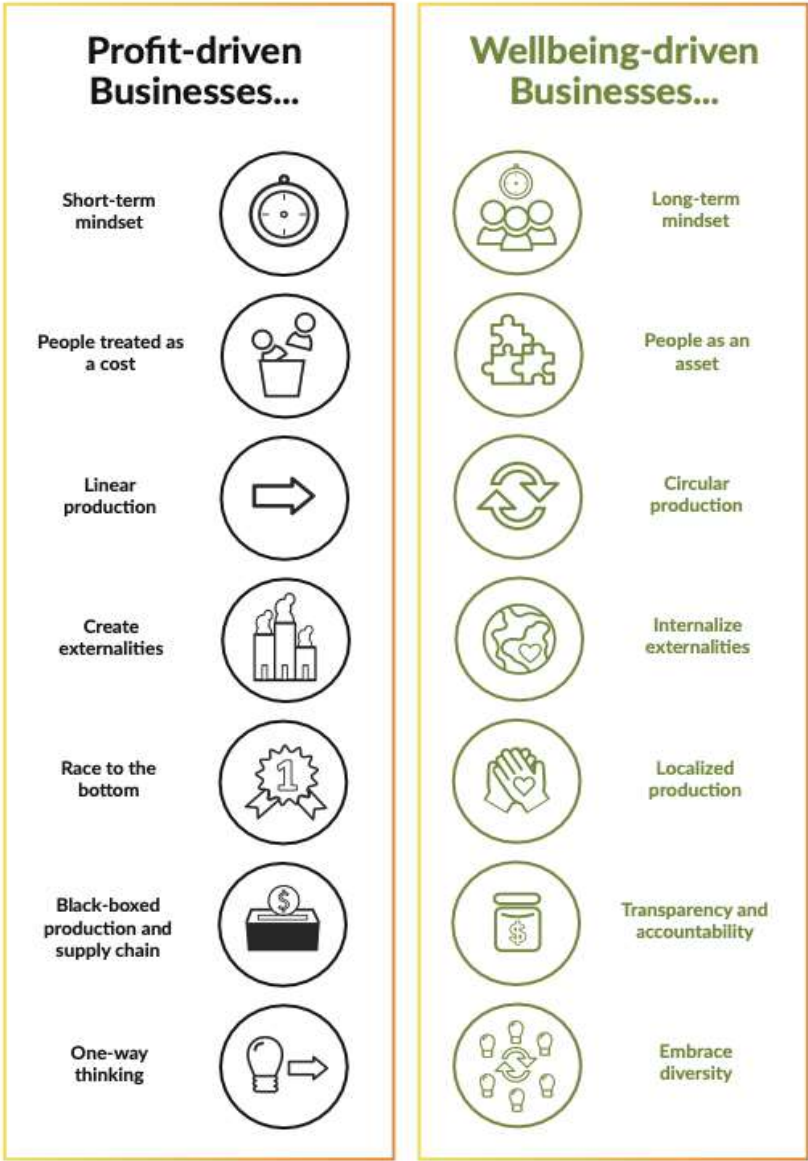
- **Pass common regional legislation** that promotes community-owned enterprises (such as the Cooperative Societies law that was passed in Central and Western Africa in 2011^{xcviii}).
- **Exempt from taxes, conversions** of traditional enterprise models^{xcix} (to prosocial/ecological enterprises) and proactively assist those conversions^c (as happens in the USA).
- Provide employees with the **right to invest** in such enterprises, such as happens in France^{ci}
- **Expand assistance**, along the lines of existing EU policies and directives that support community-owned renewable energy into other prosocial/environmental business spaces.

Limitations and Boundary setting:

- **Introduce a market concentration fee** that is imposed whenever a firm captures 20% of its market (for example), so as to constrain the dominance of a few 'mega-companies' in business
- **Treat externalisation of environmental and social costs as unfair competition.** Making changes in competition law would lead to businesses mutually monitoring each other, making the exploitation of nature and certain social groups costly and sustainable production methods more attractive.
- **Regulate advertising for non-ecological products or services.** Advertising drives over-consumption. By limiting non-ecological goods production and service provision, enhanced regulation would allow sustainable production methods to become more visible and acceptable. **Tobacco advertising and sponsorship** is restricted in the EU since it is a product harmful for people's health - the same principle could apply to other products and services.

Despite a regulatory framework and economic model that is generally unsupportive of prosocial/ecological business, examples of good practice abound. Examples can be found in the Wellbeing Economy Alliance's the 'Business of Wellbeing' guide^{cii}. Equally, examples abound in the 'Business Purpose for Scotland Commission' report^{ciii}. While diverse, the key differences with profit-maximising enterprises are reflected in figure 1.

Figure 1: Characteristics of Wellbeing Businesses^{civ}



More pertinent to EU policy makers is that a number of example legislative and regulatory changes as well as mechanisms supportive of prosocial/ecological businesses are detailed above along with references to details of those changes.

No single jurisdiction has implemented a full suite of policies that will create the conditions for businesses to fully play their role in the creation of a Wellbeing Economy. However, there are a sufficient number and range of good practices for the EU, with sufficient determination to become a world leader in this space.

