

# **Guidance for the assessment of potential NCFF projects' contribution to the LIFE Objectives**

Draft 16.7.2015

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## 1 Introduction

Section 5 of Annex 1a to the Delegation Agreement between the Commission and the EIB in respect to the Natural Capital Financing Facility (NCFF) lays down the criteria to be used in the project selection process. The last two criteria are the contribution to the LIFE objectives and 'EU Added Value':

Criteria	Explanation	Maximum score	Minimum score required	Weight
<b>Contribution to the LIFE objectives</b>				
Biodiversity and climate impacts	Extent and quality of the contribution to the general and specific objectives laid down in Article 3 in conjunction with Article 11 (priority area “nature and biodiversity”) and/or Article 15 (priority area “climate change adaptation”) of the LIFE Regulation	10	6	100%
<b>Total weighted score 'Contribution to the LIFE objectives'</b>		<b>10</b>	<b>6</b>	
<b>EU Added Value</b>				

Demonstration/Replicability/ transferability	Assessment of the potential for demonstration effect, replicability and transferability of the Operation	10	6	60%
Leverage Effect, financing from Final Recipients and creation of employment	Ability of the Operation to achieve a Leverage Effect regarding additional project funding, and such funding from Final Recipients; Creation of employment	10	6	40%
<b>Total weighted score ' EU Value Added'</b>		<b>10</b>	<b>6</b>	

The paragraph following the table in this section 5 of Annex 1a stipulates: "*The Designated Service will provide guidance to the EIB for the assessment of the prospective projects' contribution to the general and specific objectives laid down in Article 3 in conjunction with Article 11 (priority area "nature and biodiversity") and/or Article 15 (priority area "climate change adaptation") of the LIFE Regulation.*"

The one but last paragraph of section 5 stipulates: "*The Designated Services together with the EIB will develop guidance for the assessment of prospective project's contribution to the general and specific objectives as well as for the assessment of EU added value. This guidance will include the methodologies to be used for the relevant and applicable indicators for monitoring.*"

This document provides this guidance.

## **2 Assessment of the contribution to the LIFE objectives**

### **2.1 Introduction**

On the substance of the assessment, the same section 5 of Annex 1a of the Delegation Agreement specifies:

*"The contribution to the policy objectives identified in the Legal Basis will imply an assessment of the quality of the proposal and the extent to which it demonstrates that it will achieve the objectives set out in points iv and v of Section 1.3.2 above.*

These points iv and v stipulate:

*"iv/ contribute to the general and specific objectives laid down in Article 3 in conjunction with Article 11 (priority area "nature and biodiversity") and/or Article 15 (priority area "climate change adaptation") of the LIFE Regulation,*

*v/ pursue one of the following two objectives as the primary objective:*

- promote the conservation, restoration, management and enhancement of ecosystems<sup>1</sup> including through ecosystem-based solutions applied to the sectors of land, soil, forestry, agriculture, aquaculture, water and waste; and/or*
- promote ecosystem-based approaches that enable businesses and communities to address identified risks associated with current and projected impacts of climate change, including through urban, rural, and coastal green infrastructure projects;"*

In addition, section 5 stipulates:

*"The EU added value will be assessed through the extent and quality of the proposal to*

- include a well-conceived multi-purpose delivery mechanism and improve integration of specific climate or environment objectives in other policy areas and create synergies with the objectives of other Union policies while focusing on a specific area and without compromising the objectives pursued by the LIFE Regulation;"*

This latter point is mentioned under "EU added value", but should actually refer to the assessment under the LIFE Objectives.

The relevant Articles and provisions of the LIFE Regulation are reproduced in Annex 1.

## **2.2 LIFE Nature and Biodiversity**

The following sub-subsections apply as regards the assessment of the contribution to the objective to promote the conservation, restoration, management and enhancement of ecosystems (the first limb of the eligibility criterion in indent v under sub-section 1.3.5 of Annex 1 to the Delegation Agreement).

### **2.2.1 LIFE Nature - General scope and objectives**

The more an operation contributes to the further development, implementation and management of the Natura 2000 network (in particular by applying, developing, testing and demonstrating approaches, best practices and solutions), the higher the score the operation should receive.

For being relevant in the assessment, the species and habitats targeted in the operations must be listed in the annexes of the EU Birds (2009/147/EC) and Habitats Directives (92/43/EEC). Projects addressing habitats and species which are in the direst need of active conservation

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<sup>1</sup> Biodiversity is the variety of ecosystems, species and genes.

measures (in accordance with the results of their conservation status reporting<sup>2</sup>) should receive higher score than projects addressing habitats and species which are doing well.

The more the operation is focussed on concrete conservation measures and the more it is result-oriented (i.e. their implementation leads to direct and sustainable improvements of the conservation status of species and habitats for which sites are proposed or designated), the higher the score the operation should receive.

Notably, for being relevant for increasing the score, the actions within the operation should respect the following conditions:

Site-based actions:

- Bird species targeted by site-based actions must be listed in Annex I of the Birds Directive or be regularly occurring migratory bird species.
- Any habitat types / species other than bird species targeted must be listed in Annexes I or II of the Habitats Directive. Site-based actions for Annex IV species not listed in Annex II may be possible under certain conditions and if properly justified.

Species-related (i.e. not site-based) actions:

- Bird species targeted must be listed in Annex I or II of the Birds Directive or be regularly occurring migratory bird species.
- Any species other than bird species targeted must be listed in Annexes II, IV and/or V of the Habitats Directive.

