



**European
Investment
Bank**

The EU bank

Sofia
27 November 2019



Information meeting for the Natural Capital Financing Facility



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Agenda:

1. EIB at a glance
2. Sustainable development and the environment
3. Value of nature, biodiversity, ecosystems and investment market gap
4. The Natural Capital Financing Facility (NCFF)
5. The NCFF Technical Assistance offer
6. Typical NCFF business models and Cases Studies.
7. How to apply to the NCFF / a guide to nature-based business planning
8. Open Q & A session



The EIB Group



The lending arm of the European Union since 1958.



Specialist provider of risk finance to small and medium-sized enterprises.



The EIB: the EU bank

- ▶ The world's largest multilateral lender and the **biggest provider of climate finance**.
- ▶ Around **90%** of lending is **within the EU**
- ▶ Governed by the EU Member States

Improving the quality of life for people in Europe and beyond



Our priorities

Innovation



€ 13.5bn

Environment



€ 15.2bn

Infrastructure



€ 12.3bn

SMEs



€ 23.3bn

Climate action is a horizontal objective, i.e. it is integrated across all the activities.



USD 100
bn 2016-2020

€ 16.1 billion
Climate action investments

Research,
development
and
innovation

€ 1.1 bn

Energy
efficiency

€ 2.7 bn

Other
climate
change
mitigation

€ 1.1 bn

Lower carbon
transport

€ 6.0 bn

Renewable
energy

€ 4.1 bn

Climate
change
adaptation

€ 1.2 bn

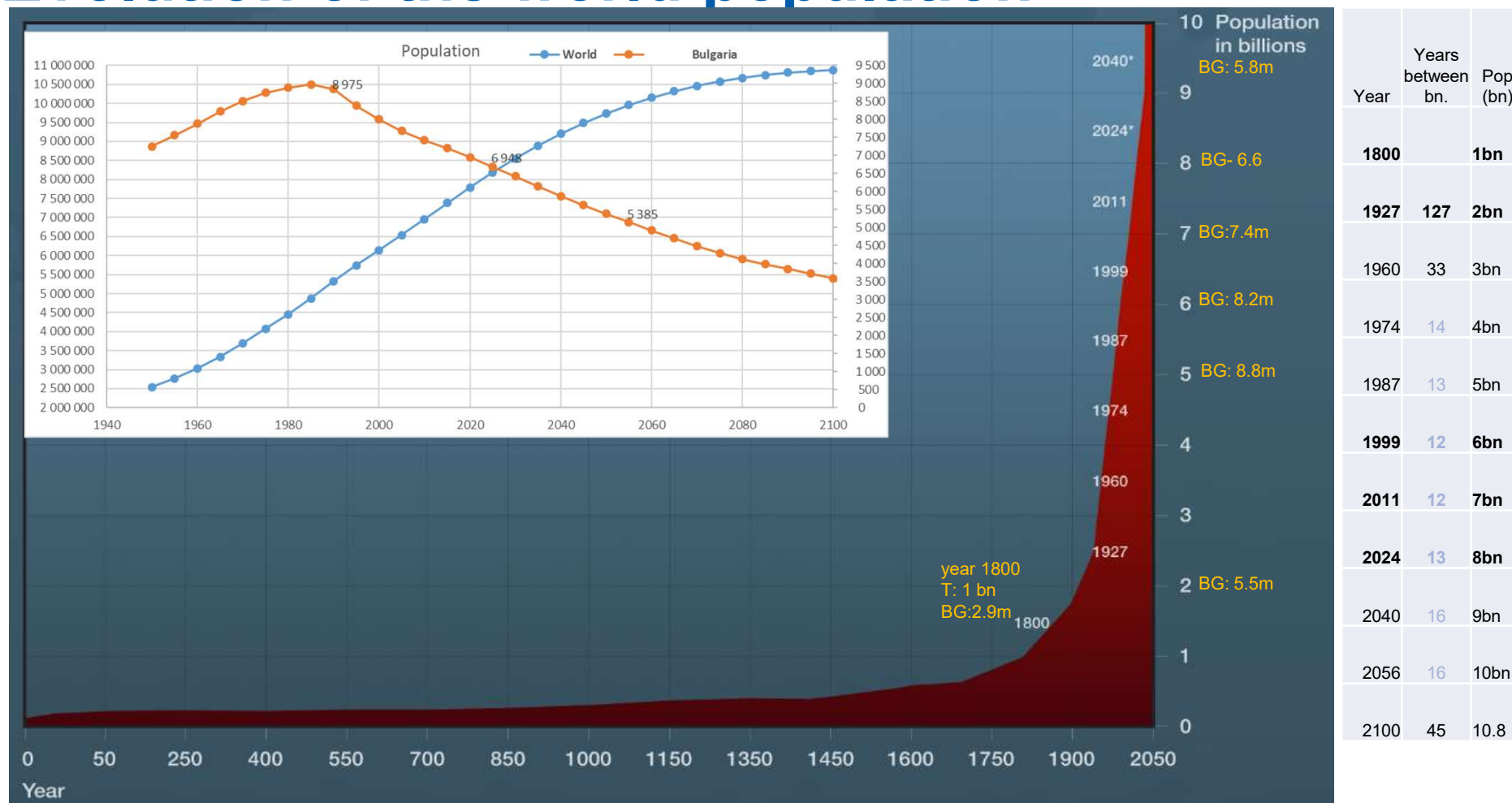




Sustainable development and the environment



Evolution of the world population



Source: UN- World Population Prospects 2019, <https://worldpopulationhistory.org/carrying-capacity>, <https://population.un.org/wpp/>



Natural resources consumption

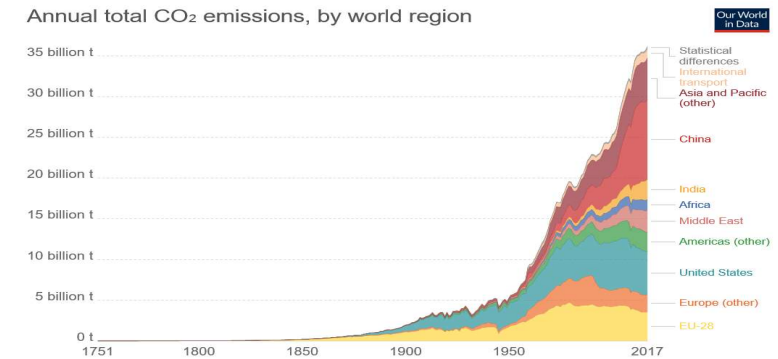
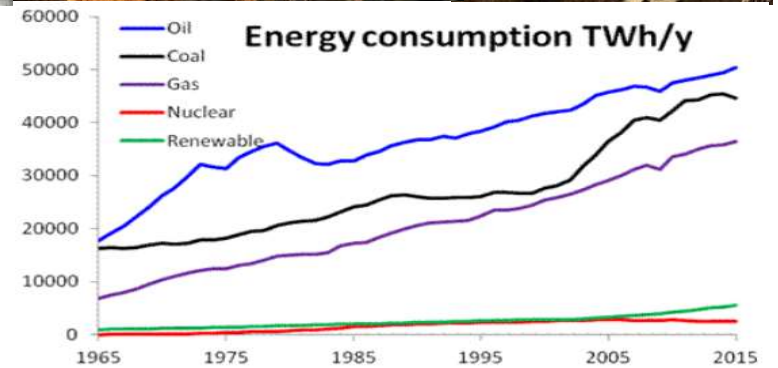
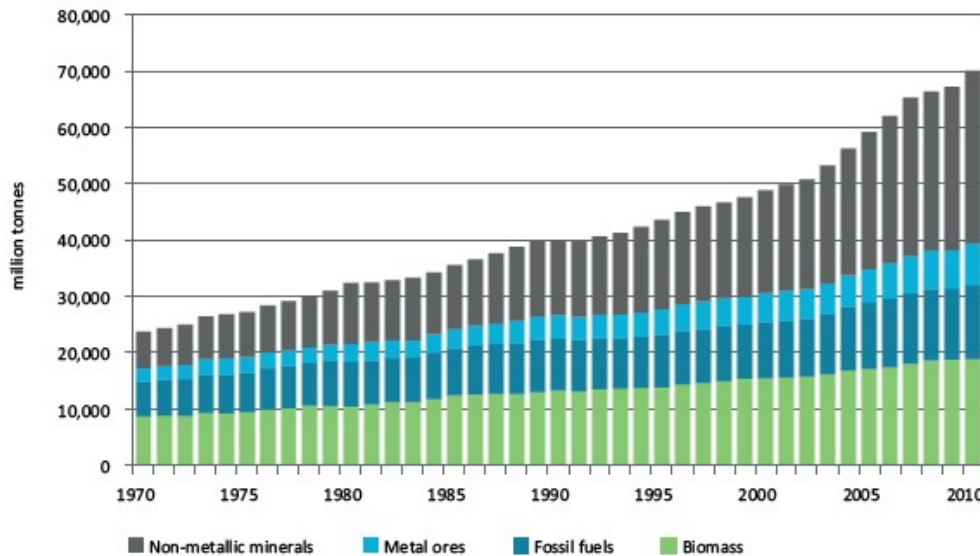