4.2.4 Enablers of change

To support the achievement of the above-mentioned solutions, leadership in the following ways is required.

Resources in support of **adoption of prosocial/ecological business culture and behaviours**:

- Analysis of the most progressive pro-social/ecological business support policies that exist at EU nation state level for consideration of adoption at the EU level.
- Fund delivery of training on business purpose to groups of public and private sector business advisers, by a purposeful business network or organisation.

Political strength:

- Limitation of lobbying powers of multinational / market dominating enterprises.
- Adoption of the above-mentioned policies/regulations
- Strengthen transparency measures
- Ensure business and financial regulatory authorities are mandated to consider social and ecological outcomes in their regulation of different markets
- Strengthen transparency initiatives^{cv} to punish anti-social/ecological business practices
- Renaming DG-GROW and reorienting its goals towards societal and ecological wellbeing and away from growth as an end in itself.

Pro-social/ecological finance:

- Placing restrictions on the financing of unsustainable practices such as mining that overexploit, for example, natural resources, and helping to create a level playing field for all businesses by phasing out the extraction and import of problematic resources such as fossil fuels
- Establishment of an EU-wide development fund to support prosocial/ecological enterprises (such as that which exists in Italy in the promotion of Italian cooperatives).

Box 6: Good practice example

Futuro Forestal S.A.^{vi} is a German-Panamanian reforestation company that operates in Latin America. Futuro Forestal is the first impact investment management company in the tropical forestry industry.

Together with a number of local and international stakeholders and investors, Futuro Forestal developed the 'generation forest', a combination of the dynamics of natural forests and reforestation which absorbs carbon dioxide and ensuring biodiversity and recovers soils and water sources. It also helps to create income earning opportunities for locals.

Futuro Forestal's reforestation model improves on the timber plantation model by harvesting and replanting mainly native tree species, reducing risk in the business model, ensuring everlasting cash flow, and maintaining forest biodiversity. It has become one of Latin America's largest and premier providers of tropical hardwood, and worked on the reforestation of over 9000 hectares, the creation of 4,500 hectares of private reserves.

5. NATURE

5.1 Emissions and resources

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Decarbonised, dematerialised, circular and non-toxic economy

Combined global human activity causes the great acceleration of soil erosion, fresh water use, greenhouse gas emissions, extinctions and spread of toxic chemicals. Life-supporting systems we need are under sustained attack. We face increasing conflicts over less accessible resources and a pandemic of toxic chemicals is behind the current projections that “sperm counts are set to reach zero in 2045”^{cvii}. Collapsing life-support systems are putting us in the position that we either decarbonise, dematerialise and detoxify far faster, or most likely die too early in numbers and ways that are hard to imagine and write about, given the dire nature of the facts.

Five years ago, in 2018, the European Environment Agency calculated that in order to achieve a climate-neutral European Union by 2050, the speed of decarbonisation has to increase five-fold^{cviii}. But to end the ongoing war for access to raw materials that is waging all over the world^{cix}, we also need targets to significantly reduce our material footprint by 2050.

5.1.1 Key challenges

EU resource consumption is far above (more than double) a sustainable level, exceeding planetary boundaries. There are some initiatives to tackle this, in particular within the EU Circular Economy Action Plan, but the ambition levels are too low for the impact we need. Our existential challenges on biodiversity loss, chemicals and climate still grow. Incremental end-of-pipe policies, such as a focus on recycling, are distracting and diffusing both political and real capital. We Europeans have the capability to create wellbeing without the ever-growing damage to our natural environment. We don't need to put an in-vogue adjective in front of growth and then assume that decoupling environmental pressures from gross domestic product (GDP) can still allow for economic growth within Europe. The report 'Decoupling debunked'^{cx} presents convincing evidence against the decoupling idea and this has been repeated in numerous peer reviewed papers, by the European Environment Agency and the Intergovernmental Panel on Climate Change reports. The most extreme and reckless position to take now is to try to continue with business as usual. We see policy discussions with a leverage to tilt the balance from running behind the facts to getting ahead of the curve.

5.1.2 Current state of EU and Member States policies

In the EU, the 8th Environment Action Plan^{cxii} adopted in May 2022 by all three European institutions that make policy has promises of a dashboard of **indicators beyond GDP, of a wellbeing economy, systemic change and regenerative growth**. That means that soil, water and air must be enabled to regenerate to the sort of life-support systems that allow for a truly thriving humanity, within the biocapacity limits.

Another step forward is that in the EU, there seems to be a growing awareness that constantly intensifying global trade and dependencies on the raw materials of third countries is not favourable. Recent initiatives, such as the Carbon Border Adjustment Mechanism and the Net Zero Industry act, signal a potential interest in changing the direction to move beyond the old paradigm. However, while some intentions seem to be good on the surface of things, none of the current policies are strong enough to even come close to preventing the ongoing collapse. That is mainly because the dominant growth ideology (both in size of the economy and volumes traded globally) still stops decision-makers from taking the steps that are now necessary to deal with the problems we have due to inaction in the past. The evidence that a growth-independent economy gives society more security and stability than endless corrections on capitalism is both overwhelming and yet ignored.