Protection of other threatened species that are not listed in these annexes but figure on the IUCN red list may be taken into account as well, but the assessment should distinguish between such species and those listed in the annexes.

### *2.2.2 LIFE Biodiversity - General scope*

The 2020 headline target of the EU Biodiversity Strategy to 2020 is "halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss". The more an operation contributes to this target, the higher the score it should receive.

Operations must be compatible with national and/or regional strategies for biodiversity (where these exist). The project developer should provide the relevant information in this respect.

### *2.2.3 The share of concrete conservation actions*

Generally, the higher the share of concrete conservation actions in the total cost of the operation, the higher the score that it should receive. In line with the appraisal of applications for direct grants from the LIFE Programme, operations where less than 25% of the total budget concerns "concrete conservation" actions should receive less than the minimum score,

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<sup>2</sup> [http://bd.eionet.europa.eu/activities/Reporting/Article\\_17/Reports\\_2013](http://bd.eionet.europa.eu/activities/Reporting/Article_17/Reports_2013);  
[http://bd.eionet.europa.eu/activities/Reporting/Article\\_12/Reports\\_2013](http://bd.eionet.europa.eu/activities/Reporting/Article_12/Reports_2013)

unless a significant contribution to biodiversity is proven in another way, see sub-subsection 2.2.4.

In this context, "concrete conservation" actions are those that directly improve (or slow/halt/reverse the decline of) the conservation status / ecological condition of the species, habitats, ecosystems or ecosystem services targeted. Annex 1 provides a number of notes on activities that may or may not be considered as "concrete conservation actions", most of which may not be very relevant in the NCFF context.

#### *2.2.4 Other ways to promote the conservation, restoration, management and enhancement of ecosystems*

Projects with less than 25% concrete conservation actions may nevertheless make a significant contribution to the LIFE objectives as regards biodiversity, see the following examples:

1. Projects may target consumer behaviour, raise awareness of consumption that is detrimental to biodiversity and deflect consumption to other products with less impact or with a positive impact: e.g. local or traditional species. Such projects may address private and industrial consumers.
2. Projects creating a demand for natural resources or ecosystem services which, thereby, increase the protection or management of the sites/habitats where those resources/services can be found. An example is a biomass energy installation that uses reed and other wetland biomass, the harvesting of which favours species that are dependent on open wetlands.
3. Projects developing new products or new production technologies which, after successful market introduction would significantly contribute to biodiversity. This could e.g. concern new types or production technologies for green roofs or green walls, or other building elements to the benefit of biodiversity.

#### *2.2.5 Recurring activities for site or species management*

A recurrent management action is an action that needs to be carried out periodically (at least annually) in order to maintain the conservation status of a species, habitat, or ecosystem. Examples are site surveillance, periodic mowing or long-term monitoring actions.

The higher the share of recurrent actions, the more important it is to critically verify the long-term sustainability of the project and its replicability. Recurrent actions may be unproblematic where the bankability of the project is well proven. In such situations, one may expect also the recurrent actions to be continued after the end of the investment and in similar situations.

### **2.3 LIFE Climate change adaptation**

The following sub-subsections apply to the assessment of projects' contribution to:

- the promotion of ecosystem-based approaches that enable businesses and communities to address risks associated with current and projected impacts of climate change, including through urban, rural and coastal green infrastructure projects (second limb of the eligibility criterion in indent v under sub-section 1.3.5 of Annex 1 to the Delegation Agreement).

### *2.3.1 General scope and objectives*

The more an operation contributes to the specific objectives set out in Article 15 of the LIFE Regulation, the higher the score it should receive. In summary, these objectives are:

- to contribute to the development and implementation of Union policy on climate change adaptation, in particular by developing, testing and demonstrating best practices and solutions for climate change adaptation;
- to improve the knowledge base for the development, assessment, monitoring, evaluation and implementation of effective climate change adaptation actions, enhancing, where appropriate, the capacity to apply that knowledge in practice;
- to facilitate the development and implementation of integrated approaches, such as for climate change adaptation strategies and action plans, at local, regional or national level;
- to contribute to the development and demonstration of innovative climate change adaptation technologies, suitable for being replicated, transferred or mainstreamed.

Ecosystems based solution should be prioritized, where possible.

### *2.3.2 Link to EU climate policy objectives*

Adaptation means anticipating the adverse effects of climate change and taking appropriate action to prevent or minimise the damage they can cause, or taking advantage of opportunities that may arise.

Objectives and priorities for funding adaptation to climate change are specified in the EU Strategy on adaptation to climate change, and in the LIFE Multiannual Work Programme 2014-2017.

The overall aim of the EU Adaptation Strategy is to contribute to a more climate-resilient Europe. This means enhancing the preparedness and capacity to respond to the impacts of climate change at local, regional, national and EU levels, developing a coherent approach and improving coordination.<sup>3</sup>

On the basis of the priorities identified in the EU Adaptation Strategy, funding should be prioritized for projects that address key cross-sectoral, trans-regional and/or cross-border issues. Projects with demonstration and transferability potential should also be encouraged. In addition, the European Union will promote adaptation particularly in the following vulnerable areas:

- cross-border management of floods, fostering collaborative agreements based on the EU Floods Directive;
- trans-boundary coastal management, with emphasis on densely populated deltas and coastal cities;

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<sup>3</sup> The priorities given in the guidance for LIFE action grants for climate adaptation to projects in an urban environment do not apply to the NCCF.