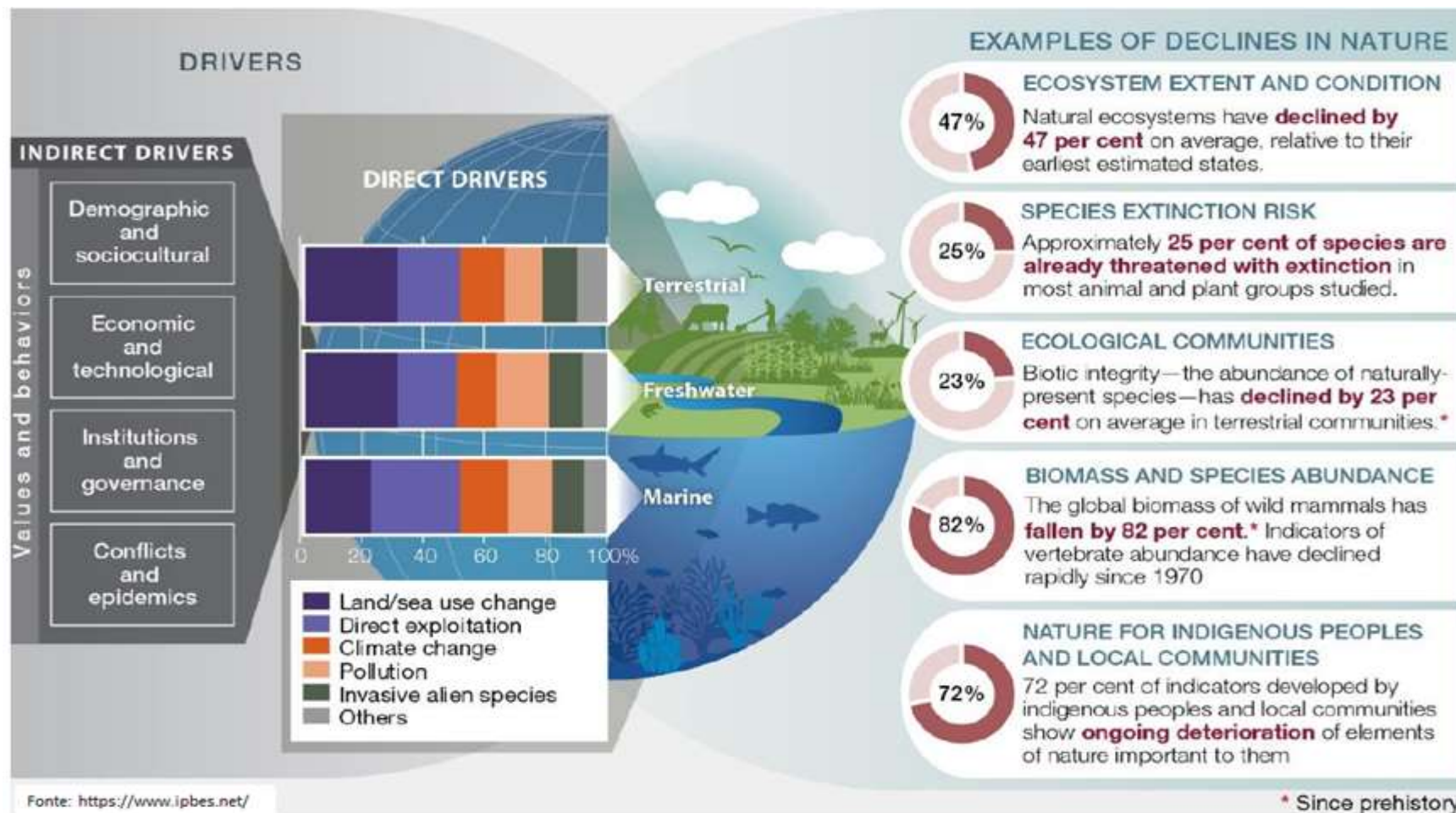
Figure 7. Global material extraction (DE) by four material categories, 1970-2010, million tonnes

Sources <https://ourworldindata.org/grapher/annual-co-emissions-by-region>,
http://wds.iaea.org/wds/pdf/WorldCO2_documentation.pdf, https://www.eea.europa.eu/data-and-maps/daviz/change-of-co2-eg-emissions-2#tab-chart_4,
 2016 UNEP Global Material Flows and Resource

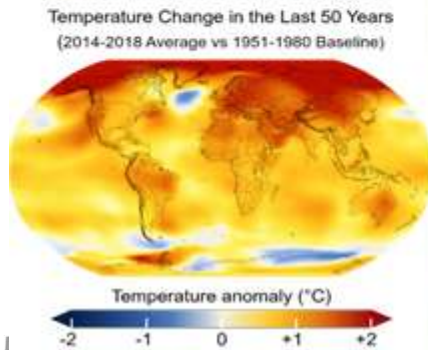
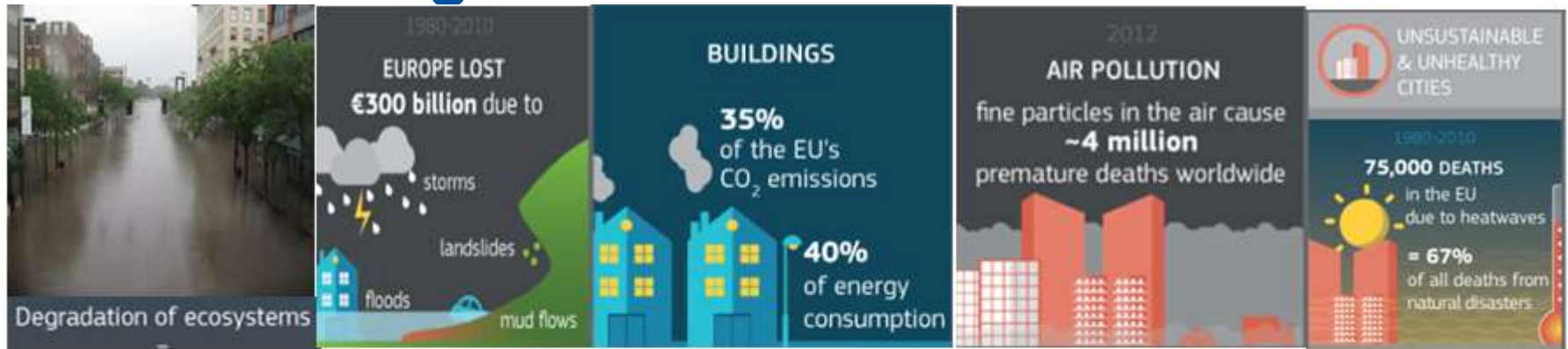
Source: Carbon Dioxide Information Analysis Center (CDIAC), Global Carbon Project (GCP)
 Note: "Statistical differences" notes the discrepancy between estimated global emissions and the sum of all national and international transport emissions.
OurWorldInData.org/co2-and-other-greenhouse-gas-emissions • CC BY



Pressure on nature and biodiversity



Pressure on cities and companies to adapt to climate change





SUSTAINABLE DEVELOPMENT GOALS

<p>1 NO POVERTY</p>	<p>2 ZERO HUNGER</p>	<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>4 QUALITY EDUCATION</p>	<p>5 GENDER EQUALITY</p>	<p>6 CLEAN WATER AND SANITATION</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>10 REDUCED INEQUALITIES</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>13 CLIMATE ACTION</p>	<p>14 LIFE BELOW WATER</p>	<p>15 LIFE ON LAND</p>	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>SUSTAINABLE DEVELOPMENT GOALS</p>

Source: UN in collaboration with Project Everyone



Value of nature, biodiversity and ecosystems and investment market gap



What is Natural Capital?

Stocks – Natural Capital

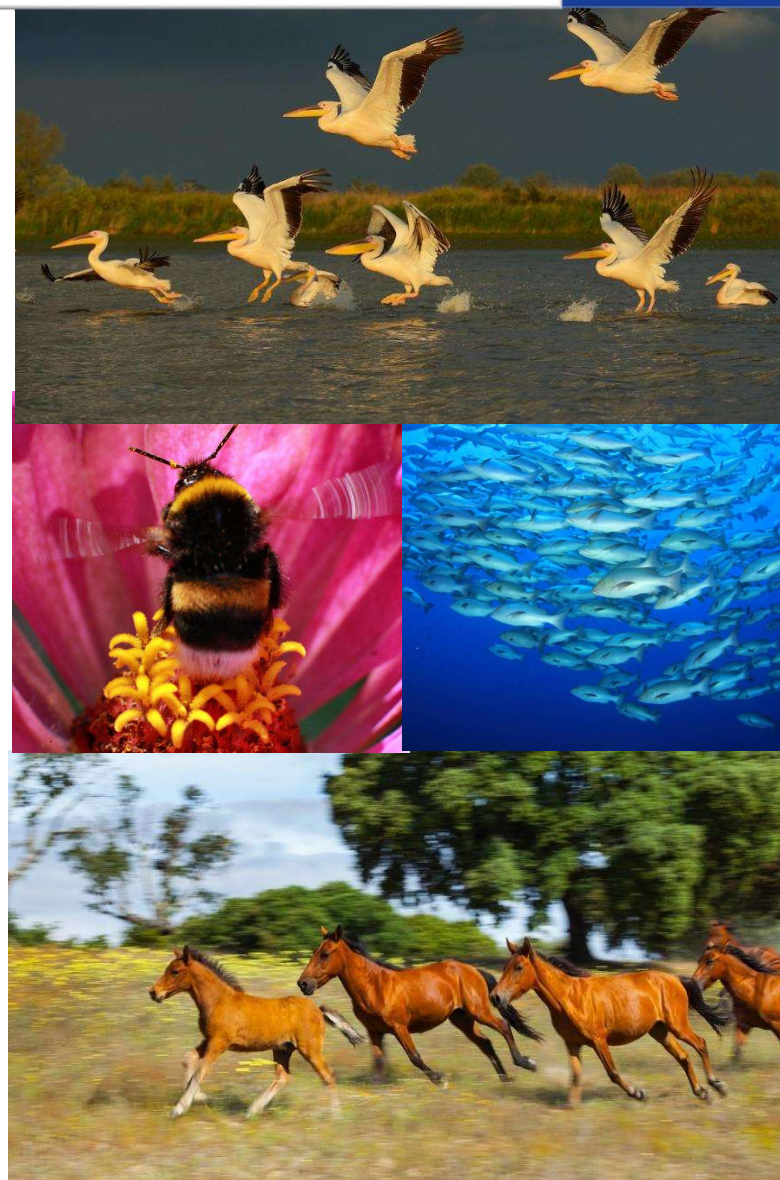
All renewable and non-renewable resources contained in the environment – the geology, soil, air, water and all living things

Flows – Ecosystem Services

The direct and indirect ecosystem processes that benefit humans through a healthy and functioning natural environment

Values – Benefits for economy and society

The positive contributions of ecosystem services to human society, economy have an inherent value for development and growth.





