



**European
Investment
Bank**



EIB' Approach to Natural Capital Financing

November 2015

The European Investment Bank (EIB)



- EIB is the EU's long-term lending bank set up in 1958 by the Treaty of Rome, headquartered in Luxembourg
- EIB shareholders are the 28 EU Member States
- Largest multilateral lender and borrower in the world
- Around 400 projects annually in more than 160 countries
- Around 10% of financing is for projects outside the EU
- Financing is in support for EU priority objectives: climate change, infrastructure, energy, SMEs, regional development...



Investing in Natural Capital at the EIB

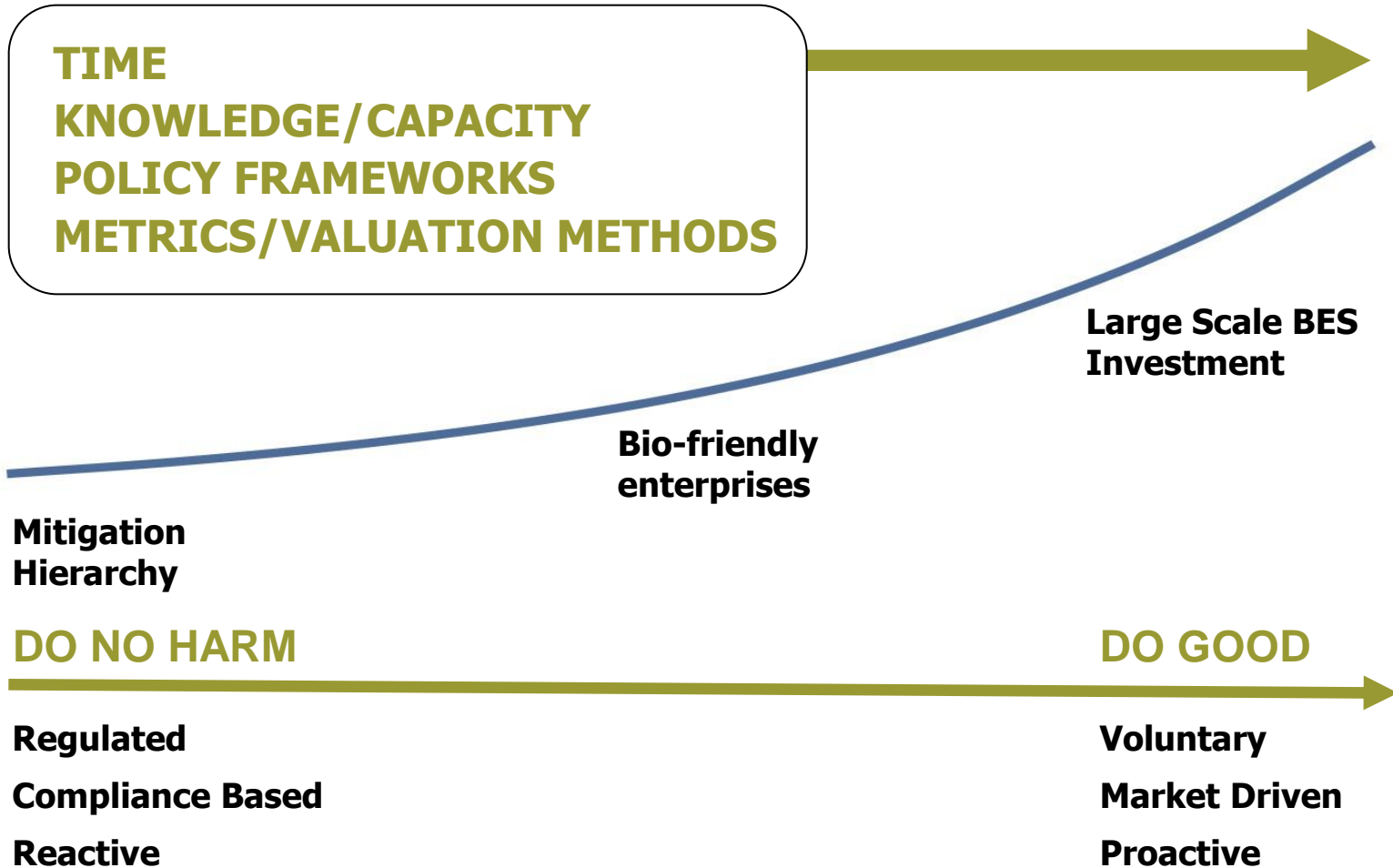
- Project level investments and technical assistance
- Strengthening biodiversity standards/safeguards for investments
- Natural Capital valuation
- Partnership and financial resource mobilisation
- Regional cooperation for large-scale ecosystems.



FINANCING BES & NATURAL CAPITAL PROJECTS



Moving up the curve...