- mainstreaming adaptation into urban land use planning, building layouts and natural resources management;
- mountain and island areas, with emphasis on sustainable and resilient agricultural, forestry and tourism sectors;
- sustainable management of water; combating desertification and forest fires in drought-prone areas.

Projects supported by LIFE should promote innovative technologies, systems and instruments and/or other best practice solutions for climate resilience.

Therefore, NCFE projects which focus on vulnerable areas as identified in the EU Adaptation Strategy such as urban, coastal, and mountainous and islands areas, marine ecosystems, drought-prone areas or river-basins should be given priority.

Projects which have climate adaptation as the primary objective and which do not, or only marginally contribute to the nature and biodiversity objectives, should only be funded if they take place in such a vulnerable area.

## ***2.4 Complementarity***

In accordance with Article 8 of the LIFE Regulation, support from the NCFE should be complementary to other sources of funding and not overlap. This Article has a number of consequences.

### ***2.4.1 Avoiding overlap with other instruments***

The relevant provisions in the FAFA and the Delegation Agreement apply, notably the one but last paragraph of section 1 of Annex 1a to the Delegation Agreement and point g) of section 2 of the same Annex.

Ensuring consistency requires that any project that is also eligible under another instrument and could reasonably expect to be awarded funding from such instrument, should in principle not be financed from the NCFE.

Where in doubt on consistency, synergies or potential overlap, the EIB may contact the Designated Service and provide information so as to ensure coordination with the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund and Horizon 2020.

In some cases it may be necessary to contact the national authority to understand or agree the steps taken or to be taken to ensure the coordination and complementarity of LIFE funding with other EU funding programmes. In such cases, the EIB will contact the Designated Service so as to see who is best placed for contacting the relevant authorities.

### ***2.4.2 Synergies with integrated projects under the LIFE Programme***

Projects that have synergies with integrated projects under the LIFE Programme, or parts thereof, should receive a higher score. Information on the integrated projects can be found at <http://ec.europa.eu/environment/life/funding/life2015/index.htm#integrated>.



### 2.4.3 Natural and semi-natural ecosystems and ecosystem-based approaches

As indicated in indent v of Section 1.3.2 of Annex 1 to the Delegation Agreement, ecosystems and ecosystem-based approaches are at the core of the objectives of eligible projects. This concerns in the first place wild flora and fauna, in particular for projects contributing primarily to the objectives of Article 11 of the LIFE Regulation (Priority Area Nature and Biodiversity) and less to the objectives of Article 15 of the LIFE Regulation (Priority Area Climate Change Adaptation). The concept of eco-systems goes, however, beyond wild flora and fauna and ecosystems and ecosystem-based approaches that concern domesticated or cultivated species or varieties of plants or animals and artificial landscapes may play a role. In the context of the project Mapping and Assessment of Ecosystems and their Services (MAES), 12 ecosystem types have been identified. They are described in the following link: <http://biodiversity.europa.eu/maes/typology-of-ecosystems>. Under the same project, a typology of ecosystem services is laid down: <http://biodiversity.europa.eu/maes/common-international-classification-of-ecosystem-services-cices-classification-version-4.3>. The Common International Classification of Ecosystem Services (CICES) developed for environmental accounting purposes is proposed as classification system of ecosystem services as it offers a structure that links with the framework of the UN System of Environmental-Economic Accounts (SEEA 2003): <http://biodiversity.europa.eu/maes/ecosystem-services-categories-in-millennium-ecosystem-assessment-ma-the-economics-of-ecosystem-and-biodiversity-teeb-and-common-international-classification-of-ecosystem-services-cices>.

The following examples intend to illustrate how to identify the contribution to the LIFE objectives in this respect.

**Example 1:** projects investing in apiculture in order to encourage pollination for agricultural or horticultural crops should receive less than the minimum score. In contrast, projects investing in protection of (habitats of) wild bees and other wild pollinators, might receive more than the minimum score.

**Example 2:** projects investing in 'greening' industrial sites through green roofs and other 'artificial' nature may receive more than the minimum score in case they (primarily) contribute to the objective of climate change adaptation. Where such projects are carried out with the (primary) objective of nature and biodiversity, they may receive more than the minimum score on the condition that the 'artificial' nature contributes to the species addressed by the Birds and Habitats Directive, are in line with the Commission's Communication on green infrastructure and/or is well embedded in the applicable climate adaptation strategy.<sup>4</sup> Such projects should, in any event, encourage endemic species, avoid spreading invasive alien species and encourage wide variety of species rather than "green-roof monocultures". For making the NCFF a successful instrument, we would typically expect that such projects score well on both the nature/biodiversity aspects and the climate adaptation aspects.

**Example 3:** obviously, projects investing in the collection and use of rainwater may receive more than the minimum points only if they promote ecosystems or an ecosystem-based approach to climate change adaptation. If they do:

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<sup>4</sup> So the eligibility of a project may (theoretically) e.g. depend on whether it is located in a city that is at risk of heat waves or not.

- Such projects may receive more than the minimum score in case they (primarily) contribute to the objective of climate change adaptation. Using rainwater for ecosystems could however, be contrary to climate change adaptation objective in case the water should rather be stored in anticipation of (extreme) draughts.
- Where such projects are carried out with the (primary) objective of nature and biodiversity, the sub-subsection in subsection 2.2. apply. Of course, such projects should not harm habitats/species that depend on an arid environment.

Similar as for the previous example, for making the NCFE a successful instrument, we would typically expect that such projects score well on both the nature/biodiversity aspects and the climate adaptation aspects.