5.1.3 Proposed solutions

EU leaders can take bold steps toward a decarbonised, dematerialised, circular and non-toxic economy via the following non-exhaustive solutions:

- **Post-growth European Institutions:** constitute permanent structures at the Commission, the Council, the Parliament, and within Member States to assess post-growth strategies and pathways.
- **European Green Deal beyond growth:** design a new flagship programme shaped around a systemic change approach that aspires to create a thriving future within planetary boundaries, with degrowth as a necessary transition phase towards a post-growth destination.
- **Beyond growth policies** based on the four principles of:
 - **Biocapacity:** fossil fuel phase-outs, limits to raw material extraction and nature protection and restoration measures for healthy and resilient soils, forests, marine and other ecosystems. e.g., a Fossil Fuel Non-Proliferation Treaty, a Resource Justice and Resilience Act including a binding material footprint reduction target and real, area-based nature restoration.
 - **Fairness:** fiscal instruments to foster a more equal society by eradicating income and wealth extremes, as well as super-profits. E.g., a carbon wealth tax, both minimum and maximum incomes.
 - **Wellbeing for all:** secured access to essential infrastructures via an improved, ecologically-sensitive welfare state. E.g., Universal Basic Services (including the human rights to health, transport, care, housing, education, gender equality and

social protection etc), job guarantees, price controls for essential goods and services.

- **Active democracy:** citizen assemblies with mandates to formulate socially acceptable sufficiency strategies and strengthen policies based on ecological limits, fairness and wellbeing for all and stronger role for trade unions. E.g., local needs forum, climate conventions, participatory budgeting.

Of course, much work is needed than this non-exhaustive list. Among other things we also need a **change in the financial system** to decarbonise asset portfolios and escape the monetary growth imperative. Instead of trying to fix, heal and redistribute, we need financial resource not be directed into the right direction. Assets representing investments in projects that deplete resources or are fossil fuel intensive or extractive should be phased out entirely from central banks' balance sheets. Money creation as an interest-bearing debt through banking should be phased out too and substituted by interest-free money creation, for example, using the digital euro in the ECB's monetary policy.

5.1.4 Enablers of change

A majority^{cxii} of Europeans want more to be done in order to protect the environment, even if it comes at the expense of economic growth. EU leaders have all the evidence and the popular opinion to start a culture of collaboration for the common good of all. Arguing for a deep citizen-science upgrade to reform flawed institutions is not the extreme and reckless demand that vested interests will try to make of it.

Decision-makers should take responsibility for the impacts of their actions and decisions. They have a duty of care. We urge leaders to work together with us to address these critical issues and take the necessary steps towards a sustainable and equitable future. Those who cannot or will not act in the best interest of our planet and its people must make way for those who are willing to lead with courage and determination. We need a healthy relationship between people and the planet, with an environment that promotes people's physical and mental health. There is a human right to a healthy environment.

Box 7: Good practice example

Austria has been the latest country to take concrete steps towards reducing their resource use in absolute terms as a part of the country's new Circular Economy strategy^{cxiii} published in December 2022. The targets set to achieve a 80% reduction in the country's material footprint per capita by 2050, reaching a maximum of seven tonnes per capita. Additionally, the strategy put forward a target to decrease Domestic Material Consumption from 19 to 14 tonnes per capita by 2030 as well as targets to enhance the circularity rate and reduce private household consumption.

Austria has become the third EU country, following the Netherlands and Finland, to establish a target for reducing resource use. However, Austria's target is the most ambitious and comprehensive thus far in terms of the contents and the numbers of the measures. What sets Austria apart from the Dutch and Finnish objectives is the inclusion of a reduction target for biomass. This particular focus addresses critical concerns such as food waste and deforestation, which are often necessary to produce substitutes for fossil fuel-based products (such as bioplastics and bioenergy). By including biomass in their target, Austria is taking a holistic approach towards resource management and emphasizing the importance of sustainable alternatives in various sectors. Austrian targets align with the sustainable and equitable levels of resource consumption identified by prominent research. By implementing these objectives, Austria is addressing the systemic issue of excessive consumption and charting a clear path for the economy to consume fewer resources overall.

5.2 Nature and biodiversity

Author: Tycho Vandermaesen (WWF European Policy Office)

Restoration of nature and halting of biodiversity loss

The loss of nature is a crisis that threatens the very foundations of life on Earth, including human wellbeing. Every species, from the smallest insect to the largest predator, plays a vital role in maintaining the delicate balance of our planet's ecosystems. When we lose biodiversity, we disrupt these delicate balances, leading to consequences that can be disastrous for human health and wellbeing.

Biodiversity loss can lead to a decline in the availability of natural resources such as food, water, and medicine. As ecosystems become more degraded, we face greater risks from natural disasters such as floods and droughts, which can lead to food shortages, disease outbreaks, and displacement of communities. Furthermore, biodiversity loss can have significant impacts on mental health and well-being, as people lose their connection to the natural world, which has been shown to be essential for human health and happiness.

Halting biodiversity loss is, therefore, essential for human wellbeing. By protecting and restoring ecosystems and promoting sustainable practices, we can ensure that future generations have access to the resources they need to thrive.

