



# FACTSHEET

## ASIA NATURAL CAPITAL DESIGN FUNDING WINDOW

### WHAT IS NATURAL CAPITAL?

Natural capital is a way of valuing the world's stocks of natural assets including water, land, soil, air, plants, and animals. Together, these natural assets provide ecosystem services that are critical for humanity's existence, including food, water, and the regulation of our climate and environment. It is estimated that nature provides some [US\\$72 trillion](#) a year of goods and services essential to a well-functioning global economy, which is more than [four times](#) the size of the US economy.

However, due to unsustainable business activities that ignore negative externalities on natural capital, our valuable natural ecosystems have degraded at an unprecedented rate. Globally, there is an estimated US\$200-300 billion funding gap per year to preserve the world's last healthy ecosystems. Business as usual will mean irreparable damage to some of our most valuable natural assets. Putting a value on natural assets makes them more concrete and easier to account for, thereby informing sustainable choices and conservation efforts and ultimately ensuring their continuous existence.

### WHY ASIA?

Despite the region's [wealth of](#) natural capital and the fact that 30% of its GDP comes from natural capital, Asia has disproportionately underfunded the protection of these important assets.. The region's enormous economic growth in the last few decades has come at a high cost to its environment, leading to deterioration of land, freshwater, and marine ecosystems, worsening water and food insecurity, and increasing vulnerability to climate change. It is estimated that [60% of grasslands](#) in Asia are degraded, forming a large part of the 135 million people at risk of distress migration [in the next 30 years](#). By 2050, up to [90% of coral](#) in South and South-East Asia will suffer severe degradation, and [3.4 billion people](#) could be living in water-stressed areas in Asia.

### WHY BLENDED FINANCE?

[Blended finance](#) is the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development. Blended finance makes it possible to capture the economic value of protecting and preserving natural assets (natural capital) and then to draw in commercial capital. Commercial capital will play a critical role in closing the financing gap to preserve the world's healthy ecosystems, public and philanthropic capital alone will not be sufficient.

## WHAT KIND OF SOLUTIONS DOES THE WINDOW AIM TO SUPPORT?

The Window will support solutions that aim to have a “direct positive impact” on natural ecosystems and resources, including reducing the degradation of ecosystems (e.g. deforestation), mitigating and adapting to climate change, reducing the unsustainable use of land and oceans, and protecting biodiversity. Practitioners with on the ground presence or partnerships in Asia are encouraged to apply.

The Window’s primary focus is to support upstream solutions, which are **directly linked to preserving and protecting natural assets**, such as:

- Sustainable fisheries
- Sustainable forestry
- Forest and blue carbon
- Coastal protection
- Eco-tourism
- Nature-based solutions for sustainable and resilient cities (e.g., watershed conservation to improve water quality, wetland conservation for flood management)

The Window **does not** aim to support downstream solutions, which are designed **to reduce or offset the negative environmental impact from human activities and consumption**, such as:

- Renewable energy and energy efficiency projects
- Sustainable transportation and industrial infrastructure projects
- Recycling and Waste Management Projects
- Infrastructure projects to improve air quality

The following types of solutions will only qualify if they can **demonstrate a positive direct impact on natural ecosystems and resources**:

- Agriculture projects (e.g., agroforestry, regenerative agriculture)
- Catastrophe insurance projects and climate insurance projects (e.g., coral reef insurance)

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More information on the process, eligibility criteria and evaluation criteria can be found on our [website](#).