

Alpbach-Laxenburg Group
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New Business Models for Sustainable Development

Summary Document

Background

The Sustainable Development Goals (SDGs) unanimously adopted by the United Nations in September 2015 provide an aspirational narrative for the desired future for human development in the world – a world free from hunger, injustice and absolute poverty, of inclusive and universal economic growth, based on transparency, dignity and equity. These goals have been strengthened by the Climate Agreement adopted by the 21st Conference of the Parties in December 2015. With the adoption of these historic agreements, the world has set out very clear and ambitious global goals across social, economic and environmental areas.

However, agreeing on a set of goals, is only the first step. Now the hard work of actually translating these aspirations into reality, through effective, scientifically substantiated implementation pathways begins. This implementation challenge cannot be achieved through sole reliance on international organizations or national governments, although they will be critical players. Effective implementation will require dedicated and targeted contributions from all sectors of society: public, private, and social.

The role of the private sector in driving a sustainable future cannot be underestimated. For too long, the private sector has been excluded from the debate around sustainable development. This sector, in particular ‘big business’, has often been viewed as being a major ‘part of the problem’ – as polluters of the environment, drivers of inequity through increased consumerism, and resistant to change because of perceived economic costs to their bottom line. However, the tide is rapidly turning. A number of global organizations representing the sector, and business in particular, such as the [World Business Council for Sustainable Development \(WBCSD\)](#) are leading and trailblazing the sustainable development agenda among global corporations. The scientific community is developing new systems-based approaches, such as [The World in 2050 Project](#), to provide the necessary scientific support, to guide and substantiate the transformation to a sustainable future. In addition, grass-roots organizations such as the [Impact Hub](#) are building a network of small innovative companies focused on developing sustainable industries. Also there is growing global movement for large investors to divest out of unsustainable industries and companies.

However, the necessary transformations required for the private sector to fully embrace the sustainable development agenda, are no less challenging than those required in other sectors, be it energy, agriculture, health, or government institutions. Although successful in the past, clearly the business principles underpinning the current global economy are expected to change fundamentally if we are to achieve the world’s sustainable development aspirations. It will require new business and financing models, new ways of thinking and new partnerships. A new rhetoric of how sustainable development can be viewed as providing benefits and opportunities for business, rather than risks and costs, needs to be more widely understood and embraced by the more traditional international organizations and business community. New public-private partnerships are needed between governments, business, science and academia and civil society.

Bringing together global business leaders and thinkers, young entrepreneurs and investors, academics and researchers and leading government representatives from around the world, this year’s [Alpbach-Laxenburg Group](#) focused on how best to address these business challenges for a sustainable future.

Conclusions

For sustainable development to provide significant benefits to business, and generate the necessary increased private sector involvement in achieving the Sustainable Development Goals, three fundamental changes in current mind sets and mental maps are required:

- The principle goal of business is to optimize their operations under rapidly changing market conditions, investor, and societal demands to be socially and environmentally responsible
- The provision and protection of common or public goods (e.g., both hard and soft infrastructure) is the **common** responsibility of governments **and** the private sector which is ready to play a critical role in provision of these services in the future
- Single sector 'siloes' approaches are no longer viable – sustainable development is a multi-sectoral integrated complex system that will require the development of cross-sectoral integrated systems-based solutions at all levels

This will require significant changes across all sectors of society including:

Governments

- Create (in cooperation with business) a policy and regulatory framework that enables business to operate to its full capacity
- Develop incentive mechanisms for governments to move the private sector towards developing more long-term sustainable solutions especially in the context of alleviating extreme poverty
- Re-examine the fundamentals of governance and operational models of government in terms of sustainability and social responsibility
- Build on success stories from around the world of system optimization approaches (such as increased water efficiency in Israel), and replicate these at scale
- Provide a focus, through improved education, on issues of sustainability as a way of driving changes in consumer and business behavior

Science and Academia

- Develop mechanisms (such as Climate Bonds) for both sharing the burden and the opportunities of implementing the SDGs
- Combine targeted research funding towards areas critical for SDG implementation (e.g., energy storage systems) and long-term public investment in curiosity-driven research
- Realign academic evaluation and incentive systems to encourage and reward interdisciplinary research and applied research
- Improve science communication to translate complex issues into readily understandable concepts
- Develop new and novel partnerships and engage in greater dialogue across all sectors of society particularly the private sector and civil society
- Strengthen public trust in the scientific community

Business

- New business models that incorporate societal and environmental responsibility need to become mainstream core values of business
- Working with governments co-operatively develop new (preferentially incentives based) regulatory frameworks to promote these new sustainability focused business models
- Develop global standards mechanisms and measurements for sustainability
- Develop innovative approaches for dealing with the inevitable 'stranded assets' resulting from fundamental and transformational shifts in certain sectors (e.g., fossil fuels)
- Explore opportunities for new financing mechanisms, such as permanent capital funds, that tap into long term assets of, for example, pension funds and insurance companies

Civil Society and the Arts

- Meeting changing societal expectations provides real incentive for both business and governments to change the way they operate and therefore there is an obligation for society to become better informed and educated on issues of sustainable development to provide trust in the proposed solutions
- The rapid pace of modern communication can both facilitate and hinder effective the understanding of the complexities of the sustainable development agenda and therefore there is a need to develop innovative methods of connecting the public and sharing knowledge
- The arts can, and have traditionally, provided such space for reflection, investigation and imagination
- Address the emotions, irrational fears and other complex behavioral patterns of people confronted with change
- Build trust, ownership and active involvement of a large majority to enable acceptance of change