Natural capital, development and growth

- Nature's contribution to the global economy is worth more than **\$125 trillion annually**. (WWF, 2018)
- A natural capital lens safeguards biodiversity for our **economy, environment and society** – the triple bottom line

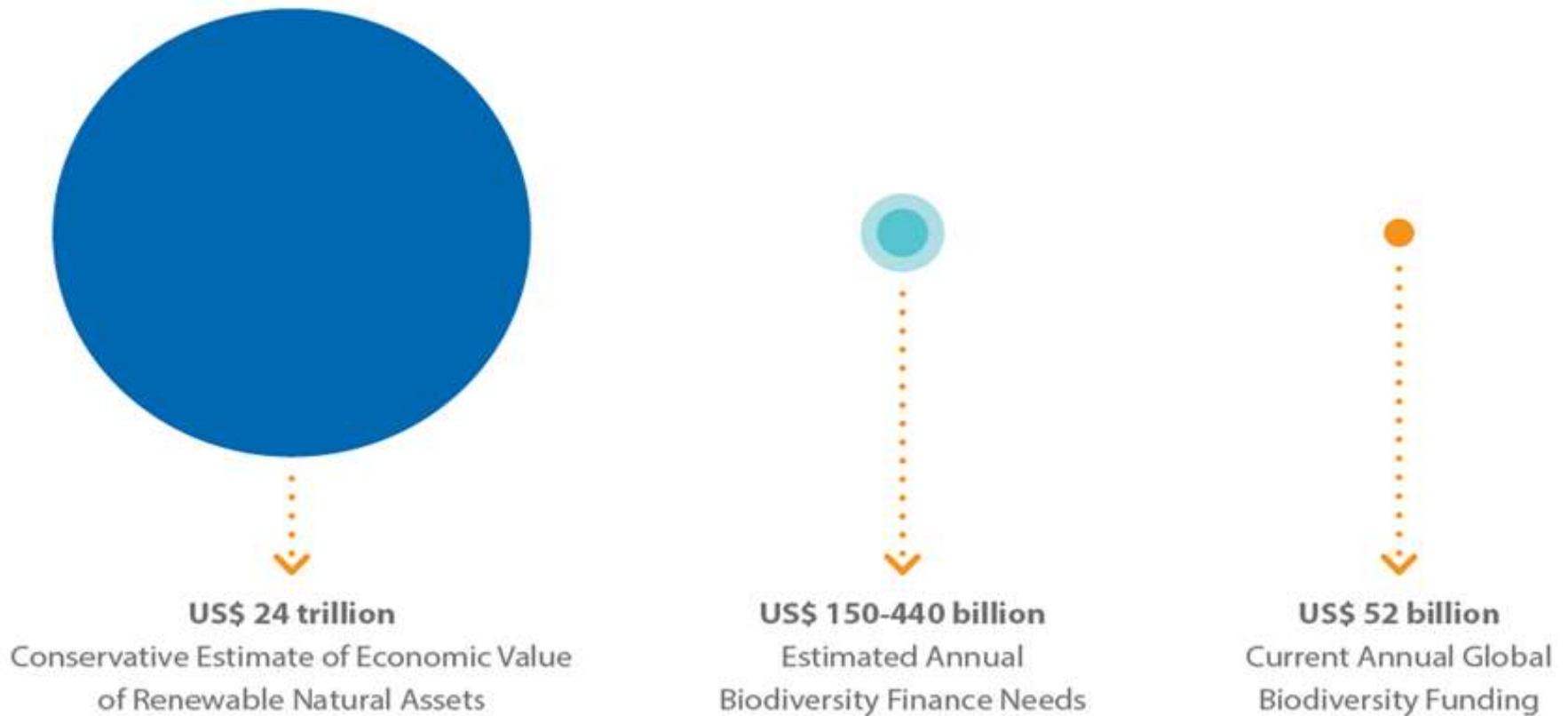
Investments in Natural Capital supports many SDGs



Source: UN in collaboration with Project Everyone



BIODIVERSITY ASSET VALUE VERSUS ANNUAL MAINTENANCE

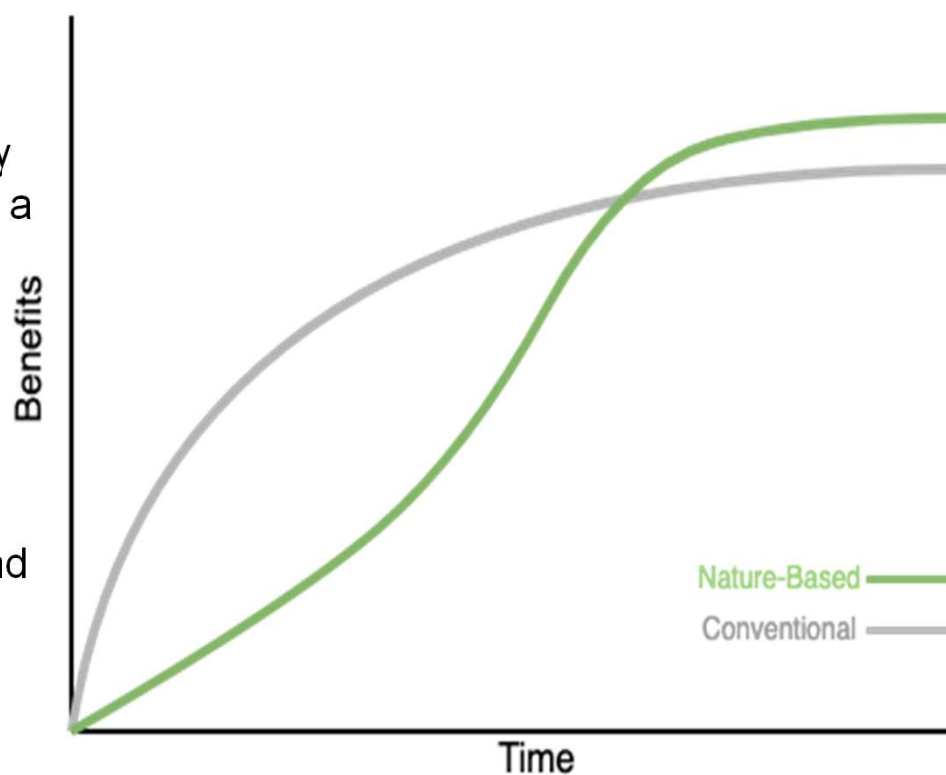


Source: UNDP; <https://www.undp.org/content/dam/undp/library/Sustainable%20Development/Biodiversity/BIOFINWorkbook2016.pdf>



Challenges for investing in Natural Capital for investors

- Natural capital related investments often have greater uncertainty due to the complexity of ecological systems.
- Environmental business models are highly innovative but are often untested creating a high-risk status from an investor's perspective.
- High initial costs with long-term returns creating a long project lifecycle.
- As an emerging market, natural capital and environmental projects are not well understood by all stakeholders and so a lack of knowledge and capacity needs to be addressed



Graph for visualisation only, adapted from World Bank, 2019



The Natural Capital Financing Facility





What is the Natural Capital Financing Facility?

An innovative program to address the barriers for private investment into natural capital.

A collaboration between the European Commission and the European Investment Bank.

A tool to contribute towards realising the LIFE objectives in Europe.



NCFF – Rationale and objectives

- Halting the loss of biodiversity and adapting to climate change requires increasing investment in natural capital to complement the more traditional grant-based funding.
- Develop a pipeline of projects, testing different financing options and business models in order to identify the most suitable approach. The overall objective is to provide a proof of concept demonstrating to the market, financiers and investors, the attractiveness of such operations, thereby developing a sustainable flow of capital from the private (public) sector towards the financing natural capital and achieving scale.
- The pilot phase of the NCFF has been extended and will now last until 2021 with a total amount of EU 100-125m made available for investments in 9-12 operations. The NCFF is a flexible mechanism, allowing for the provision of direct and/or intermediated debt financing and equity investment funds depending on project types and conditions.
- A Support Facility in the amount of EUR 10m will be made available to eligible final recipients and/or financial intermediaries for project preparation, implementation, monitoring and evaluation.

What are the benefits for perspective clients?

- Access to long-term lending structures at an affordable rate.
- Access to expertise, knowledge sharing and technical assistance.
- The EIB and EC signatures signal a green light to other investors.



