



Natural Capital Financing Facility



Application process and Support Facility

The **Natural Capital Financial Facility (NCFF)** is a new instrument financed by the European Investment Bank (EIB) and the European Commission (EC). It will provide loans and investments in funds to support projects that promote the preservation of natural capital, including adaptation to climate change, in the EU Member States. The NCFF will provide € 100 to 125 million financing with the intention to invest the funds by 2017, and will support projects related to green infrastructure, payments for ecosystem services, biodiversity offsetting and pro-biodiversity businesses which can demonstrate reliable returns on investment and/or cost savings.

OVERVIEW OF STEPS FOR SETTING UP A PROJECT:



Setting up a project

The NCFF project cycle entails the following four steps:

1 Expression of interest to the EIB

Anyone with a project in mind may express an interest to the EIB (NCF_instrument@eib.org). Project promoters are required to provide the Bank's Operations Directorate with a description of their investment requirements, prospective financing arrangements and an indication of how the project would contribute to the nature, biodiversity and climate adaptation objectives of the NCFF. The expression of interests can be submitted to the EIB at any time as investments will be made on an ongoing basis.

2 Eligibility check

Once an expression of interest has been made, the EIB will make a preliminary assessment of the project's eligibility under the NCFF and, if needed, contact the project developer for further information. Initial discussion can be in any form, by telephone, fax, e-mail or letter. If deemed eligible, the EIB will then ask the European Commission to confirm compliance with key eligibility criteria.

3 Development of a funding application

Project appraisal and a full due diligence assessment are then carried out by the EIB's teams of engineers, economists and financial analysts, in close cooperation with the promoter. Results are included in the project report to the Board of Directors for a financing decision. At this stage, the use of the Support Facility may also be considered.

4 Selection and approval

The Bank's Management Committee reviews the project and, in case of positive assessment, submits a report to the Board of Directors. The Board gives the final decision on NCFF financing. If the operation is approved, different aspects of the loan, such as length and interest rates, are negotiated with a view to its signature by both Parties.

For more information on the EIB project cycle and application documents, see <http://www.eib.org/projects/cycle/index.htm>.



NCFF Support Facility

The NCFF includes a **Support Facility** of € 10 million for financing capacity building measures to help the development of successful projects. Support and capacity-building will be provided only to projects that are likely to meet the NCFF eligibility criteria. Maximum support will be limited to € 1 million per operation.

The Support Facility will consist of external advice and consultancy services to potential NCFF recipients. External experts will be selected by the EIB based on needs assessment developed in cooperation with project developers. Depending on this assessment, this service may cover technical, business and financial advice, training, assessment of social, economic and environmental aspects of individual projects or monitoring and reporting impacts on environment and ecosystems.

Financial intermediaries (including funds) may benefit from the Support Facility for the identification, screening and assessment of innovative projects in line with the project eligibility criteria set for the NCFF. This support should not, however, substitute normal operating costs.

In order to stimulate and develop the reach of the NCFF, the Support Facility can also be used for horizontal activities such as market studies and surveys, feasibility studies for operations still to be developed, testing of pilot project ideas, workshops and seminars.

The EU network of LIFE National Contact Points (NCPs) may also be able to assist in the development of a strong NCFF project. Given their coordinating role for the LIFE Programme, the LIFE NCP will have a good knowledge of potential partners and regulatory drivers specific to your Member State. Contact details of the NCPs can be found at: <http://ec.europa.eu/environment/life/contact/nationalcontact/index.htm>

