What makes an urban project eligible for NCFF financing?

The Natural Capital Financing Facility (NCFF) 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[i]. For the financial criteria and for guidance on how to structure a loan please refer to the NCFF website and in particular the city section. The criteria have been developed combining qualitative principles with quantitative indicators and targets[ii].

Overarching objectives of the investment

In order to be eligible under the NCFF 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 NCFF 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 NCFF. 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-naturalization and restauration 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 NCFF. The following targets and conditions shall be achieved to meet NCFF-eligibility:

Target: Green/blue cover Quantity - The percentage of the project area covered by 'green/blue elements'[iii] 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.

Condition: Green/blue Quality – The quantitative targets of 'green/blue' cover should be supported by the quality inherent to the green/blue space structure. To ensure quality, diversification and the potential of addressing multiple- goals and delivering multiple ecological functions, a minimum of eight (8) alternative 'green/blue' measures and nature-based solutions should be implemented to achieve the above targets.

A non-exhaustive list of examples of alternative measures can be found in Annex 1. The type of ecological functions and ecosystem services that need to be restored protected and/or enhanced or the climate adaptation goals should guide the selection of measures.

Overview of eligible urban NCFF projects

	Promote biodiversity (Habitat, connectivity)	Build climate resilience	Green/blue cover > 60%	Green/blue cover > 25%	8 Alternative Green/blue measures	Eligible project
Project **Type A**	✓	✓				Yes
	✓					Yes
		✓				Yes
Project **Type B** - new built	✓	✓	✓		✓	Yes
	✓		✓		✓	Yes
		✓	✓		✓	Yes
Project **Type B** - up-grade	✓	✓		✓	✓	Yes
	✓			✓	✓	Yes
		✓		✓	✓	Yes

Measures integrating green blue/infrastructure and in particular nature-based solutions are place-based approaches, which need to be tailored to the specific needs and challenges of the context they are planned and implemented in. In view of this, there is flexibility with regards to the above eligibility criteria when justified through the specific needs and challenges of the local context.

A collection of case studies of urban green and blue infrastructure can be found on the Oppla.eu website.

[i] The eligibility criteria amend the financial eligibility criteria and conditions (project can pay back a loan; NCFF finances max. of 75% of total project costs; NCFF contribution between EUR 1-15 million)

[ii] The quantitative criteria are based on a review and scoping of regulating indices and planning tools, generally known as 'eco-spatial indices', established by metropolises and small cities pursuing an active environmental and climate agenda such as the Biotope Area Factor –Berlin, Green Space Factor – Malmö, Green Factor Seattle or the Green Factor - Helsinki.

[iii] If properly justified, also the vertical green surface covered by green walls could be included.

Annex 1: Non-exhaustive list of green/blue measures and NBSs

The list of example green/blue measures and nature based-solutions could be improved as innovative green/blue measures become available, or to include location-specific nature-based solutions.

Preserved vegetation and soil:

- Preserved large and small tree in good condition
- Preserved large shrub in good condition
- Preserved natural meadow or natural ground vegetation
- Preserved natural bare rock area

Planted/new vegetation:

- Large tree species, fully grown, approximate height > 10 m
- Medium/small tree species. Large tree species, fully grown, approximate height ≤ 10 m
- Fruit trees suitable for cultivation
- Shading large tree on the south or southwest side of the building (especially deciduous trees)
- Selected species with large canopies to capture rainwater
- Tree to stabilise slopes and soils vulnerable to erosion
- Large and small shrubs
- Herbaceous perennials
- A diverse mixture of tree and shrubs, using native species
- Selection of native herbaceous species
- Select vegetation to provide food for wildlife (e.g. nectar rich plants or caterpillar food plants)
- Meadow or dry meadow
- Cultivation plots
- Lawn
- Green roofs
- Green wall

Pavements:

- Semipermeable pavements (e.g. grass and stones)
- Permeable surfaces with maximum planting

Stormwater solutions:

- Rain garden (biofiltration area, no permanent pool of water) with a broad range of layered vegetation
- Stormwater planter
- Infiltration swale covered with vegetation or aggregates (no permanent pool of water, permeable soil)
- Retention swale covered with vegetation and aggregates (no permanent water surface, permeable soil)
- Wetland or water meadow with natural vegetation (permanent water surface at least part of the year; at other times the ground remains moist)
- Capturing stormwater from impermeable surfaces for use in irrigation or directing it in a controlled manner to permeable vegetated areas
- Directing stormwater from impermeable surfaces to constructed water features, such as ponds and streams, with flowing water
- Create or enhance green infrastructure upstream to store flood waters

Other elements:

- De-culvert water courses
- Re-create natural floodplain vegetation
- Butterfly meadows and boxes
- Boxes for urban farming/cultivation
- Bird feeders and housing
- Compost household and garden waste for use on site
- Involve the local community in the design, construction and management of the site (biodiversity awareness)