5.2.1 Key challenges

Only 23% of species and 16% of habitats that are protected under the EU Nature Laws (Birds and Habitats Directives) are considered to be in good health^{cxiv}. The rate of global change in nature during the past 50 years is unprecedented in human history^{cxv}. The **overexploitation of natural resources**, including agriculture, fisheries, forests, and wildlife, is a significant factor contributing to biodiversity decline. This results in habitat loss and dwindling species populations, leading to substantial ecological and economic ramifications. **Pollution** from various sources, such as agriculture, industry and transportation, also plays a significant role in biodiversity loss.

Climate change is another major driver of biodiversity loss. As temperatures rise, sea levels increase, and weather patterns change, ecosystems are affected, species distributions are altered, and habitats are lost. Invasive species pose a significant threat to biodiversity as well, as they can displace native species and disrupt ecological processes.

Lastly, **human activities** like urban sprawl and the development of unsustainable transportation infrastructure contribute to habitat degradation and fragmentation, which restricts the ability of species to move and spread across landscapes.

The European Environment Agency confirms that for Europe, intensive agricultural activities and urbanisation are the two largest pressures, with the Agency now calling for fundamental

changes to how the EU produces and consumes food, manages and uses forests, and builds cities^{cxvi}.

5.2.2 Current state of EU and Member States policies

The EU is slowly recognising the true value of biodiversity. The EU has already implemented a variety of measures to combat the loss of biodiversity, such as creating protected areas, fighting invasive species, providing funding for biodiversity conservation, and collaborating with global partners.

Despite having numerous commitments, targets, and legislative initiatives in place, EU Member States tend to delay implementing these actions, inadequately invest in nature protection and restoration, and counteract positive initiatives by continuing their support for unsustainable practices in agriculture, fisheries, forestry, and industry.

In May 2020, the European Commission released a new **EU Biodiversity Strategy for 2030** with the aim of recovering Europe's biodiversity by protecting, restoring, and connecting ecosystems. As part of this strategy, the EU intends to establish **legally binding EU nature restoration targets** based on national restoration plans submitted by Member States. The Biodiversity Strategy also commits to more effective implementation of conservation measures in current protected areas and extending the protected area network to encompass a minimum of 30% of EU land and sea, including increasing connectivity, and ensuring that at least 10% of EU land and sea areas are "strictly protected."

In 2024-2025, the EU will assess the progress made toward achieving the goals of the biodiversity strategy and explore additional legislative measures and funding.

5.2.3 Proposed solutions

Biodiversity loss and climate change are both driven by our economic activities and mutually reinforce each other. Just as the climate and biodiversity crises are linked, so too are the solutions. Biodiversity plays a crucial role in regulating and mitigating climate change as healthy ecosystems will be more resilient to climate change and can continue to provide people with the ecosystem services on which our prosperity and wellbeing depend. Policymakers must therefore make the **implementation of the UN Kunming-Montreal Biodiversity Agreement and EU 2030 Biodiversity Strategy** a real political priority.

In order to halt the loss of biodiversity, it's not sufficient to only have dedicated nature laws and isolated pockets of nature where biodiversity can thrive. The EU **must integrate biodiversity protection into all its key economic sectors**, including agriculture, fisheries, infrastructure and development, and climate and energy policies, in a consistent and effective manner.

The Farm to Fork strategy, launched in 2020, aims to promote the sustainability of all EU food-related policies in the long term^{cxvii}. To facilitate a genuine just transition for farmers towards nature-positive farming and reduce their dependence on agricultural chemicals, the EU needs **legally binding targets for organic farming, landscape features, and the use of pesticides, fertilisers, and antibiotics**. Instead of subsidising industrial, intensive and unsustainable farming practices through the outdated EU's Common Agricultural Policy, the EU should create more economic opportunities for a genuine **transition of the sector**.

The EU should also take a clear stance on intensive livestock production and fisheries, and only support extensive animal farming and low-impact fisheries. Healthy and sustainable diets should become the cheapest and most convenient option for consumers, informed by the true costs of food, as lower prices will help drive change in production and consumption. The **sustainable food** choice has to be the choice by default.

Furthermore, the protection of nature and the fight against climate change should go hand in hand. Clean technologies such as energy storage products and solar and wind power are Europe's way out of the fossil fuel crisis. But if left unchecked, mining for the materials needed to produce them could cause major environmental, social and human rights impacts, primarily felt by local communities. Energy and resource efficiency should be topmost priority. To that end, the EU should agree **targets and measures that address unabated resource extraction and (over)consumption**, going beyond circular economy measures and local sourcing. And to swiftly expand wind and solar power at a large scale, Member States must improve spatial planning and invest in permitting authorities and capacity instead of exempting renewable energy projects from vital legislation such as environmental impact assessments.