Natural Capital Asset Classes and Investments



GOODS

Private

Public

ASSET CLASS (e.g. in forestry / land use)

Sustainable Forest Management & Plantations (Pulp and Paper, Timber, Biomass)

Afforestation/Reforestation (+ carbon sequestration)

NTFP / Agroforestry (Herbs, Nuts, Mushrooms, Coffee, Cocoa, Tea...)

Pro-Biodiversity Businesses (Ecotourism, Recreation, Research..)

Forest Conservation (REDD+, bio-credits...)

Other Ecosystem Services (Fire Prevention, Erosion Control, Air control, Noise regulation, Endangered species, Pollination, Water)

AVAILABLE FINANCING INSTRUMENTS

Equity Funds

Equity/Debt Funds

Equity/Debt Funds

Loans to Public Sector

Loans to Private or Public Sector

Structured Debt

Structured Debt including activation of revenues

Blending

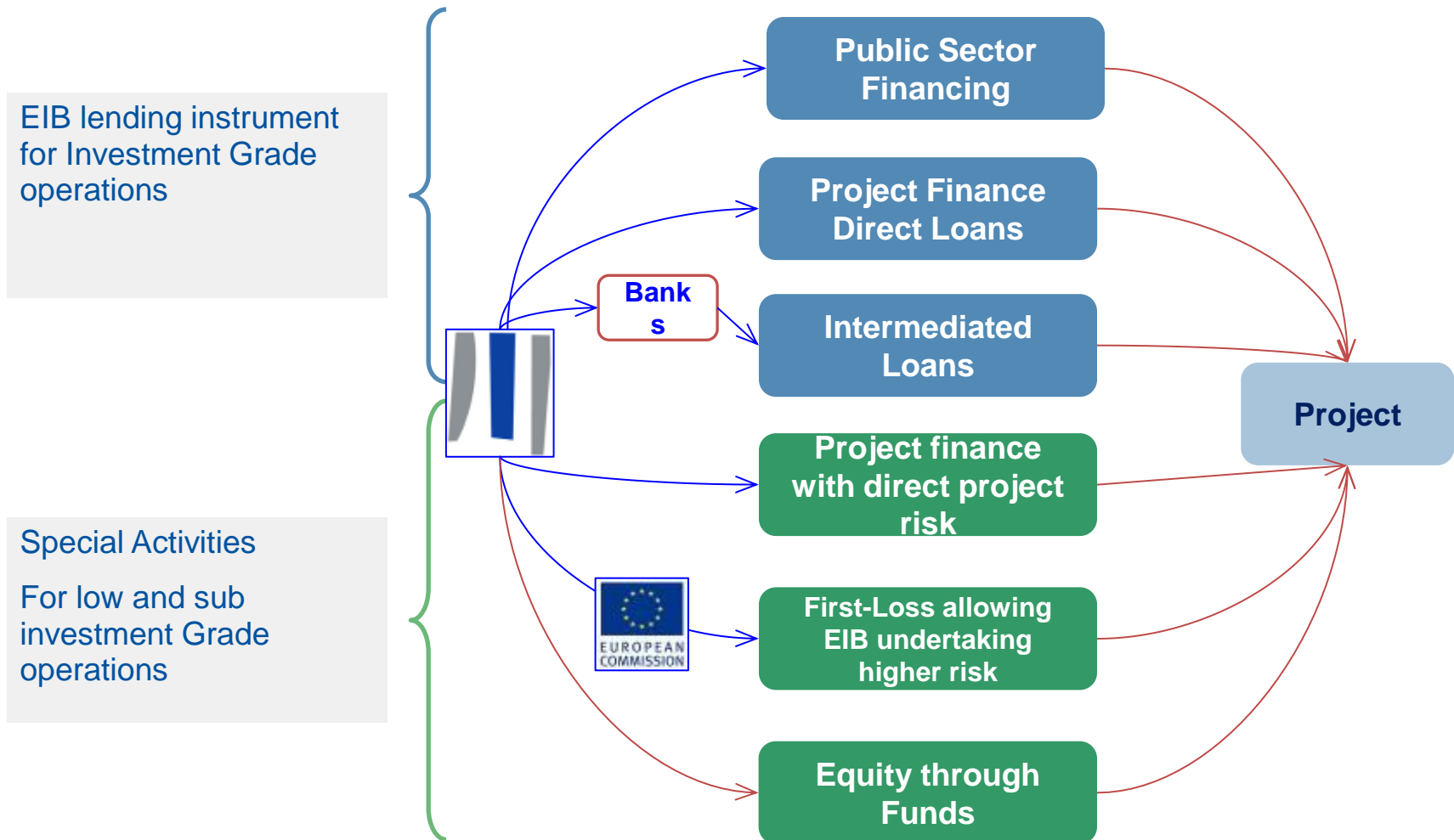
Grants

Green Bonds

EIB Financing Instruments



- The EIB has, to its disposal, an extensive range of instruments to finance public and private sectors at investment and sub-investment grades of risk