**Example 4:** projects investing in protection/breeding of huntable species would be eligible only if they promote more sustainable management of the populations, improvement of their habitats or mitigation of material damage caused by the species. Projects that merely/primarily focus on breeding huntable species to improve game stocks should receive less than the minimum score.

## ***2.5 Ongoing activities – incentive effect***

Projects, or parts of projects, already being implemented before the award of an NCFE contribution to the (part of the) project should receive less than the minimum score, since the NCFE contribution would not be necessary to achieve the demonstration effect and other benefits of (the part of) the project.

Where actions to be undertaken in the project are significantly different from previous or ongoing activities in terms of frequency or intensity they are not considered ongoing. The applicant/EIB must provide adequate information in the proposal that allows assessing this aspect.

## ***2.6 multipurpose delivery mechanism, integration/mainstreaming, synergies***

On the substance of the assessment, the section 5 of Annex 1a of the Delegation Agreement specifies:

- "The EU added value will be assessed through the extent and quality of the proposal to:*
- *include a well-conceived multi-purpose delivery mechanism and improve integration of specific climate or environment objectives in other policy areas and create synergies with the objectives of other Union policies while focusing on a specific area and without compromising the objectives pursued by the LIFE Regulation;*

This means that a project should not only contribute to the nature/biodiversity and climate change adaptation objectives, but also to other environmental objectives, climate change mitigation or objectives in other policy areas such as jobs and growth, agriculture or fisheries. This should not be merely incidentally: it should be consciously aimed at, followed up and the project must ensure that these positive effects actually materialises by the way the project is laid out and structured. E.g. the project should use material, methods, technologies and procedures that help delivering on such multiple objectives. Where possible, the delivery on

such other objectives should be enhanced through additional actions. Of course, the additional actions to achieve such other purposes should not compromise (other) LIFE objectives.

A 'delivery mechanism' is the way the project is conceived to ensure that the project contributes to other objectives in addition to nature/biodiversity and climate change adaptation.

For all proposals aimed at direct or indirect tourism related sectors or activities, the EIB and applicants are invited to carefully consider the Commission Communication COM(2010) 352 of 30/6/2010 "Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe" and to describe if and how their project is likely to support any of the objectives set out in this Communication. For operations that in accordance with the above would receive the minimum levels, a 'bonus' should be awarded if this is the case.

### **3 Demonstration effect, replicability and transferability**

On the substance of the assessment, the section 5 of Annex 1a of the Delegation Agreement specifies:

*"The EU added value will be assessed through the extent and quality of the proposal to:*

- (...)
- *be replicated and transferred during and after its implementation. Successful replication and transferability require a strategy including tasks to multiply the impacts of the projects' solutions and mobilise a wider uptake, reaching a critical mass during the project and/or in a short and medium term perspective after the end of the project.*
- (...)"

Demonstration effect is central to the LIFE objectives for the NCFF. The pilot phase is explicitly meant to generate 'proof of concept'. This implies that any project type that has already been proven should be awarded less than the minimum score (irrespective of their score for replicability and transferability). The EIB and project developers should indicate other projects with the greatest similarity to the proposed operation, clarify in what respect the envisaged operation would differ from such projects and explain the value of additional experience that is envisaged.

In accordance with the terminology used under the LIFE Regulation, support should only be given to pilot projects and demonstration projects (for the definitions, see box 1).

#### *Box 1*

"pilot projects" means projects that apply a technique or method that has not been applied or tested before, or elsewhere, and that offer potential environmental or climate advantages compared to current best practice and that can subsequently be applied on a larger scale to similar situations;

"demonstration projects" means projects that put into practice, test, evaluate and disseminate actions, methodologies or approaches that are new or unknown in the specific context of the project, such as the geographical, ecological, socio-economic context, and that could be applied elsewhere in similar circumstances;

"best practice projects" means projects that apply appropriate, cost-effective, state-of-the-art techniques, methods and approaches taking into account the specific context of the project;

Replicability and transferability is the potential of the project to be replicated and transferred during and after its implementation. For receiving the minimum score, operations or aspects thereof, if successful, should be replicable at least several times, preferably in different Member States. If this is not the case, the operation should receive less than the minimum score, unless the project scores very well on transferability. The higher potential for replications, the higher the score would be. For measuring replicability, theoretical operations do not need to be exactly identical to the operation under assessment, but the envisaged experience with the operation should be relevant, so differences should not be so large.

As indicated in the Delegation Agreement: "*Successful replication and transferability require a strategy including tasks to multiply the impacts of the projects' solutions and mobilise a wider uptake, reaching a critical mass during the project and/or in a short and medium term perspective after the end of the project.*" This goes beyond transfer of knowledge and networking, and involves putting the techniques, methods or strategies developed or applied in the project into practice elsewhere.

In evaluating this criterion, the following points should be taken into account:

1. To what extent does the proposal include monitoring, assessment and evaluation measures for the proposed actions and for the purpose of disseminating the project results and lessons learnt? Are monitoring and assessment activities appropriate and well-designed for this purpose?
2. To what extent does the proposal include communication, experience-sharing, networking and dissemination activities? Are all obligatory communication requirements covered? Are these activities appropriate and well-designed for the purpose of communicating and disseminating the results and lessons learnt?
3. To what extent will the project replicate and transfer results during and after its implementation?
4. Is the proposed approach sufficiently ambitious and realistic in order to reach an adequate scale?
5. To what extent is the project expected to generate findings that are widely applicable?