The EU must also effectively **enforce existing EU laws on nature protection**. In Europe, the economic benefits of the Natura 2000 network, created by the Birds and Habitats Directives, are valued at EUR 200-300 billion a year and around 4.4 million jobs are directly dependent on the maintenance of healthy ecosystems^{cxviii}. In the coming years, policymakers must also prioritise **large scale nature restoration**, which will improve societies' resilience in the face of climate change impacts. This requires a substantial step-up in financial investments through dedicated funds at EU and national levels. Investment into nature restoration adds €8 to €38 in economic value for every €1 spent, thanks to the ecosystem services that support food security, protect us from droughts, flooding and forest fires, and will contribute to mitigating climate change by removing carbon from the atmosphere^{cxix}.

5.2.4 Enablers of change

Policymakers at EU and national levels need to make a priority out of **good governance** to ensure that their institutions' governance structures move away from sectoral thinking towards integrated decision making. Policies such as the Common Agricultural Policy or the Common Fisheries Policy need to be adopted with more than just narrow economic interests at heart.

Citizens must also have full access to environmental decision making. That requires strong rules around **transparent policy making and meaningful participation** for citizens and civil society at EU and national level. And when citizens' rights are violated, they should have a right to effective remedy through a single EU legal framework which guarantees effective access to justice in environmental matters across Europe.

And lastly, better **compliance with EU environmental** law is needed to achieve the already politically agreed targets. More than 55 billion euros annually is spent on unnecessary economic costs due to Member States failing to implement EU environmental policies and laws^{cxv}. There must be a zero tolerance approach to poor national implementation and breaches of EU law by the European Commission, by increasing staff capacity in its legal services and making faster use of infringement procedures.

Box 8: Good practice example

Emscher Landscape Park (ELP), in the north of Germany's Ruhr area, is the largest ecosystem restoration project in Europe. Created over 20 years ago in a once heavily industrialised region, the park system has brought together 20 cities, and is part of a river revitalisation programme and more than 100 complementary green projects.

The ELP acts as a "green connector" between the settlements of the Ruhr valley, and uses the abandoned industrial areas along the Emscher River as a unique form of green space. In addition to the major benefits for the local ecosystems, surface water quality and urban regeneration, the ELP has created more than 55,000 jobs in the North Rhine-Westphalia region. With numerous recreational activities on offer – including hiking and biking trails, industrial heritage and cultural sites, as well as a climbing wall at a former iron smelting site – the park attracts around one million visitors every year. The value of the parks' direct ecosystem services is estimated at EUR 21 million, while the additional benefits to users are estimated at EUR 107 million annually^{cxvi}.

6. DIGNITY

6.1 Health

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Contributors: Llorenc Witty and Neus Casajuan (Wellbeing Economy Alliance Iberia), Ingrid Stegeman (EuroHealthNet), Nick Meynen (European Environmental Bureau)

Healthy relationship between people and planet, providing the foundation for people's physical and mental health

People's health and the health of our planet go hand in hand. A healthy environment is fundamental to protect and promote people's physical and mental health and wellbeing, both now and in the future. In October 2022, this was formally enshrined in a UN resolution declaring that access to a clean, healthy and sustainable environment is a universal human right.^{cxxii}

The concept of the wellbeing economy provides a much-needed framework through which to reorient the relationship between nature and people in a way that is beneficial to both and which recognises that humanity is **part** of nature. The Doughnut Economy model for example highlights that a safe and just space for humanity is only possible if we avoid overshooting our planetary boundaries whilst at the same time guaranteeing a strong social foundation, including health.^{cxxiii}

6.1.1 Key challenges

Our **reliance on fossil fuels, as well as overconsumption of material resources**, contribute to climate change and the worsening health of our planet. At the same time, both these practices and the toxic pollution of our, by now, unhealthy environment have a serious impact on people's physical and mental health. In Europe alone, **air pollution** leads to over 300,000 premature deaths a year,^{cxxiv} and toxic pollution by forever chemicals will probably result in most couples needing assisted reproduction by 2045^{cxxv}.

Climate change impacts on health include the direct effects of extreme weather outcomes (storms and flooding, heatwaves and droughts, etc.), as well as the exacerbation of non-communicable diseases (e.g., the lack and loss of green space and poor air quality contribute to respiratory and cardiovascular diseases), and increased risks of communicable diseases (food/water/vector-borne).^{cxxvi} Unhealthy dietary practices negatively impact our own health as well as the health of our planet (industrial farming, deforestation, etc.). Climate change also impacts mental health, for instance through stress, climate anxiety and trauma resulting from extreme weather events or displacement and economic stress.^{cxxvii}

These impacts are not equally distributed. They **disproportionately affect** the most vulnerable and disadvantaged, including poor communities, migrants, children and the elderly, and those

with underlying health conditions.^{cxxviii} Often, these communities bear less responsibility for the causes of climate change and environmental degradation,^{cxxix} but benefit least from the measures put in place to mitigate and adapt to climate change,^{cxxx} at the same time as they contribute more in terms of the relative proportion of their disposable income to mitigation and adaptation actions. Children and young people are at particular risk of health impacts, but have contributed least to rising emissions, which can create increased **intergenerational inequalities**.^{cxxxi}

6.1.2 Current state of EU and Member States policies

At the EU level, environmental policy is driven by the European Green Deal. Although a good start, more remains to be done to increase the ambition of many Green Deal initiatives as well as to monitor their implementation. The attempts to derail the foreseen Nature Restoration Law, against all available evidence, is a direct attack on the health of both Europe's ecosystems and the health of Europeans. Other initiatives of particular relevance to health in 2023 include the **revision of the EU air quality rules**, which need to be fully aligned with the WHO guidelines in order to better protect people's health. It is also crucial to ensure the actual implementation of the **Farm to Fork Strategy** and the planned **legislative framework for sustainable food systems**, and that these do not get watered down in political bartering processes.