Project examples

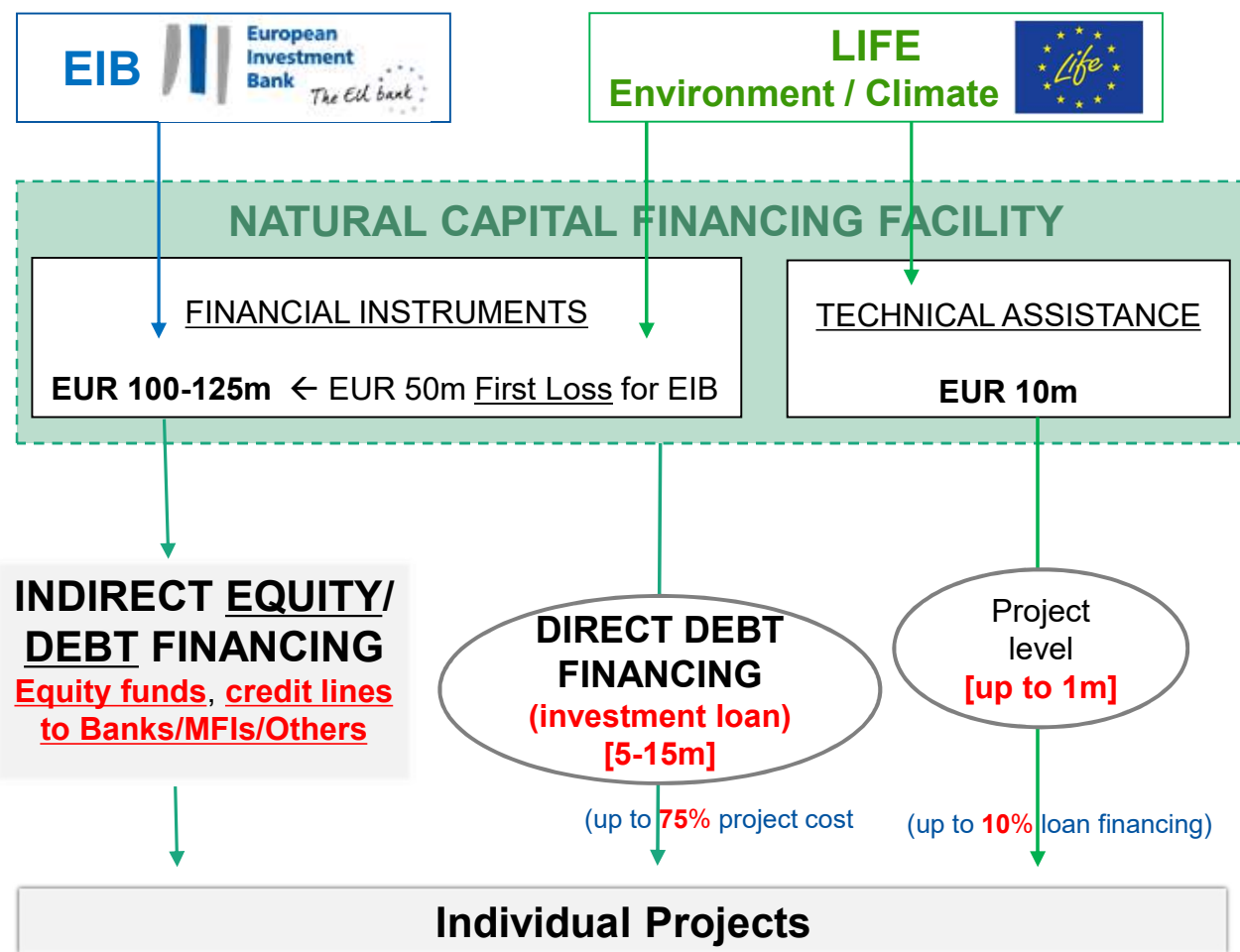
Project examples supported by the Natural Capital Financing Facility (NCFF) include:

- ▶ **Green infrastructure** (e.g. green roofs, green walls, ecosystem-based rainwater collection/water reuse systems, flood protection and erosion control)
- ▶ **Payment for ecosystem services** (e.g. programmes to protect and enhance forestry, biodiversity, to reduce water or soil pollution)
- ▶ **Biodiversity offsets / compensation** beyond legal requirements (e.g. compensation pools for on-site and off-site compensation projects)
- ▶ **Pro-biodiversity and adaptation businesses** (e.g. sustainable forestry, agriculture, aquaculture, eco-tourism)
- ▶ **Nature-based solutions for adaptation to climate change**



NCFF Instrument - Pilot 2015-2021

- Stimulate financing for climate adaption of businesses and cities using nature-based solutions
- financing conservation, biodiversity, ecosystems restoration using market based financing instruments
- address the market failure and demonstrate to private investors the attractiveness of revenue-generating or cost-saving natural capital projects
- focuses proof of concept/ pilot projects/ replicable, scalable, bankable





Other NCFF main terms

- Target 9-12 pilot operations until 2021 (5 currently signed)
- Aim to 30% Equity operations and 60% Debt
- Tenor for Debt operations: aligned with the economic life (typically up to 15 years), possibility to grant grace periods and longer maturities, able to work with low rated counterparties
- Target equity participation per private equity fund : up to 33% (typically 20% to 25%)
- Maximum NCFF contribution to finance the total project costs: 75%
- Selected projects must be capable of repaying a loan or an equity investment
- Mandate deployed by EIB in close cooperation with EC and member states





The NCFF Technical Assistance Offer



The Technical Assistance (TA) offer

- Total envelop EUR 10 million; up to EUR 1 million per project
- Support depending on needs assessment
- TA not exceed approx. 10% of NCFF loan, done on case by case basis.
- TA procured and managed by EIB
- TORs drafted by EIB with input and in discussion with promoter
- Cooperation Agreement to be signed with promoter
- Support possible during project development, implementation, monitoring and reporting





The Technical Assistance (TA) offer, cont.

➤ Technical & environmental

- Design and feasibility studies
- Baseline studies
- Climate change impacts, risk analysis, data collection, development of optimal adaptation solutions
- Suitable IT support (e.g. investment management platform)

➤ Financial & legal

- Identify suitable financial and/or legal structure for project
- Improve business plan, advice on accounting, marketing
- Advise on interpretation of EU/national regulation

➤ Monitoring & evaluation

- Indicator development
- Monitoring and reporting
- Assess success of conservation/adaptation activities





