Thinking long term

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The requirements for a change in how investments are made over the next few decades are huge. The scale of opportunity to invest in solutions that address global sustainability challenges, such as climate change, is often seen as a new technology revolution. Estimates vary but broadly coalesce around the need for an additional $1 trillion per annum in investment required in energy infrastructure alone over the next thirty years. Social changes that accompany such as huge transition should not be underestimated.

The need to target policy and business interventions to enable capital to flow into these investments is clear, and consequently the need to understand and measure the risk associated with these investments is imperative.

The UK's Economic and Social Research Council (ESRC) has invested £6 million into the Centre for the Understanding of Sustainable Prosperity which is exploring various aspects of this transition. This includes social change as well as trying to understand the new models of business and governance that are likely to be required. This is all supported through new ways of modelling finance and economic systems.

While clean energy investing has now passed $300 billion in one year, the underpinning model of finance remains largely unchanged. Pension funds and other institutional investors are still struggling to make long-term investment decisions and businesses are still focussed on quarterly performance. Without a substantial change in corporate governance, investment oversight and decision making and regulatory frameworks we will continue to play around the margins. A fundamental shift in all these aspects is needed to unlock the potential of this new paradigm.

The opportunities are significant and are needed to tackle social exclusion, inequality and rising extremism. They also solve climate change and an emerging energy crisis. Whether the solutions are a move to more co-operative ownership, more active investment management, regional investment banks or something completely different, a discussion on how this transition can be achieved, with regard to both the social and physical infrastructure as well as the financial model, is needed now.

CUSP: www.cusp.ac.uk

GSI: www.anglia.ac.uk/gsi