From the health perspective, the EU's initiative on non-communicable diseases, **Healthier Together**, provides a framework to identify and tackle non-communicable diseases, such as cardiovascular and respiratory diseases as well as mental health, and includes a focus on health equity throughout. An upcoming Joint Action on the prevention of non-communicable diseases (including cancer) and health determinants, scheduled to begin in 2024, will complement this work at Member State level. Other relevant initiatives include the **Europe Beating Cancer Plan** and a new initiative on **Mental Health in all Policies**, which includes environmental determinants. The **European Pillar of Social Rights** (and related Social Scoreboard) guides the EU's social policy, although environmental aspects are insufficiently addressed.

At the WHO level, activities are guided by the **WHO Global Strategy on Health, Environment and Climate Change**, which aims to guide the response to environmental health risks until 2030 and ensure a safe, enabling and equitable environment for all by transforming our way of living, working, producing, consuming and governing.^{cxxxii}

Across EU and WHO, discussions around One Health are gaining momentum, for instance with the One Health Joint Plan of Action by the Quadripartite (Food and Agriculture Organization of the United Nations, the United Nations Environment Programme, WHO and the World Organization for Animal Health), as well as within the European Commission. Whilst the intersectoral element of these discussions are welcome, the equity dimension must continue to be emphasised and fully integrated into One Health approaches.

6.1.3 Proposed solutions

Transformative, urgent action is needed to drive the change towards a healthier environment that supports people's health and wellbeing. A non-exhaustive list of recommendations is included below:

- Improve **alignment of policies** at EU and (sub-)national levels, and strengthen **collaboration across sectors**^{cxxxiii} - it is critical that health, environmental, social, and economic sectors work together to jointly put in place common solutions to common problems, achieving common benefits and negotiating trade-offs. The wellbeing economy can help to provide a framework and a long-term, coherent vision, ensuring that climate policies are viewed through a health and equity lens.
- Ensure a **socially just transition** by focusing on equity at all stages of policy measures.^{cxxxiv} The health argument can be a powerful tool to help bring people on board with climate policies.
- Build a **stronger investment case for public health** through the wellbeing agenda, mobilising resources to finance services that co-benefit the environment, health and wellbeing for all.^{cxxxv} On average only 3% of health budgets are spent on health promotion and disease prevention. Channelling more of the funds currently being spent on treating ill health towards investing in measures that improve the social and environmental determinants of health would contribute to directly improving people's quality of life, and thereby a well-being economy.
- Rethink **urban design to better promote the environment, health and wellbeing** – for instance by ensuring accessible, good quality green and blue spaces available to all and promoting affordable, accessible active transport, such as cycling and walking, as well as public transport,^{cxxxvi} and by increasing urban tree coverage, promoting physical activity and mental wellbeing and helping to reduce the urban heat island effect as well as improving air quality.^{cxxxvii}
- Make **healthy, sustainable food accessible, attractive and affordable for all**, fostering resilient food systems that benefit people and planet.^{cxxxviii}
- Facilitate the **transition away from fossil fuels and towards renewable energy sources**, reducing climate change and air pollution. It is crucial to follow an energy justice approach in this transition, in order to reduce energy poverty and have positive impacts for health, wellbeing and the environment.^{cxxxix}
- Invest in **equitable nature-based solutions and nature prescriptions as a climate-promoting public health measure** for both physical as well as mental health. Evidence has shown that nature prescriptions for instance can reduce symptoms of depression and anxiety, as well as have positive benefits on blood pressure and physical activity.^{cxl}
- Offer **specific training to reconnect with nature**, for children but also adults, introducing the idea of "wholeness wellbeing", which seeks to foster a healthy view of

humanity as part of a much larger ecosystem.^{cxli} This can also help to manage and transform eco-anxiety into Active Hope.^{cxlii}

- Develop **community-based approaches and involve communities in co-creating solutions** as a critical way to empower communities, particularly those living in disadvantaged circumstances, to take charge of their own health and wellbeing.^{cxliii}

6.1.4 Enablers of change

Much of what is needed to implement these policies in practice and truly foster a green, healthy and just transition applies across all economy of wellbeing areas. This includes having the **political will** to truly work across sectors, redesigning **governance infrastructures and budgets**, as well as gathering **better data** on the impacts of climate on health and health inequalities.