Typical NCFF business models and Case Studies



Four NCFF Project Categories



Payment for Ecosystem Services



Biodiversity Offsets



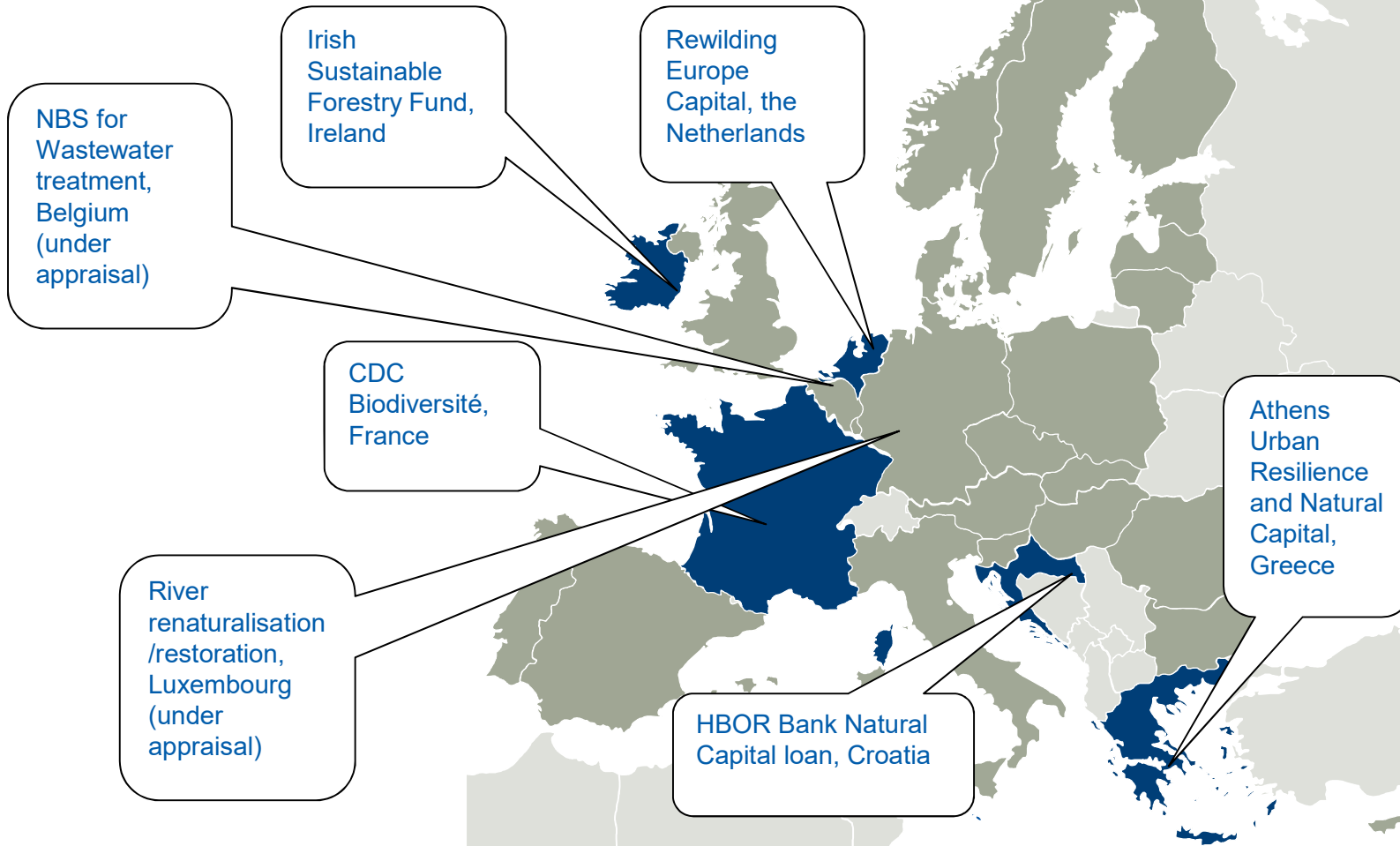
Green Infrastructure and Adaptation



Pro-Biodiversity and adaptation business



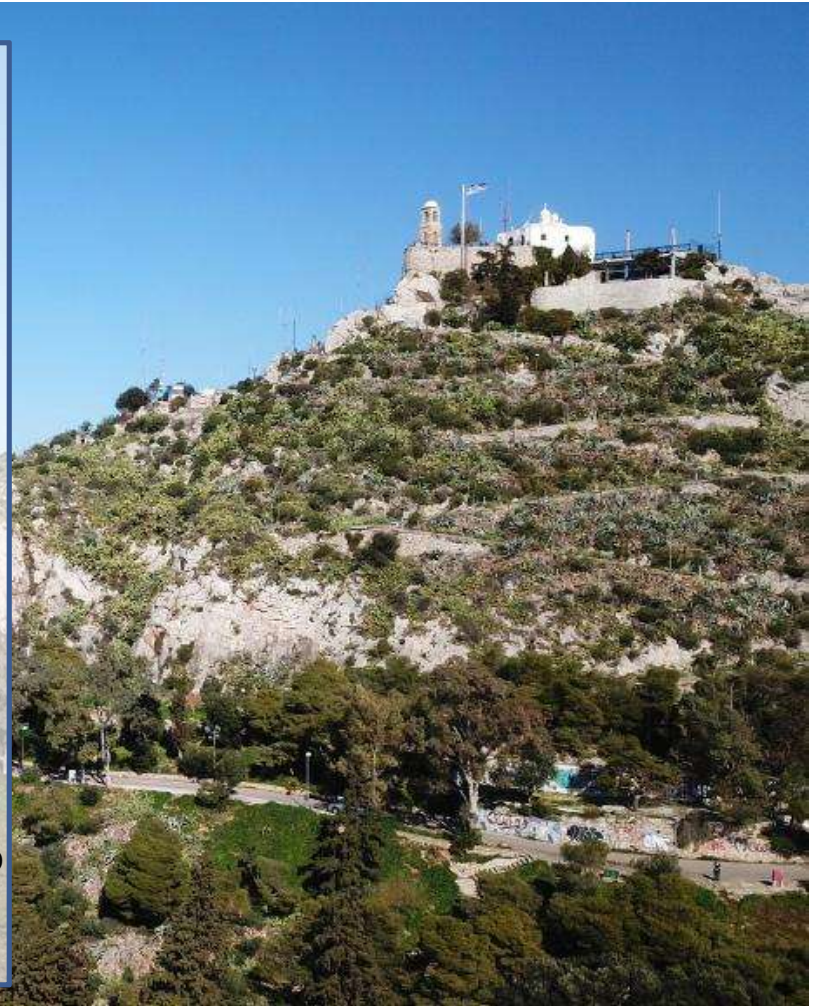
4. Overview of existing signed NCFF operations





Green Infrastructure, climate adaption, Nature-Based Solutions

- ‘a strategically planned network of natural and semi-natural areas with other environmental features designed and managed to deliver a wide range of ecosystem services in both rural and urban settings’ – EC 2013
- Green alternatives to traditional infrastructure investments (e.g. flood defence, waste water treatments).
- Urban green infrastructure investments include green spaces, green roofs and walls, trees, sustainable drainage systems etc.
- Payback mechanism – Cost-savings compared to projected losses without green investments.





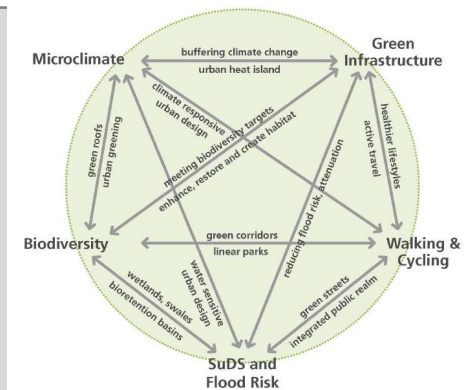
Athens Resilient City and Natural Capital- CASE STUDY

Urban resilience and climate adaptation in Greece

Amount: EUR 5m

Country: Greece

Signed: July 2018



- EUR 5m NCFF operation provided alongside the EUR 50m multi-sector urban FL to the City of Athens. The latter aims at financing projects contributing to the strengthening of the city's resilience in all dimensions (e.g. migration, climate mitigation and adaptation, natural disasters as earthquakes, etc.) and contributing to its **integrated territorial development**.
- The NCFF loan will **co-finance Green and Blue infrastructure projects** (e.g. nature-based drainage solutions, development of green open spaces, parks, recreational areas, green corridors, planting of trees and shrubs, hedgerows, unsealing of previously sealed surfaces, creation of permeable surfaces, restoration of urban woodland, etc.).
- The **primary objective is to create climate adaptation benefits addressing, for example, extreme heat waves and/or flash floods**. In addition, the green and blue infrastructure projects are expected to deliver multiple co-benefits, such as improvement of air quality, biodiversity, and increased value of neighborhoods as well as social inclusion improving the city's overall attractiveness
- The combined approach in deploying both instruments **creates strong synergies in supporting the City to implement an integrated plan of green and blue infrastructure for climate adaptation**.
- The development of the work is supported by a tailored package of **Technical Assistance (500k)** from the NCFF and **500k** from URBIS.
- [Video](#), [Press Release](#), [Blog story](#)



Technical Assistance: Athens Resilient City Natural Capital (NCF)

- Support to MoA in developing and designing the sub-projects
- Develop projects to procurement of works stage (planning, design, permitting etc)
- Integrate a maximum amount of greening into the projects; green pilot projects

What makes an urban project eligible for NCF financing?

The Natural Capital Financing Facility (NCF) aims to support projects that contribute to the objectives of the LIFE Programme, in particular projects promoting biodiversity and/or projects applying nature-based solutions to adapt to the impacts of climate change.

Below we explain how these very broad objectives translate into practical criteria for eligibility at the level of a city project. For the financial criteria and for guidance on how to structure a loan please refer to the NCF website and in particular the city section. The criteria have been developed combining qualitative principles with quantitative indicators and targets.

Overarching objectives of the investment

In order to be eligible under the NCF all projects should clearly pursue one or both of the two following objectives:

1. **Promote biodiversity.** This is typically achieved by:
 - Increasing/improving habitat and the presence of fauna and flora, either native or adapted to local environment and to the expected evolution of climatic conditions; and by
 - Increasing/improving connectivity between green areas with ecological corridors at different scales, improving biodiversity and species dispersal within the urban landscape;
2. **Build climate resilience to negative climate change impacts (current or expected)** by using nature-based solutions.

Project Types

Urban projects that seek financing under the NCF mostly fall into one of two categories:

- **Project Type A** consists of green/blue infrastructure only (e.g. city-wide planting of trees, developing or regenerating a park, roll out of green roofs programme in a city);
- **Project Type B** integrates green/blue infrastructure components into a project with other objectives (e.g. redesign of streets, squares, upgrade of water drainage system).

Project Type A (investments with natural capital focus)

Projects which have as their main focus a green and/or blue infrastructure investment and which are sufficiently substantial, shall be directly eligible for financing under the NCF. The following list of eligible green and/or blue infrastructure schemes is non-exhaustive and will be supplemented as further innovative measures become available:

- Development of biodiverse green open spaces (i.e. parks, urban gardening/farming, recreational areas) or creation of green corridors;
- Nature-based drainage solutions (sustainable urban drainage systems – SUDS including storm water retention ponds);
- Re-naturalisation and restoration of river-flows, coastal stretches, rehabilitation of flood plains;
- Restoration of urban woodland and its ecological functions and ecosystem services;
- Bio-restoration of brownfield or contaminated sites.

Project Type B (investments with natural capital components)

Projects which have a key focus other than a green and/or blue infrastructure investment, but include green/blue infrastructure elements and components into new infrastructure and/or in the re-design/regeneration of existing infrastructure, may be eligible for financing under the NCF. The following targets and conditions shall be achieved to meet NCF-eligibility:

- Target: Green/blue cover Quantity** - The percentage of the project area covered by 'green/blue elements' in relation to the total project area should:
- at least be 60% for new development (e.g. a completely new residential area in a vacant plot), where planning and design is typically more flexible and best practice and solutions can be more easily applied;
 - at least increase by an additional 25%, for re-design and up-grade of infrastructure compared to the baseline condition.





Biodiversity Offsetting, Banking and Compensation

- Actions intended to compensate for residual, unavoidable environmental impacts of development by promoting conservation on or offsite of the development:
 - On-site offset
 - On-demand markets
- NCFF may finance conservation activities providing measurable benefits designed to compensate for unavoidable damage to biodiversity arising from development or other activities, ensuring **'no net loss'** of biodiversity.
 - In compliance with Habitats Directive 6(4).
- Offsetting often requires up front investments that are capable of generating revenues over time, through sale of credits





CDC Biodiversité-biodiversity offsetting credits - Case Study

- In May 2019 the NCFE signed a EUR 5m loan to CDC Biodiversité, a subsidiary of Caisse des Dépôts in France.
- Against the strong regulatory background of the August 2016 law for recovery of biodiversity, nature and landscapes, CDC Biodiversité's mission is to meet the growing demand for biodiversity offsets and conservation services in France, and to realise the commercial potential of this emerging field.
- Specific support will be provided to the ongoing ecological rehabilitation of an abandoned 357 ha orchard which has been successfully restored to its original Mediterranean dry steppe





Pro-Biodiversity or Adaptation Business

- **Pro-biodiversity businesses (especially for SMEs) and projects** dedicated to the improvement of natural capital and/or to **climate adaptation** objectives with clear and measurable impact targets, **specially driven by Mid/Large Caps or municipalities.**
- Allows for innovative management practices for traditional industries such as fisheries, forestry and agriculture.
- Examples includes ecotourism and leisure businesses, natural parks, organic management, no-clearance forestry, aquaculture projects, green roofs, or integrated green/blue infrastructure in traditional investment programs..