#### **4 Leverage Effect, financing from Final Recipients and creation of employment**

On the assessment of employment creation, the section 5 of Annex 1a of the Delegation Agreement specifies:

*"The EU added value will be assessed through the extent and quality of the proposal to:*

- (...)
- *mobilise other public and/or private funds for the development and implementation of the project;*
- *create jobs as a result of the project (number of Full Time Equivalent jobs) or, in duly justified cases, safeguard existing jobs on sustainable basis;"*

In accordance with Article 5.2(d) of the Delegation Agreement, the EIB shall aim to target a Leverage Effect of 2 to 4 by 31 December 2019.<sup>5</sup>

The score awarded for 'financing from Final Recipients' should take into account the contribution from other sources of 25% which is required anyway.

Where public bodies are involved as coordinating and/or associated beneficiaries, the assessment of their contribution should distinguish between salary cost of 'additional' and 'non additional' personnel. The positive weight of the former should exceed the weight of the latter.

The score awarded for 'Creation of employment' would be determined in accordance with the EIB's standard methodology. [please, could you inform us how this methodology works?]

## **5 Other issues**

### ***5.1 Long term sustainability of the project***

EU added value is dependent on the long term sustainability of the investments. Projects for which there is no clear perspective on how the investments will be secured and maintained in the long term should receive less than the minimum score. Beneficiaries should consider these aspects of long term sustainability throughout the duration of the project and this should be built into the proposal.

### ***5.2 Additional elements to be considered***

The assessment should address the project's "carbon footprint" and establish whether or not it remains as low as reasonably possible. Details of efforts to be made to reduce CO2 emissions during a project's life should be included in the description of the project. However, the funding from the NCFF is not intended to cover expenses for offsetting greenhouse gas emissions.

The LIFE Regulation indicates that, while selecting the projects to be co-funded, the Contracting Authority shall have special regard to transnational projects, when transnational cooperation is essential to guarantee environmental or nature protection. Transnational operations should be awarded a 'bonus' only if the project proposal provides sufficient arguments for an added value of the transnational approach.

The one but last paragraph of section 5 of Annex 1a to the Delegation Agreement requires the EIB to assess "*where applicable, the extent to which green procurement concepts will be applied.*" Information on Green Public Procurement (GPP) can be found at: [http://ec.europa.eu/environment/gpp/index\\_en.htm](http://ec.europa.eu/environment/gpp/index_en.htm). This information concerns procurement

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<sup>5</sup> The Delegation Agreement refers to the definition of Leverage Effect in the FAFA which is: "mobilizing a global investment (including the EIB Contribution) exceeding the size of the EU Contribution within a target range of values based on an ex-ante evaluation of the corresponding Financial Instrument. The target Leverage Effect shall be equal to the aggregate amount of finance to eligible final recipients supported by the Financial Instrument divided by the amount of EU Contribution to that Financial Instrument." The Delegation Agreement clarifies the interpretation of this definition, see Article 1.

by authorities, but private sector companies may apply the same principles in their procurement.

## **6. Considerations per project category**

The sections above apply irrespective of the project category. The following sub-sections provide additional considerations that apply specifically for the project category concerned.

### ***6.1 Projects using Payments for Ecosystem Services (PES)***

*[to be completed if/when appropriate]*

### ***6.2 Green Infrastructure***

*[to be completed if/when appropriate]*

### ***6.3 Projects demanding/generating Biodiversity offsets***

*[to be completed if/when appropriate]*

### ***6.4 Innovative pro-biodiversity and adaptation businesses***

*[to be completed if/when appropriate]*

## **7 Methodologies to be used for the relevant and applicable indicators for monitoring**

### ***7.1 Indicators***

Annex 3 reproduces the list of specific indicators of Section 3 of Annex 6a of the Delegation Agreement. Since the conclusion of the Delegation Agreement, further work has been done on the indicators and their methodologies to be used for traditional LIFE projects and LIFE integrated projects. As soon as they are finalised, the Commission will submit these indicators and methodologies to the EIB in view of alignment of the indicators and methodologies to be used for the NCFE.

All indicators should be used for monitoring and reporting until the conclusion of the project, i.e. the last repayment or, if the NCFE operation cannot be repaid, until the date that was originally foreseen for the last repayment.

### ***7.2 Monitoring and reporting in view of the mid-term and ex post evaluations***

Article 17 of the Delegation Agreement provides for a mid-term and ex post evaluation for assessing the NCFE's "*relevance and effectiveness with respect to helping to achieve the LIFE policy objectives, its efficiency, its utility in addressing market deficiencies and sub-optimal investment situations, and the overall coherence of the NCFE itself, as well as providing recommendation for improvements*". Final Recipients and Financial Intermediaries will be required to cooperate and provide information to the extent reasonable.

For efficiency reasons, the information requested for the ex-ante assessment of a potential operation should be as much as possible aligned to the information requested for the mid-term and final evaluation. In addition, such information request should be consistent with the information necessary to provide the indicators (see previous section). Moreover, for any evaluation it is important to clearly define the starting situation, and this is best defined before the start of the operation.

## **Annex 1: Concrete conservation Actions**

The following actions may, under certain conditions, be considered as concrete conservation actions.

