



Mainstreaming Urban Nature-Based Solutions

Stimulate institutional investment for risk reduction

Increased awareness of climate (and biodiversity) risks at mainstream financial institutions can drive investment into nature-based solutions. Disclosure requirements of climate risk in institutional investment portfolios is currently being pushed forward by the guidelines developed by the Taskforce for Climate-related Financial Disclosures (TCFD). Transparency on climate risks of investments will likely increase the risk reduction value of nature-based solutions. For example, institutional investors can invest in nature-based real estate and infrastructure to lower their risks and improve their ratings. Dedicated data collection and modelling efforts can facilitate institutional investment for risk reduction. Within the Central Banks and Supervisors Network for Greening the Financial System (NGFS) there is also momentum to require disclosure of other physical risks in investment portfolios, such as water stress and biodiversity loss.



Sweden's green bond market is expanding rapidly, driven by national pension funds that are required to take environmental impact into account in their investments. Since green bond investors do not need to report on physical risks of green bond projects, attention to climate risk is currently limited. However, implementation of disclosure requirements of climate risks could stimulate investment into nature-based solutions as a route to lowering climate risk in investment portfolios. Green bonds are well-suited for upscaling urban nature investment, because they are priced more attractively for municipalities and offer added transparency on environmental impact compared to regular bonds.



Mainstreaming Nature Based Solutions

Promising Pathways for Sustainability Goals



Climate Change

With the race to reach 'net zero' targets and build back resilience, nature-based solutions are increasingly seen as a critical tool for responding to climate change. Whether by cooling cities and reducing energy demand or providing new ways of managing flooding, nature-based solutions are gaining support globally. We identify four pathways through which mainstreaming is taking place: recognising their potential as a climate solution; investing to reduce climate risk; integrating climate action with other sustainability goals; and learning through practical experience on the ground.

Biodiversity

As the world seeks to develop a transformative agenda for biodiversity over the next decade, we explore how mainstreaming nature-based solutions can enable cities to conserve, restore and thrive with nature. Four pathways are identified based on regulating for 'no net loss' of biodiversity, developing co-governance arrangements for public-private finance, integrating biodiversity with existing sustainability priorities, and integrating biodiversity into urban development and the built environment.

Social Inclusion

Nature-based solutions such as new parks, rooftop gardens, and tree-lined streets play an important role in improving wellbeing and enhancing community spaces. However, the potential for gentrification and displacement of lower income groups means that these solutions must actively foster social inclusion and tackle inequalities. We identify three pathways that strengthen social inclusion: broadening community participation, securing genuine political commitment and policies that support social inclusion, and pursuing social inclusion measures as a way of achieving health and wellbeing.

Economic Regeneration

Nature-based solutions can create economic regeneration through increasing economic activity and employment and by improving the quality of life. Nature-based solutions both directly contribute to economic vitality and well-being, and leverage new forms of economic activity in cities that generate opportunities. Mainstreaming for economic regeneration takes place through developing partnerships for investment, increasing our knowledge of their economic value, seizing opportunities emerging from other sustainability initiatives, and stimulating market demand for nature-based solutions.

Sustainable Development Goals

To achieve the SDGs, urban development must prepare for growing populations while also creating sustainable and inclusive cities. Nature-based solutions can address a range of sustainability goals from climate resilience to health to economic development. For example, green space provides cooling, reduces pollutants, and encourages physical activity. Pathways that engage urban nature-based solutions to address SDGs include: involving diverse actors, strengthening local engagement, addressing multiple sustainability objectives simultaneously, establishing institutional arrangements that integrate sustainable development, and monitoring and assessing sustainable urban transformation.