SLM Silva Forestry Fund- Case Study

- Equity investment of EUR 12.5m in sustainable forestry in Ireland. The strategy of the Fund is to acquire semi-mature plantations and to transition these forests to ‘Continuous Cover Forestry’.
- Continuous Cover Forestry maintains permanent forest cover and promotes a mixed forest structure. It is a commercially viable management model which safeguards biodiversity, soil health and landscape value.
- Half of Ireland’s young forest estate is privately owned. Many private forest owners have small plantations, and do not have the know-how to manage their holdings as they approach maturity creating opportunity.



[Press Release](#), [Blog story](#)



Rewilding Europe Capital-Case Study

On-lending in support of rewilding

Amount: EUR 6m

Country: Netherlands-based,
investing in several EU
countries

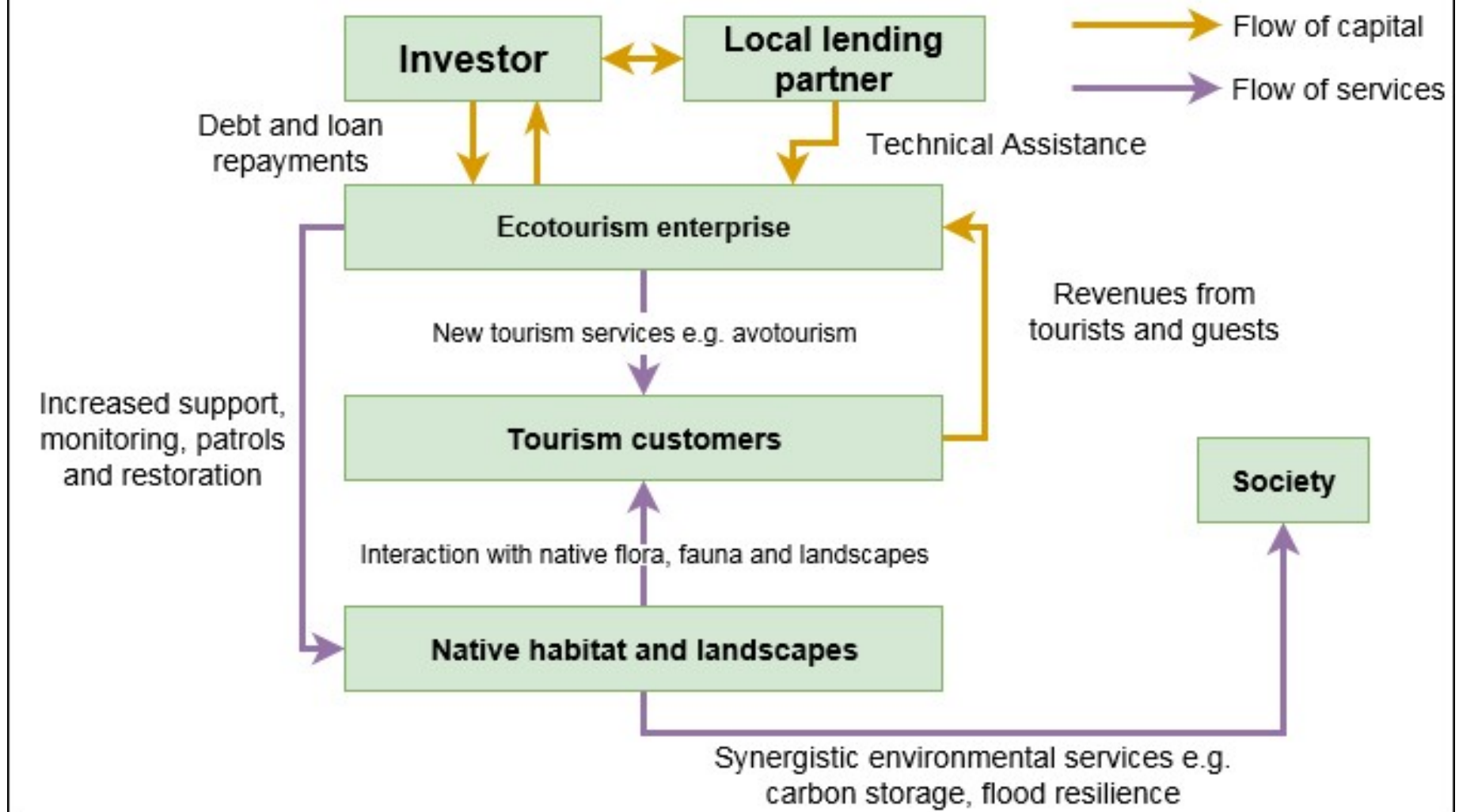
Signed: April 2017



- The loan to Rewilding Europe Capital that will on-lend to nature-related businesses in selected areas around Europe, showing how commercial finance can contribute to nature conservation and rewilding. Businesses benefiting from this financing will include tourism, water management and fisheries.
- Rewilding Europe Capital works with enterprise economies connected to natural landscapes in Europe, fostering their conservation and rewilding impact business models.
- The rewilding areas which may benefit from the NCFF loan includes sites spread around various European countries.
- [Press release](#), [Blog story](#), [Video](#)



Model Business Case - Pro-biodiversity & adaptation business



Source: EIB, Investing in Nature guide: <https://www.eib.org/attachments/pj/nccf-invest-nature-report-en.pdf>



HBOR Natural Capital-Case Study

A dedicated credit line for nature conservation and green infrastructure

Amount: EUR 15m

Country: Croatia

Signed: March 2018



- EUR 15m MBIL with the Croatian national promotional bank HBOR, designed to foster a potentially new area of business for HBOR in pro-nature areas such as eco-tourism, sustainable agriculture and forestry, and development of nature-based solutions to support climate adaptation.
- The operation offers HBOR the possibility of developing a new area of business which, although modest in size, is strategically interesting for the intermediary. The final beneficiaries include SMEs, MidCaps, public sector and other beneficiaries.
- The loan will be accompanied by a Technical Assistance package to help build the client base and the pipeline of eligible projects, create market awareness, Ad hoc support to beneficiaries and monitoring.

[Press release EIB](#), [Press release HBOR](#)

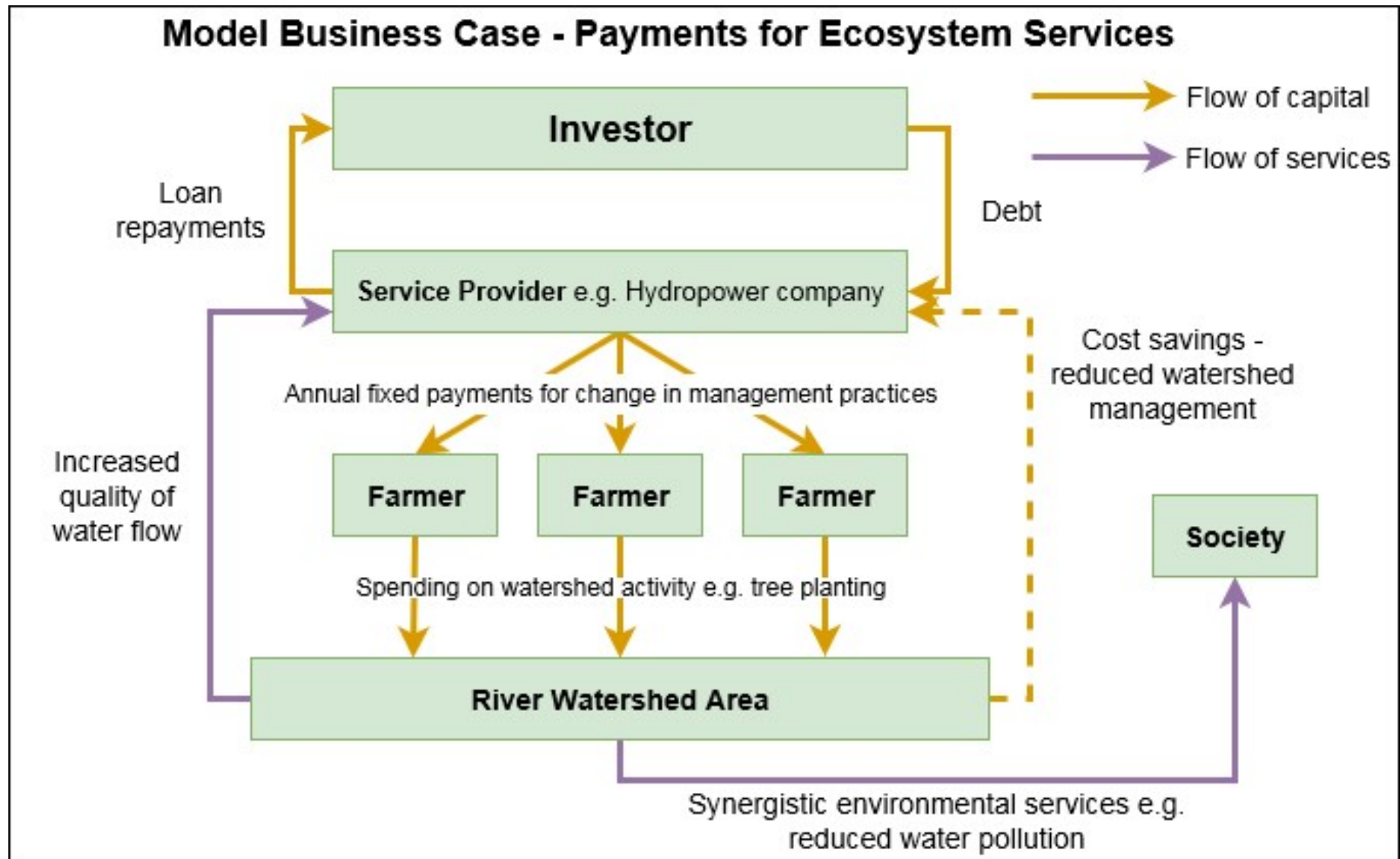




Payment for Ecosystem Services

- Voluntary transactions where an ecosystem service beneficiary compensates an entity responsible for maintained and safeguarding well-defined ecosystem service(s).
- Examples include:
 - Protection and provision of water supply and quality.
 - Protection of forests for soil protection and erosion protection.
 - Protection of biodiversity and natural habitats for native pollinators and soil fertility.