- Preparatory actions (e.g. planning and preparation of the concrete conservation actions) and land purchase / lease / compensation payments count towards this 25% insofar as they are directly necessary for the execution of concrete actions during the project's lifetime. Any investments necessary to facilitate new management actions are also considered as an element of concrete conservation actions.
- Monitoring of reintroduced species will only be considered as concrete conservation if the monitoring can re-direct the course of the reintroduction action.
- Legal protection will only be considered as concrete conservation if it is fully achieved within the project duration.
- Actions that aim to influence the behaviour of key stakeholders (e.g. farmers, hunters, fishermen, visitors) so as to indirectly benefit the site/species/habitats targeted, may only be considered as concrete conservation actions if all of the following conditions are met:
  - a) the inappropriate behaviour of the stakeholders in question is an important threat to the site/species/habitat targeted;
  - b) the action has as its main objective changing the behaviour of specified stakeholder groups in a specified way that will clearly benefit the habitat/species in a specified way;
  - c) the behaviour in question is foreseen to change during the project duration;
  - d) this action is sufficiently quantified (no. of persons reached by the action, % whose behaviour will be favourably changed during the project, estimation of possible favourable impact on the species/habitat targeted, ...);
  - e) this change is explicitly monitored by the project to check the results.
- Visitor management actions (e.g. fences, trails) will only be considered as concrete conservation actions if the proposal can show that the visitors already directly have a negative impact on the conservation status of the habitats/species targeted.
- Project actions for concrete conservation must be clearly identifiable as such (i.e. they must be 100% concrete conservation and not a mix of concrete conservation with other activities).



## Minutes – Steering Committee Meeting –NCFF – 26 January 2016

The meeting was held in Brussels, 33 avenue Beaulieu at 9:30.

### **1. Welcome and Agenda**

#### 1.1. Opening/welcome speech by the Chairman of the Steering Committee

The chair, [...], called the meeting to order and welcomed the committee members, their delegates and the other attendees from the stakeholders; the European Commission and the European Investment Bank.

#### 1.2. Introduction of the Members of the Steering Committee, attendance list and the declaration of any conflicts of interest

The following steering committee members and/or their delegates were introduced by the Chair.

[...], DG ENV, Chair

[...], DG Clima

[...], DG ECFIN

[...], EIB

[...], EIB

The Chair noted that the member for DG COMP [...] was unable to attend.

In addition, [...] introduced other attendees from the EU Commission:

[...] DG ENV

[...] DG ENV

[...] DG ENV

[...] DG CLIMA

From the European Investment Bank, [...], introduced:

[...] EIB

[...], EIB

[...], EIB

[...] confirmed the attendance list and asked for any members, delegates and attendees to declare any conflict of interest they may have in respect of the agenda.

No conflicts of interest were reported.

#### 1.3. Approval of the Agenda

The agenda was approved unanimously by the Steering Committee members and their delegates.

#### 1.4. Approval and adoption of the NCFE Steering Committee Rules of Procedure

The NCFE Steering Committee Rules of Procedure, based on Schedule 1 of FAFA, was unanimously approved with the following amendments and comments.

Article 5 (3) was amended by inserting twice the phrase “or their representatives” to read:

*“The quorum required for the Steering Committee’s deliberation about proposed measures, within the meaning of Article 2(3)(a), to be valid is that allowing for presence of at least two members or their representatives appointed by the European Commission and two members or their representatives appointed by the European Investment Bank.”*

The full text of the approved Rules and Procedures can be found in Annex 1 to these minutes.

[...] asked members to take note of the provision under Article 3.

[...] asked the members and their delegates to take note, in the context of Article 13 (Transparency), that there may be cases in future where the rules of the Commission and the rules of the EIB diverged.

[...] noted that [...] will act as secretary for this Steering Committee meeting.

## **2. Review of activities in 2015 (as per 6.2 (a) of the FAFA) and outlook for 2016**

[...] presented the slides, covering points 2.1-2.4 of the agenda [...]

Questions, answers and clarifications related to this presentation were as follows.

### Support Facility (“SF”)

[...] asked with respect to slide 7 on the SF, what was meant by the management of the SF.

[...] explained that this was in fact related to the implementation rather than the day to day management carried out by EIB.

[...] clarified further that the conclusion of a framework agreement for the SF does not in and of itself include the work schedules required for individual projects.

[...] asked if EIB could present an expected split between project preparation and monitoring with respect to the use of the SF funding. She further noted that her expectation would be that the majority would be spent on preparation as opposed to monitoring.

[...] noted that it was unlikely to be that straightforward to predict and also that the split was probably more balanced between said categories. For example, for intermediated projects, preparation for underlying final beneficiaries' projects would continue throughout the life of the loan or the fund.

[...] added that project preparation continues even after the bank's approval of a project until the project is implemented.

[...] asked if EIB could clarify what was meant by approval in this context. She noted that for LIFE grant proposals, approval happens once a project is fully prepared and ready to go.

[...] clarified that at the EIB the process is more iterative and back ended. Approval is given on the condition that the project reaches certain criteria. Approval is followed by legal contract negotiation and implementation. Therefore the equivalent of project preparation use of fund continues post the EIB internal approval process, throughout project implementation.

#### Activities in 2015

[...] commented that the sourcing of projects had been much more difficult than anticipated. It was disappointing that out of 60 projects in the market study only two were identified as eligible.

[...] concurred that sourcing is difficult in this space so the outcome is not wholly unexpected.

[...] noted that for a similar initiative, notably the Nature Conservancy, their average attrition rate is 99%; i.e. only 1 in 100 projects reviewed lead to a signature.

[...] pointed out that there should be a positive focus on the lessons learned from this experience: what worked, what didn't work. She emphasised that this was of particular importance in the context of the mid-term review of NCFF.