For the health sector more specifically, health policymakers as well as health practitioners need to be given the **knowledge and the tools** to be able to drive a green and healthy transition, becoming sustainability leaders and champions. The health sector itself needs to set an example by reducing its environmental impact (in the Netherlands for example the healthcare sector is responsible for 7% of greenhouse gas emissions^{cxliv}), which will include a **reorientation towards prevention and health promotion**.^{cxlv}

Box 9: Good practice example

Barcelona has implemented radical mobility and urban transformation measures over the past 8 years with the aim of reducing car traffic. It changed what has been until now been a very dense and polluted city with very few green areas. In addition to reducing traffic by 17% through the narrowing of some streets, the introduction of 270 km of cycle lanes, and the extension of the tramway, a far-reaching urban transformation has been initiated, based first on the superblock model that limits motorised traffic in its interior space, greatly improving the urban fabric and liveability.

This superblock model has recently been transformed into the green axes model, which aims to transform every third street in the "Eixample area", reaching 21 km of green axes by 2030. These green axes are characterised by increasing tree cover (bringing shade) and vegetation, limiting motorised traffic, and providing a safer and more comfortable environment for pedestrians, cyclists, and other social activities in healthier surroundings. Former traffic junctions are being converted into squares and urban gardens. This plan will radically change the "Eixample" district with enormous potential to create a city of proximity, improve the well-being of the population, and build a more equitable and much greener city, which has proven to provide biophysical and psychological benefits^{cxlvi}.

6.2 Public services

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Contributors: Sebastian Mang (New Economics Foundation), Gabriella Sutton (EuroHealthNet)

Public services are prevention-led and resilient to environmental, economic, political and health crises, accessible to all

Faced by interlinked climate and health crises, as well as increasing cost of living, rising inequalities and threats to social rights, our societies and economies have reached a tipping point. Public services such as health and social care, education, housing, energy, digital communication and financial services, public infrastructure such as transport, water and sanitation, independent judiciary, etc. have an enormous influence on how we live our lives. They are critical in order to provide everyone with the capacity and opportunity to flourish and to increase their resilience to the converging crises.^{cxlvi} These rights - to health, education, housing, social protection, etc. - are fundamental rights that governments have an obligation to promote, respect and protect, as enshrined in a number of legal documents such as the Universal Declaration of Human Rights^{cxlviii}, the European Social Charter^{cxlix} (CoE), and the EU Charter of Fundamental Rights^{cl}.

Public services include an important environmental dimension, as a safe environment is the core on which many of them are built and can develop. Public services themselves need to be climate compliant, and they can also contribute to achieving climate goals. For instance, reliable, efficient, accessible and affordable public transport systems as well as better cycling and walking paths can contribute to lowering emissions from private vehicles.

Therefore, it is critical that such services are underpinned by legislation and investments that ensure an alignment of social, environmental and economic goals, delivering on a wellbeing economy. Wellbeing economy-oriented public services focus on building people's resilience and enabling everyone to live, work, play and age in ways that promote everyone's full participation in society, whilst remaining within planetary boundaries. In other words: they meet the needs of the present as well as of future generations.

6.2.1 Key challenges

Although, generally speaking, public services and social protection systems in Europe have over the years developed into a moderate - yet struggling - support system, the state of play in this field is far from perfect. **Large disparities** still exist between and within Member States regarding their availability, coverage, accessibility and eligibility, affordability, and quality.^{cli} In particular since the 2008 crisis and even more since COVID-19, these **services are eroding**, and the current multiple crises—climate, health, cost of living—are placing additional strain on individuals and families, and leading to increasing demands on services such as health and social care^{clii}. Unmet needs are mounting, in particular for the most disadvantaged.^{cliii}

These interlinked crises also present fiscal challenges for Member States, who are facing **financial strains in providing services** to changing demographics (ageing and lower fertility, contributing to growing chronic non-communicable diseases and disability), changes in the world of work (continued under-employment affecting women disproportionately, in-work poverty in particular for vulnerable groups, affecting women, young people and migrant workers in particular, challenges with work-life balance and precarious contracts), and technological changes (digital and the gig economy). There is a risk that public services may continue to be weakened, or of an increasing two-tiered provision—a weaker public service system that mainly serves the worse-off, and services organised by the private sector for those who can afford them. This would not only impact on people’s health and wellbeing, but also lead to **rising inequalities and marginalisation, impacting social cohesion and widening social fractures and conflict.**^{cliv}

6.2.2 Current state of EU and Member States policies

There are many policy instruments in the area of public services, for instance on care, childrens’ rights, housing, health, skills, etc.^{clv} The key overarching policies at EU level are indicated below.

The first one is the **European Pillar of Social Rights** (EPSR)^{clvi}, which sets out principles and rights to help achieve the highest standards of working and living conditions in Europe. It is accompanied by a **Social Scoreboard**, which tracks trends and performances across the Pillar instruments. Whilst a good start, improved Social Scoreboard indicators would help to better evaluate and keep track of Member States performances across the different indicators. Developing legislative initiatives on the EPSR principles, with institutionalised health equity impact assessments to help understand the distributional impacts of proposed measures before they are put in place, would help to strengthen EU policies in this field.

Second, the **European Semester**^{clvii}, which is the EU’s annual cycle of economic and social policy coordination, and the **EU Recovery and Resilience Facility**^{clviii} that can generate opportunities for investments in care, are also important policy instruments. Streamlining Economy of Wellbeing principles through the European Semester and **EU Annual Sustainable Growth** processes would help to publicly track the transition to a wellbeing economy at EU and national levels.^{clix} Links can also be made with EU strategic foresight work.