Source: EIB, Investing in Nature guide: <https://www.eib.org/attachments/pj/nccf-invest-nature-report-en.pdf>



How to apply to the NCFF, A guide to nature-based business planning



Applying for NCFF financing: before applying for a financing, we highly recommend promoters to go through the guide **Investment in Nature** (accessible [here](#))

The guide outlines 7 steps that are recommended to follow by promoters seeking financing for NCFF type of projects.

Other sources of information on NCFF:

- I. [NCFF website](#) and [Examples of Projects](#)
- II. [Technical Assistance FAQ](#)
- III. [Eligibility Requirements](#) [available here](#)
- IV. [NCFF email: NCF_Instrument@eib.org](#)
- V. [NCFF contact form: available here](#)
- VI. [Life financial instruments and NCFF: here](#)





The business case – preliminary questions

QUESTIONS ABOUT THE PROJECT...

1. What problem are you trying to solve?
2. Will your project increase your revenue or reduce your costs?
3. How much investment is needed to make it happen?
4. Is it forming part of an on-going (mature) business or is it a stand-alone (new) initiative?
5. Are other players also seeking to address the same problem? Will it outperform other solutions?
6. Is your solution replicating a proven model or introducing new innovative features?
7. Could the proposed solution be replicated by others and scaled?
8. Is it generally hard to obtain private financing for this type of project?

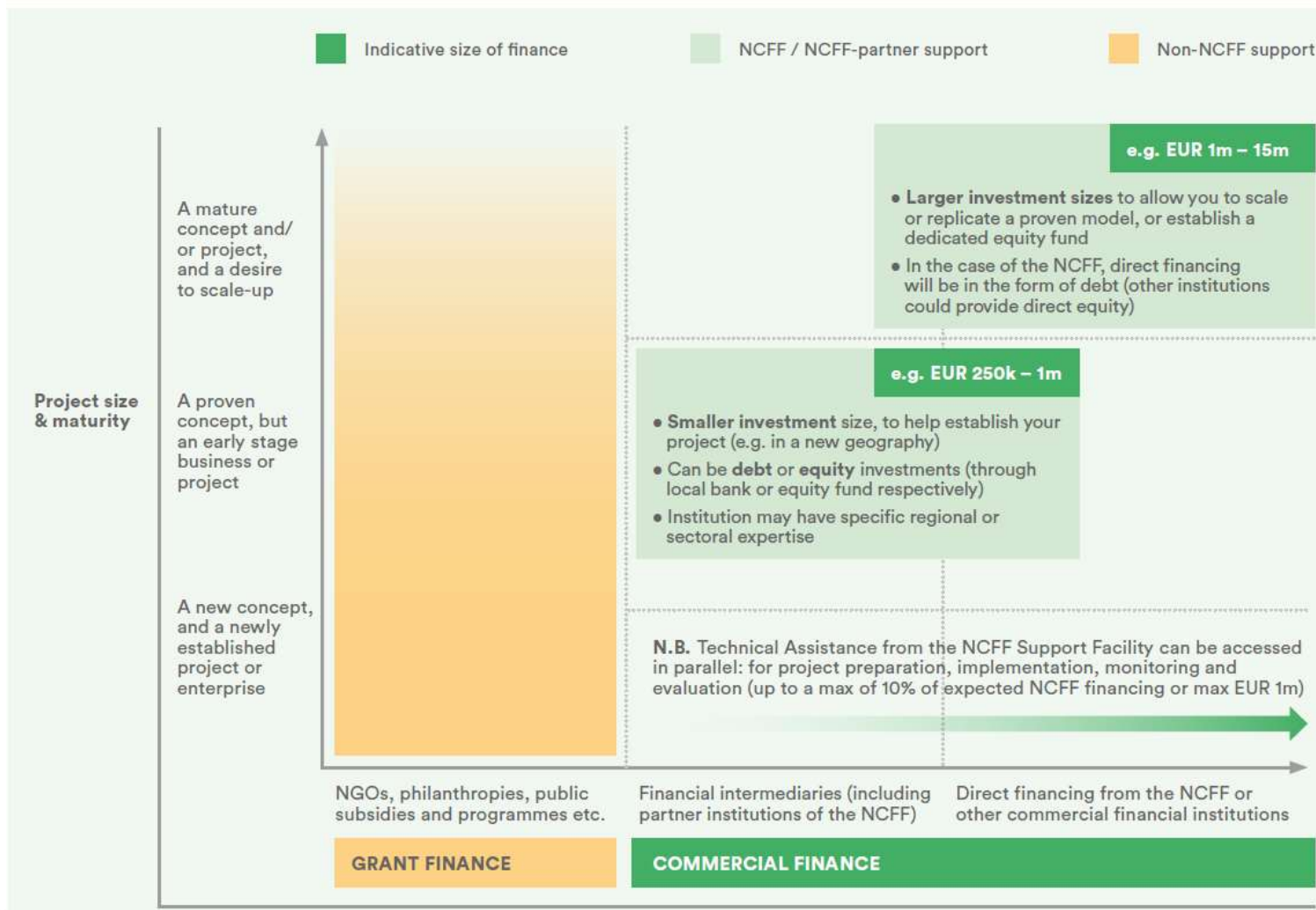
QUESTIONS ABOUT THE IMPACT...

1. What social and environmental impact will the project have?
2. Are you trying to solve local, regional (European) or global issues?
3. Do you have clear goals and identifiable outcomes? Are they reasonable and measurable?
4. Is the project fighting biodiversity loss or improving climate adaption using nature based-solutions?
5. Are there any potential negative side effects? If yes, how are you taking them into account?

Source: EIB, Investing in Nature guide: <https://www.eib.org/attachments/pj/ncff-invest-nature-report-en.pdf>



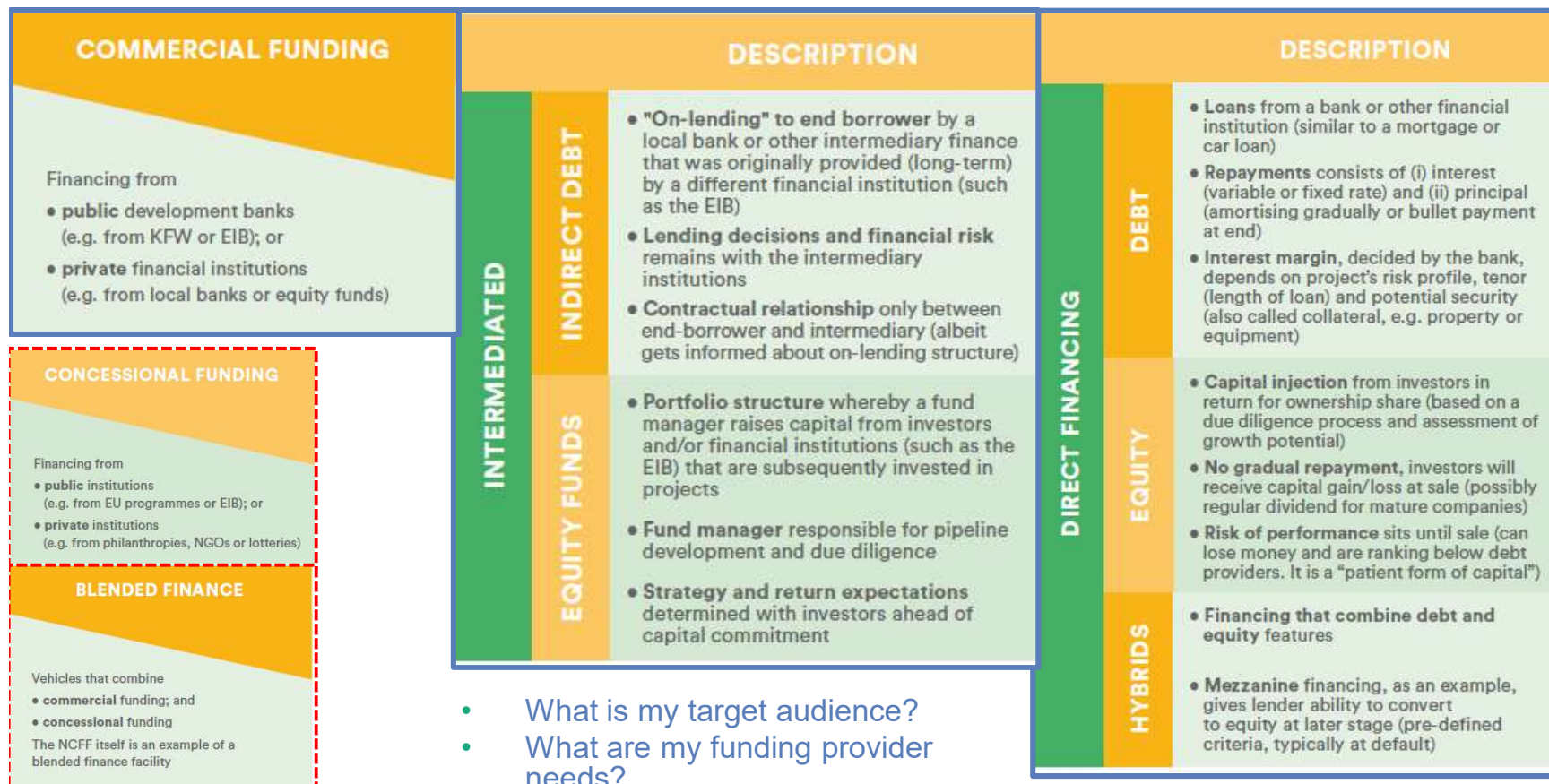
Project financing needs stage of maturity



Source: EIB, Investing in Nature guide: <https://www.eib.org/attachments/pj/nccf-invest-nature-report-en.pdf>



Different funding sources-which is the most appropriate?