[...] endorsed this approach of analysing the lessons learned and using this to improve the process going forward.

[...] asked what, with the benefit of hindsight, could have been done differently in terms of the market study.

[...] acknowledged that it is difficult to improve on terms of reference for a market that is new or barely exists. However, more emphasis should in future be put on focusing on project enablers such as commercial counterparts and the regulatory framework. Further focus should be on identifying the necessary regulatory frameworks that enable monetisation of ecosystem services. Assumptions made during the study were subject to regulation being put in place, and some of these assumptions may not stand the test of time.

[...] pointed out that this is a nascent market and that this in itself was the reason for creating NCFF.

[...] offered to share ideas on translating the complex nature of instruments such as NCFF to a broader, non-banking audience. [...] gave the example of a successful film prepared with respect to eco-innovation. [...] pointed out that we need proactiveness when approaching a new market. .

[...] welcomed this.

#### Presentation of the first projects

[...] noted his positive view on the two projects to be signed early 2016. Specifically the climate resilience and replicability in southern Europe for the [...] was highlighted. For [...], the importance of rural job creation was an important feature, even if the scale of jobs created will be limited.

[...] and [...] wondered if it would be useful for them to reach out to the Spanish authorities to find out some background as to the project that was withdrawn, [...], and to explore the appetite for NCFF projects in Spain.

All present were in favour of this.

[...] raised the question as to how NCFF would be complementary to any financial instrument in the forestry sector.

[...] acknowledged that at present the operational part of the EIB was not fully briefed on the proposed instrument with DG AGRI.

[...] added that DG AGRI had, just prior to this meeting, expressed their desire to discuss with the EIB how to develop the proposed instrument. The

complementarities with NCFF and/or other instruments will therefore be identified shortly.

[...] mentioned that during the conception of NCFF, there had been discussions with DG AGRI. They were concerned that there would be overlaps with their own financial instrument, but eventually agreed that there could also be complementarity. For example the NCFF could demonstrate agriculture or forest-related ecosystem-based projects that could then be replicated on a bigger scale under AGRI instruments.

[...] asked whether the business model for [...] relied on certification.

[...] responded that it is from harvesting of forests as part of responsible forestry management, including a Continuous Coverage Forestry approach, and obtaining certification to the extent possible.

[...] and [...] stressed the importance of highlighting the first two projects with relevant publicity including Commissioners and their equivalents at the EIB.

[...] took note of this and promised to revert with EIB thoughts and ideas on publicity surrounding the first projects shortly.

#### Outlook 2016

[...] asked if there could be any dates added to the pipeline presented.

[...] responded that the pipeline is for the 2016 budget so are likely for this year but that exact timing for all but the most advanced projects discussed above were difficult.

[...] indicated that the [...] and the [...] were likely to be submitted for eligibility checks in the first half of the year, while the Polish Bank and the Peatland restoration in [...] are likely to be slightly later as they are less developed.

[...] noted that there are other projects that may come in during the year but are not advanced enough at this date to include in the pipeline presented, which is part of the budgeting process for the First Loss Piece under the Delegation Agreement.

[...] suggested that in future the pipeline should include a short project description. Further he noted that the Polish project with its focus on Natura 2000 sites is of particular interest. [...] further noted that it would be important to look at the biodiversity and/or natural process aspect to [...].

[...] noted that biodiversity offsets are more difficult and that special attention should be paid on the naming, communication and additionality (above legal requirements) of such projects. As such the [...] one appears more promising. [...] agreed and mentioned that the [...] project has more to it than offsets including carbon trading, payment for ecosystem services, peatland restoration and other aspects to be defined. EIB will therefore look at renaming this to more appropriately reflect the full project scope.

[...] noted that the net benefits for biodiversity are easier to establish for voluntary offsetting projects compared to offsets in the context of mandatory requirements. [...] also asked about the biodiversity benefits and eligibility of the potential project on nitrate trading.

[...] mentioned that EIB efforts in 2016 will be more targeted on project enablers and bilateral discussions. This will include looking at fisheries and marine projects, urban green infrastructure and mobilising specific private investors such as foundations.

### **3. Mid-term evaluation of the LIFE programme, including the NCCF**

This was discussed under 2 above under Activities in 2015.

### **4. Other strategic and policy issues relating to the Financial Instrument, if any;**

[...] mentioned that there are several key reviews coming up this year including the fitness checks of the nature directives and growing pressure on climate adaptation in the implementation phase following COP21. Though the NCCF is clearly not of the scale to address the difficulties under the nature directives, it does mean that the political pressure on delivery will remain high in the near future. It is crucial that NCCF delivers the first operations of good quality soon and meets its overall objectives.

[...] acknowledged this and mentioned that EIB will try to focus on the positive angles of what has been learned and achieved in setting up NCCF.

### **5. Guidance on questions of interpretation or on contentious issues, if any;**

None

## **6. Amendments to the Delegation Agreement, if any;**

None

## **7. Examination of situations of reputational risk, if any;**

Successful implementation of NCFF and the first two projects in particular was highlighted as a key mitigant here.

## **8. Any other business**

[...] recommended and [...] concurred that going forward Steering Committee meetings be held semi-annually. The next meeting will be scheduled for June or July, pending confirmation on the availability of members and/or their delegates.

[...] called the meeting to a close at 11:35.