6.2.3 Proposed solutions

A wellbeing economy depends on well-funded, gender-responsive, resilient, adequate and equitable public services distributed across the life-course, which can adapt to the changing climate (for instance, healthcare costs are likely to increase due to impacts of climate change, such as extreme weather events, heat waves, etc.) as well as demographic and technological changes, and changes in the world of work. It is vital that adequate resources are dedicated towards social protection, but also important to prioritise social investments, making sure not only to meet people’s basic needs but enabling everyone to thrive and contribute to society.^{clx}

In order to address inequalities, public services need to be implemented with an equity lens, ensuring that resources are allocated according to people's needs (i.e., following the principle of proportionate universalism)^{clxi}, and with particular attention paid to ensure equitable distribution across age (children and young people, as well as older people), gender, ethnicity and level of educational attainment, and geographies (urban/rural).

In terms of overarching solutions, the idea of **Universal Basic Services** offers an interesting framework through which to achieve wellbeing economy public services. UBS corresponds to the provision of sufficient public services to guarantee people's basic needs and enable everyone to participate in society and flourish, as set out in a recent think piece authored by the New Economics Foundation in collaboration with Hot or Cool,^{clxii}. UBS can provide services such as healthcare, education, housing, transportation, energy, water, and sanitation, which are crucial for people's wellbeing and the smooth functioning of society. By providing these services unconditionally, Universal Basic Services ensure that everyone in society has access to the basic necessities of life, regardless of their income level or social status. Moreover, collectively provided services have a smaller ecological footprint than privately funded alternatives. The Intergovernmental Panel on Climate Change^{clxiii} confirms that 'development targeted to basic needs and well-being for all entails less carbon-intensity than GDP-focused growth'. Some examples of "Wellbeing Economy aligned" public services are included below:

Health and social care

- Health and social care are reoriented to have a greater focus on prevention and resilience, shifting away from the focus on 'repair and cure' and providing the resources for everyone to be better able to cope with stressors and thrive. Practical solutions include increased investments in integrated community-based primary care as well as in health promotion and disease prevention,^{clxiv} as well as care services that are accessible in communities and that are person-centred and empowering.^{clxv}

Childcare and education

- All families access adequate financial support as well as early childhood education services, and affordable care services for children.^{clxvi} This has an important gender dimension as well, as well-resourced child care enables women and men to engage on an equal footing in the world of work.

Food systems

- Governments ensure that all food and nutrition related policies are aligned to deliver on guidelines in relation to healthy and sustainable diets, and that everyone has access and is able to afford them. This is for instance applicable to public procurement policies of food in all public services (kindergartens, schools, hospitals and care facilities, government offices, etc.).^{clxvii} Furthermore, policies related to food environments in

municipal settings fit within wider public services planning, including dealing with public and commercial advertising and marketing practice.

Universal Public Transport

- Nationally owned, affordable or free public transport has a huge role to play in shifting towards a wellbeing economy and a low energy/material use economy.

6.2.4 Enablers of change

Much of what is needed to implement these policies in practice applies across all wellbeing economy areas. This is the case for example for the need for integrated policies and **intersectoral collaboration**, with actors from across the social, economic and environmental sectors working together to deliver high-quality, accessible public services. In addition, it is critical to directly work with **communities on the ground** to deliver services that are in line with their needs. The public services workforce should also be supported and strengthened, through additional **human, financial and legal resources**.

Regarding finance, further investments in public services would be needed, with the idea that these are indeed **investments** (in people, in societies, in our planet) rather than expenditures. Crucially, the vested interests of actors who benefit from systems currently in place will need to be addressed (e.g., private actors who benefit from governments outsourcing public services).

To get out of the vicious circle of fiscal challenges leading to financial strains in providing and maintaining funding for public services, decisive actions should be taken to improve the progressivity and fairness of the overall **tax and benefit system**, as well as alternative sources of financing, such as indirect and green taxation (consumption), corporate taxation, or wealth taxation.^{clxviii} Fighting tax avoidance, evasion and fraud are further important steps for sound economic governance at EU level and within the EU that enables the financing of necessary services for everyone.

Box 10: Good practice example

Schools4Health^{clxix} (2023-2025), an EU-funded initiative led by EuroHealthNet,, aims to introduce, strengthen, and sustain the adoption of a health promoting school (HPS) approach and other whole school approaches to health. With special attention being given to reaching pupils with or facing vulnerability, the project ethos also extends to demonstrating how such approaches to health not only put children and youth on the path to healthier lifestyles, but also improve educational outcomes and literacy in health.

Schools4Health will therefore explore how public investments in schools, through the HPS approach, can help address interrelated societal challenges such as social equity, climate change and environmental degradation, and the consequences of COVID-19, and strengthen the resilience of all in and around school communities, in the face of current and future crises.

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- ⁱ EU Wellbeing Economy Coalition (2023) Vision Statement [Link](#)
- ⁱⁱ Wellbeing Economy Alliance (2023) WEAll Needs [Link](#)
- ⁱⁱⁱ OECD (2023) *Policy coherence for sustainable development* [Link](#)
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