

<b>Natural Capital</b>	Natural Capital is defined as the stock of natural assets in an ecosystem which interacts to yield a flow of goods and/or services. It refers to the biodiversity that provides goods and services we rely on, from fertile soil and productive land and seas to fresh water and clean air. It includes vital services such as pollination of plants, natural protection against flooding, and the regulation of our climate. Although it is essential to sustainable development, the current levels of funding are insufficient to meet policy objectives of enhancing biodiversity & ecosystem services (BES) and nature-based climate change adaptation. Stepping up BES financing is considered as one of the prerequisites for achieving the EU's 2020 biodiversity goals.
<b>Natural Capital Financing Facility</b>	The Natural Capital Financing Facility (the 'Facility' or 'NCF') will be a new financial instrument that will be created by blending EIB funding with EC financing funded by the LIFE budget. The NCF will provide innovative financial solutions to support bankable projects, which are or have the potential to be revenue-generating or cost-saving, promoting the conservation, restoration, management and enhancement of natural capital for BES and climate adaptation benefits, including ecosystem-based solutions to challenges related to land, soil, forestry, agriculture, water and waste. It will be complemented by technical assistance to support project preparation, implementation and monitoring.
<b>Objective</b>	The primary aim of the NCF is to provide a proof of concept to demonstrate that BES and nature-based climate adaptation projects can be financed through innovative and sustainable market-based mechanisms. The ultimate objective is to demonstrate to investors their attractiveness for the longer term, in order to develop a sustainable flow of capital towards those projects and achieve scale.
<b>Manager</b>	The Facility will be managed by the European Investment Bank ('EIB'). The EIB is the EU's bank and it works closely with other EU institutions to implement EU policy.
<b>Financing Instruments</b>	The Facility will provide debt and also equity instruments. The NCF may finance projects directly or indirectly through intermediaries which will then provide financing to final beneficiaries. Particularly, equity investments will be undertaken through investment funds. The focus will be on projects which are at an advanced stage of development and which have the potential to be replicated within the EU.
<b>Term and Size</b>	The NCF will start with a pilot phase of 3 to 4 years (2014-2017) with a total amount of EUR 100m for the financing of 9 to 12 operations, with an additional grant support facility of EUR 10m for technical assistance. For this phase, target operations will typically have a size of EUR 5-15m. The term of the debt and equity instruments will typically be up to 10 years plus potential extensions.
<b>Target Projects</b>	<ul style="list-style-type: none"> <li>▪ Green infrastructure (e.g. green roofs, green walls, ecosystem-based rainwater collection / water reuse systems, flood protection and erosion control).</li> <li>▪ Payment for ecosystem services (e.g. programs to protect and enhance forestry, biodiversity, to reduce water or soil pollution).</li> <li>▪ Biodiversity offsets / compensation beyond legal requirements (e.g. compensation pools for on-site and off-site compensation projects).</li> <li>▪ Pro-biodiversity and adaptation businesses (e.g. sustainable forestry, agriculture, aquaculture, eco-tourism).</li> </ul>
<b>Final Beneficiaries</b>	Public and private entities.
<b>Geography</b>	The Facility will finance projects located in the EU-28.

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