



# Sustainable Investment in Cities

How do we develop new ways to support and foster investment in cities, which provide positive impacts to the city beyond financial returns, and yet remain attractive to private investors?



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## What we're doing

We are implementing two main concepts: a portfolio approach to urban investment and the evaluation of natural capital and its integration into the economy.

## How we're doing it

- We are defining a framework for investing in natural capital, analysing the use of Sovereign Wealth Funds (SWFs) by city authorities and also exploring the interdependency between a city's natural assets, its economy and the benefits of natural assets accrued to wider society.
- We are reviewing the system for measuring social and environmental returns of impact investment.
- We are developing a framework that provides comparable impact measurements.
- We are evaluating the portfolio model in the New Birmingham City Centre Enterprise Zone and through the combination of projects from other cities.

## **What we've found out**

We found that Green Economy strategies, which maintain and recover the value of natural capital by providing services to the economy in the form of water supplies, air quality, and so on, are becoming a higher priority for the UK government both nationally and regionally. Thus, investment by governments in Sovereign Wealth Funds and Sovereign Bonds in natural assets can promote sustainable development.

We analysed the Birmingham Enterprise Zone which showed which set of projects best constitute a portfolio of investment that not only provides returns to investors but also yields benefits to the city as a whole. In the Enterprise Zone the social environmental impact of the projects is less defined, thus a deeper evaluation is required that can be matched with the wider urban development plan of the inner and surrounding area.

## **Who's doing it**

University College London: Prof. Francesca Medda,  
Dr. Minette D'Lima, Alessandra Coda, Raul Martinez Oviedo

## Next steps

We will conduct a comparative analysis of the implementation of SWFs in three countries: Norway, Canada and the USA. The results will provide clear insights for UK city authorities.

We will compare findings from the Birmingham Enterprise Zone with other cities. This will provide decision makers and authorities with a clearer choice of portfolio composition that is best suited to their own needs, and will attract private investors and improve city resilience.



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