

The Deep Transition Futures project: Investing in Transformation

The Organisation for Economic Co-operation and Development (OECD) estimates that over the next 15 years an annual investment of \$6.9 trillion in energy, transport, building and water systems is necessary to meet the requirements of a 2 degree scenario as set in the Paris Agreement.

Even higher investments will be needed to address the loss of biodiversity, critical shortages in material resources and the heightening of inequalities even further enhanced by the COVID-19 pandemic, also bringing other areas into the view, most importantly food, healthcare, and digitalization. In all of these challenges, the financial sector (both public and private) plays a critical role in transforming our current systems of provision in a direction that would contribute to the overall fight against climate change, environmental degradation and social inequalities.

However, the answer may not be simply 'more' investment in science, technology, innovation, human capital and infrastructure. Business as usual will not work. Investment needs to bring about fundamental change by directing the underlying principles that drive these systems towards a circular, low carbon, more decentralized, local, and resource efficient economy. This will mean changing the directionality of development away from linear, carbon and resource intensive, and hyper globalized and centralized modes of operation. This shift of directionality is what we call a transformation from the First Deep Transition into a Second Deep Transition.

The World Economic Forum (WEF) has called some of these changes a 4th Industrial Revolution, but we assume it is more fundamental than that since it will not just be a further extension of the Industrial Revolution (= First Deep Transition), but in fact involves diverting from its main principles in a fundamental sense. In line with the WEF we think that digital technologies will be key in the process.

The Deep Transition Futures research project assumes that we live at a watershed moment in history, in which the public and private investment community has a choice: either prolonging and extending our current development trajectory, or starting to invest collectively into transforming our world and the strapline of the United Nations Agenda 2030 that contains the 17 Sustainable Development Goals.

Current approaches such as impact investment offer positive efforts to meet these challenges and seek to add to contemporary financial and economic models based upon "growth" the sole defining success factor. These approaches are not sufficiently transformative to address the great challenges of our time. We need investment in transformation enabling a Second Deep Transition.

In response to this, over the last three years, the Deep Transitions History research project has explored the mechanisms that have brought about the First Deep Transition. The results will be used to explore a set of radical future scenarios or alternative worlds that represent transformations necessary to combat among other things climate change, species depletion, massive waste production, and rising inequalities. These alternative worlds derive from a new type of scenario building methodology to be developed in the Deep Transitions Futures research project that begun in September 2020.

Through setting up a Global Investors Panel, the project aims to bring together experts of the sustainability transitions/transformation research community and thought leaders from the private and public investment sector, particularly those who have involvement with investment in science and developing digital and other technologies. By means of discussing state-of-the-art scenarios of future development, their implications for public and private investment decisions will be assessed, and a new investment strategy for transformation enabling a Second Deep Transition will be developed and communicated. The aim is to generate impact and work towards implementing the strategy. The Panel is expected to start working by March 2021, and work together until the end of 2022 when this project ends with the hope of continuing interaction afterwards.