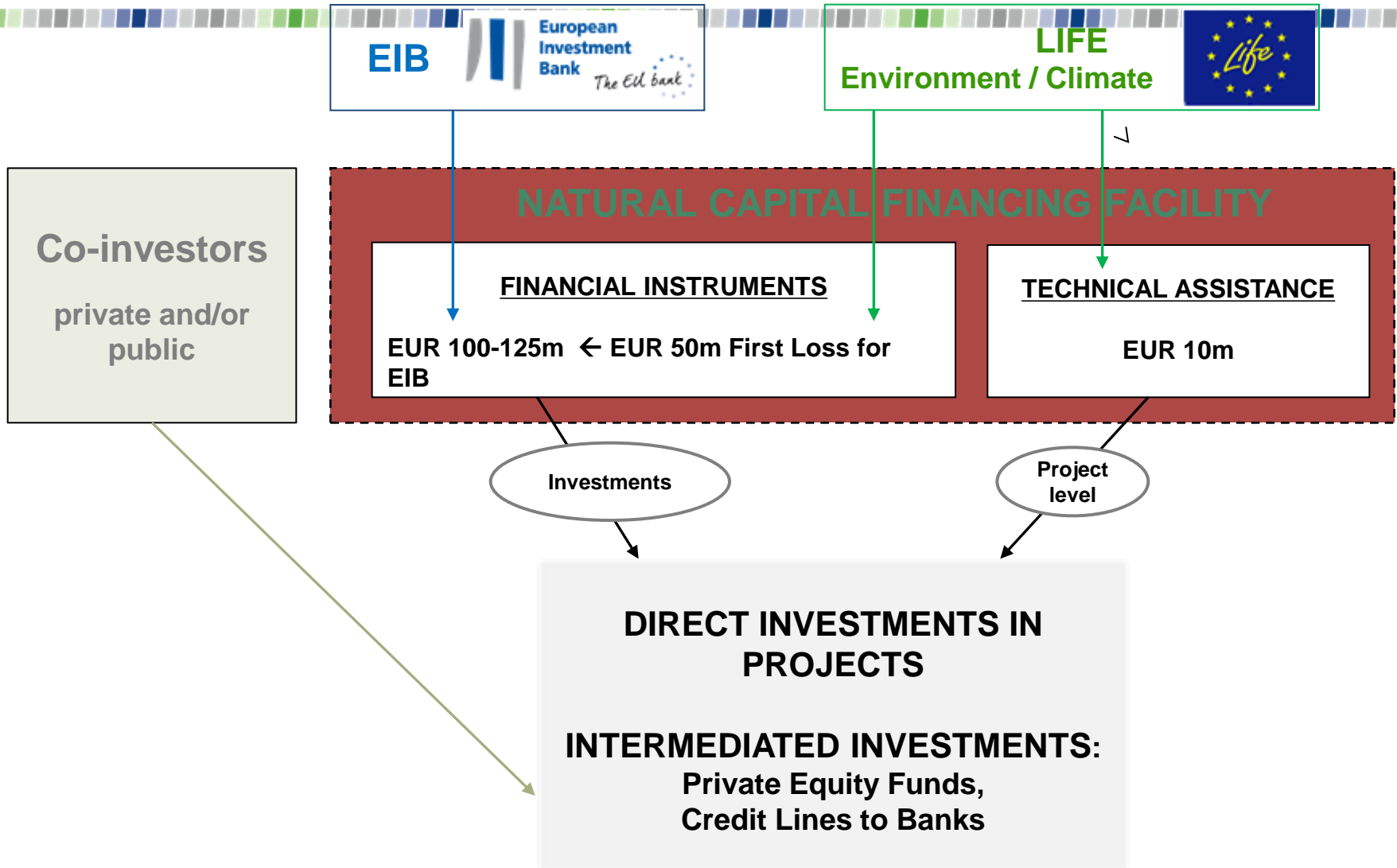


The Natural Capital Financing Facility



- The NCFF is a new initiative to **stimulate financing for conservation, restoration, management and enhancement of natural capital.**
- The NCFF will focus on financing **proof of concept / pilot projects** for ecosystem services and climate adaptation benefits, especially challenges related to biodiversity, land use, forestry, soil, water, agriculture and waste.
- The facility will focus on **market-based instruments** (particularly to sustain upfront investment) in green infrastructure, biodiversity offsetting/no-net-loss initiatives, projects with payment for ecosystem services (PES) features, as well as pro-biodiversity businesses / corporates, or a combination these typologies while contributing to climate resilience.
- Final beneficiaries would include both **private and public entities.**

NCCFF Structure



There is Still a Long Way to Go



- Opportunities to scale up
- Necessary enabling conditions
- Challenges
- Attracting new partners



Thank You

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