### Summary of agreed action points

No.	Item/Action	Person(s) Responsible	Timing of action
A1	Update Steering Committee Rules to include agreed amendment.	[...]	Included in these minutes.
A2	Sharing a good communication example (film) on how to explain a complex topic in a more accessible way.	[...]	Feb 2016
A3	Reach out to the relevant Spanish Authorities to understand better the reason for the withdrawal of the Orbigo project and the potential for NCFF projects in Spain.	[...]	Feb 2016
A4	Identify and communicate complementarities and potential overlaps between NCFF and the new proposed DG AGRI instrument.	[...]	Feb 2016
A5	Provide ideas on useful publicity surrounding the upcoming signatures of the first two	[...]	Feb 2016

	projects signatures.		
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## Annex 1 - Rules of Procedures of the Steering Committee - NCFF



Rules of Procedure  
of the Steering Comm

[...]





EUROPEAN COMMISSION  
DIRECTORATE-GENERAL  
CLIMATE ACTION

The Director-General

Bruxelles,  
SRD.2/FC/mh Ares(2014)

**NOTE TO THE ATTENTION OF MR KARL FALKENBERG  
DIRECTOR GENERAL DG ENV**

**Subject: Cross sub-delegation agreement with DG ENV – update for NCFF  
2014**

Following the adoption of the Commission Decision C(2014)6063 of 29.8.2014 amending the financing of the implementation of the LIFE Programme 2014 the responsible services have updated the cross subdelegation form in order to include the Natural Capital Financial Facility (NCFF) budget article 34 02 02 under one EIB delegation agreement / budgetary commitment expected to be signed second half 2014. The amount concerned by this year's budget is 5 mil. euro.

I would be grateful if you could sign it and return it to the attention of Mr François Casana, HoU, SRD.2, BU-9 00/006.

Jos Delbeke

Enc. Cross sub-delegation form

Copy: R. Van Horenbeek (CLIMA), Y. Jongmans, M. Honzova (SRD); A-L. Friedrichsen (ENV); *budg mpm team*

## ANNEX

### **SUBDELEGATION** **TO OTHER DIRECTORS-GENERAL AND HEADS OF SERVICE** *(Article 12 of the Internal Rules)*

Pursuant to Article 65 of the Financial Regulation, Article 47 of the Commission Delegated Regulation on the rules of application of the Financial Regulation, the Internal Rules on the implementation of the budget and, in particular, Article 7 thereof,

I, the undersigned (authorising officer by delegation) **Jos DELBEKE, Director General, DG Climate Action**

subdelegate powers to **Karl FALKENBERG, Director General, DG Environment**  
(authorising officer by delegation to whom powers have been subdelegated)

to draw up – for the purposes of budget implementation carried out on the basis of both paper documents, signed manually, and the computerised management system, signed electronically:

overall budgetary commitments of appropriations  
individual budgetary commitments of appropriations  
provisional budgetary commitments of appropriations  
decisions on the award of grants, prizes and public contracts  
legal commitments (as well as the preliminaries<sup>1</sup>)  
payment orders  
estimates of amounts receivable  
recovery orders  
waivers of recovery of amounts receivable  
cancellations of amounts receivable

to be booked to the budget line (articles or items) listed on the attached page and in accordance with the following conditions (Article 12 of the Internal Rules)<sup>2</sup>

The authorising officer by delegation to whom powers have been subdelegated shall provide the authorising officer by delegation with yearly reports on the state of implementation of the subdelegated credits by the 31<sup>st</sup> of January in order to prepare the Annual Activity Report and the corresponding declaration. This report will contain at minimum the following elements:

- Description of the fixed objectives and obtained results;
- Description of the use of allocated resources, actual (de)commitments and disbursements;
- Any problems encountered and the measures taken to redress the situation.

<sup>1</sup> For example: content of the notice of invitation to tender, letter of invitation to tender.

<sup>2</sup> If there is not enough space on the form, an annex must be attached giving all the details needed.

The authorising officer by subdelegation shall report 1 time per year to the authorising officer by delegation on the implementation of programmes, operations or actions in respect of which powers have been subdelegated to him.

The authorising officer by subdelegation shall inform the authorising officer by delegation in writing of the management problems encountered and the solutions proposed to remedy them.

Budget line (article/ item)	Heading <sup>(3)</sup>	Maximum amount in euros <sup>(4)</sup>	Period <sup>(5)</sup>
34 02 51 00	Completion of former climate action Programmes	Appropriation authorised	unlimited
34 02 02	Increasing the resilience of the Union to climate change		

**Having regard to Article 11a of the Staff Regulations of Officials of the European Union,  
Having regard to Article 11 of the Conditions of Employment of Other Servants of the  
European Union,**

**I, the undersigned, Karl FALKENBERG (authorising officer by delegation to whom  
powers have been subdelegated) hereby declare on my honour that I will declare any  
personal interests that might compromise my independence from and objectivity  
towards any other person (Article 11a of the Staff Regulations).**

**Any false declaration may give rise to disciplinary measures.**

This subdelegation repeals the following prior subdelegation: *Ares(2014)80459 -15/1/2014  
done on 1/1/2014.*

Done at Brussels.....

**Karl FALKENBERG**  
(signature of the authorising officer by  
delegation to whom powers have been  
subdelegated, for acceptance)

**Jos DELBEKE**  
(signature of the authorising officer by  
delegation)

<sup>3</sup> State the exact heading given in the budget for the current year.

<sup>4</sup> If the subdelegation is not accompanied by a limit on the amount, state "appropriation authorised".

<sup>5</sup> To be completed if there is a time restriction on the subdelegation; otherwise state "unlimited".