Source: EIB, Investing in Nature guide: <https://www.eib.org/attachments/pj/nccf-invest-nature-report-en.pdf>



Evaluate Pros&Cons of each Funding source/instrument

		DESCRIPTION	PROs	CONs
INTERMEDIATED	INDIRECT DEBT	<ul style="list-style-type: none"> • "On-lending" to end borrower by a local bank or other intermediary finance that was originally provided (long-term) by a different financial institution (such as the EIB) • Lending decisions and financial risk remains with the intermediary institutions • Contractual relationship only between end-borrower and intermediary (albeit gets informed about on-lending structure) 	<ul style="list-style-type: none"> • Better access to finance and support for high-impact segments through the network of local banks and intermediaries • Smaller loans tend to be possible allowing small business owners to obtain necessary financing • Lower transaction costs with straightforward legal and contractual agreements (typically national standards) 	<ul style="list-style-type: none"> • Potential lack of resources at local bank or intermediary to develop project pipeline in target impact sector (solutions include support facilities and technical assistance) • No direct access to network of large financial institutions for the final beneficiaries (may not be necessary)
	EQUITY FUNDS	<ul style="list-style-type: none"> • Portfolio structure whereby a fund manager raises capital from investors and/or financial institutions (such as the EIB) that are subsequently invested in projects • Fund manager responsible for pipeline development and due diligence • Strategy and return expectations determined with investors ahead of capital commitment 	<ul style="list-style-type: none"> • Diversification benefits due to portfolio approach (e.g. underperformers can be compensated by high-performing assets) • Provides access to investors for private equity transactions (may not have mandate / resources to invest directly) • The expertise of fund managers in specific sectors can improve ability to identify projects and create value 	<ul style="list-style-type: none"> • Potential restrictions agreed with investors at inception on asset type, geography, sector etc. which could limit flexibility of pipeline development • Potential high return expectations of investors for overall fund performance • Management and performance fees for fund managers increase pressure for return on underlying assets

Source: EIB, Investing in Nature guide: <https://www.eib.org/attachments/pj/ncff-invest-nature-report-en.pdf>



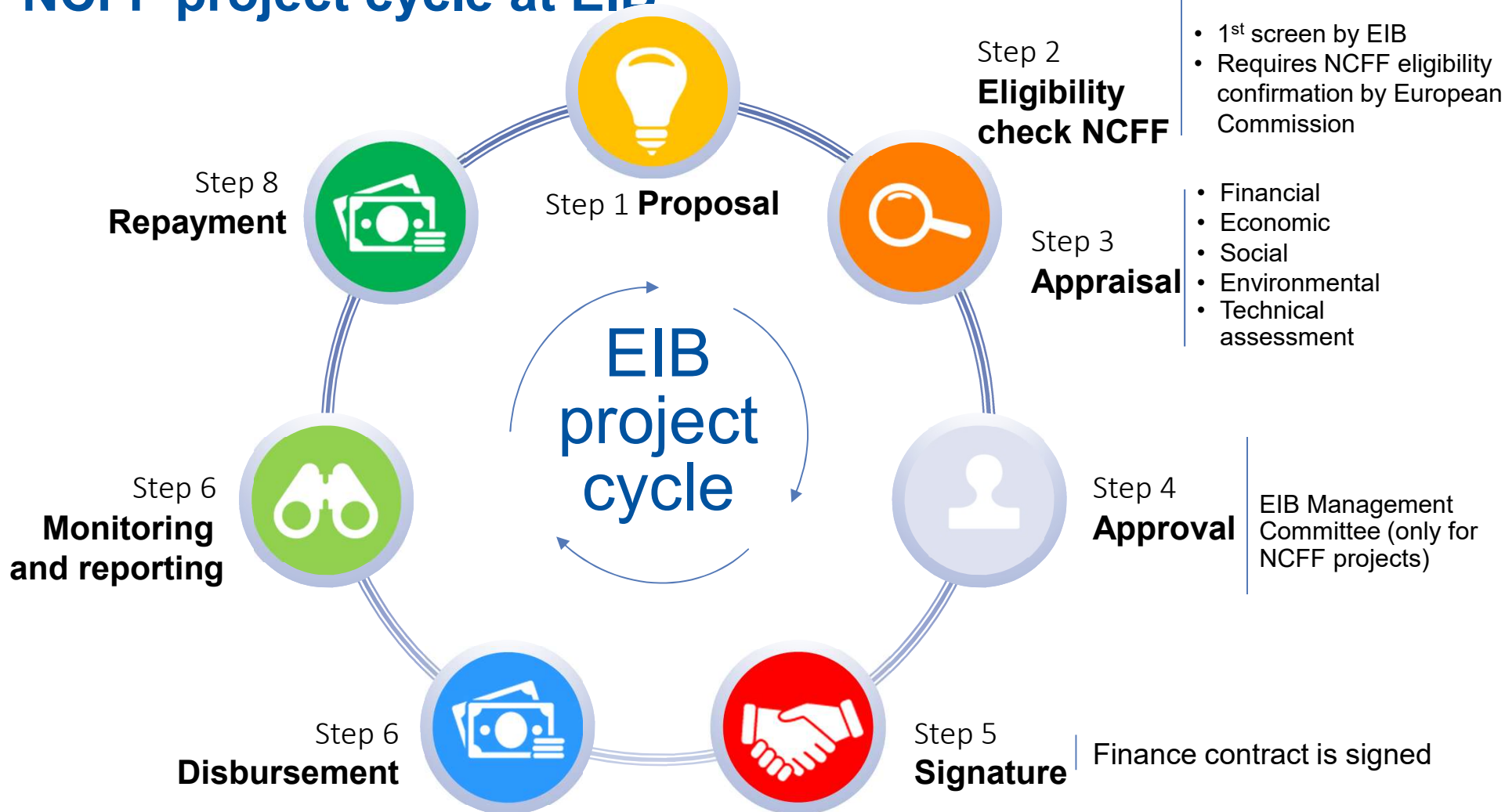
Evaluate Pros&Cons of each Funding source/instrument (cont.)

		DESCRIPTION	PROs	CONs
DIRECT FINANCING	DEBT	<ul style="list-style-type: none"> Loans from a bank or other financial institution (similar to a mortgage or car loan) Repayments consists of (i) interest (variable or fixed rate) and (ii) principal (amortising gradually or bullet payment at end) Interest margin, decided by the bank, depends on project's risk profile, tenor (length of loan) and potential security (also called collateral, e.g. property or equipment) 	<ul style="list-style-type: none"> Predictable repayments (interest and principal) which can be included in forecasts and budgets No transfer of ownership meaning owners keep control on how the company is run (except if defaulting on payments or materially breaching agreements which can give lenders ability to step in) Tax deductible interest expenses 	<ul style="list-style-type: none"> Need sufficient cash-flow for regular principal and interest payments (for many small or early stage companies cash flow is uncertain) Security (collateral) may be required (e.g. on property or equipment) or a third-party guarantee Operational restrictions (e.g. possibly on amount of additional debt allowed or on total new investments)
	EQUITY	<ul style="list-style-type: none"> Capital injection from investors in return for ownership share (based on a due diligence process and assessment of growth potential) No gradual repayment, investors will receive capital gain/loss at sale (possibly regular dividend for mature companies) Risk of performance sits until sale (can lose money and are ranking below debt providers. It is a "patient form of capital") 	<ul style="list-style-type: none"> Improves credit profile generally (e.g. strengthens the debt/equity ratio) and doesn't require security Limited cash flow requirements, (unlike debt, no interest cost or debt repayments) as part of normal operations Strategic input and expertise complementing the management team can come from external investor network 	<ul style="list-style-type: none"> Reduced control and autonomy in decision-making as investors will want a say in the operation of the business to drive growth Generally takes longer to raise equity (thorough due diligence process) and more management reporting required Divergent views between management and investors on direction of the venture or firm
	HYBRIDS	<ul style="list-style-type: none"> Financing that combine debt and equity features Mezzanine financing, as an example, gives lender ability to convert to equity at later stage (pre-defined criteria, typically at default) 	<ul style="list-style-type: none"> Mezz tend not to require security, good if available collateral has already been offered to other lenders Mezz potentially treated as equity on borrower's balance sheet (depend on definition, can improve debt/equity ratio) 	<ul style="list-style-type: none"> Mezz more costly and still requires regular interest, generally higher interest margin than other senior debt (subordinated = higher risk) Mezz means more monitoring than for normal debt given equity features of the structure

Source: EIB, Investing in Nature guide: <https://www.eib.org/attachments/pj/ncff-invest-nature-report-en.pdf>



NCFF project cycle at EIB





Q&A

Video Rewilding



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Thank you



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