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UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
[Philippines]

Project Title: Accelerating Green and Climate Finance in the Philippines: Nature-Based Solutions (Climate Finance PH for NBS)

Project Number: 130666
Implementing Partner: United Nations Development Programme - Philippines
Start Date: October 2023
End Date: March 2027
PAC Meeting date: 23 November 2022

Brief Description

The Project aims to increase private sector investments into gender responsive nature-based solutions for climate resilient technologies, innovations, practices and approaches. This, in support of a just transition to resilient and low emission development that sustains nature and ecosystems and protects the rights of all who are affected and at risk. This Project will contribute to the realization of the economic prize offered by investments in nature-based solutions in the Philippines. This Project will demonstrate how these additional investments can generate solid financial returns and contribute to the achievement of other SDG goals such as gender equality, expanding access to clean water, job creation, increase in incomes of local communities, increased food production, sustainable consumption and production, enhanced natural resilience, and many more.

There are four main components to achieve the above objective:

Component 1: Gender-sensitive platforms for data-driven policymaking and regulatory strengthening for climate finance. This will support the strengthening of a policy framework for establishing a robust innovative climate finance ecosystem in the Philippines, process data and evidence from sustainability reporting and impact measurement systems, access non-traditional data sets to guide prioritization and unlocking investments in gender-responsive nature-based solutions, and ultimately propose relevant policy measures. This will be done through targeted analysis and the creation of an integrated data platform.

Component 2: Design and Implementation of Innovative Green and Climate Finance Solutions. The Project will establish a regional program of The Global Innovation Lab for Climate Finance [The Lab] in the country to curate and de risk the most promising innovative climate finance solutions and facilitate access to capital. Over time, it is expected to create a pipeline of investible projects that can be taken up commercially, under Component 3. Component 2 will also increase the green and climate portfolio financed under the public private partnership facility and facilitate investments into nature-based solutions. This component also links to component 1 in that it draws from lessons-learnt in that part of the project to ensure appropriate and relevant solutions are generated.

Component 3: Capacity building of banks and non-bank financial institutions to increase finance flows to gender sensitive, green and climate solutions. This Component will enable banks and non-bank financial institutions to design and incorporate green and climate related policies in their lending operations; and manage financial risks due to exposures to climate change and natural hazards. It will also draw from information generated in both components 1 and 2.

Component 4: Independent monitoring system on gender and SDG impacts of green and climate investments. The Project will support the Securities and Exchange Commission to improve the measurement and reporting guidelines to assess application of ESG reporting to non-publicly listed companies, ensure investors have access to impacts generated by investments, with the aim to attract

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more gender responsive capital in green and climate projects in the Philippines. It will draw on and provide critical data element generated from component 1 and in turn provide data to inform policies.
The combination of all the four interventions is expected to support green recovery, contribute to accelerate the achievement of the country's targets under the Nationally Determined Contributions, Philippines Biodiversity Strategy and Action Plan, and related policies and programmes thereby enhancing resilience and environmental security for Filipino women and vulnerable communities in the Philippines.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

B.1. UN PFSD and UNDP CDP Outcome Alignment:
Urbanization, economic growth, and climate change actions are converging for a resilient, equitable and sustainable development path for communities
Indicative Output(s) with gender marker[1]:

B.2. CPD Output Indicator Alignment:
2.1.2 Number of farmers implementing climate change adaptation and mitigation strategies in UNDP-assisted communities.
2.2.1 Extent to which low emission and climate-resilient development targets are reflected in: a) National plans, strategies and budgets; b) Local development plans, strategies and budgets; c) Private sector business plans and strategies
2.2.2 Number of public and private entities making investments in low emission solutions and schemes through UNDP support
2.3.1 Area of UNDP-assisted protected areas with high biodiversity effectively managed
2.3.3 Value of financing generated for conservation and sustainable use of biodiversity and ecosystems

B.3 SP Indicator Alignment
4.1 Natural resources protected and managed to enhance sustainable productivity and livelihoods
4.1.1 Number of people directly benefitting from initiatives to protect nature and promote sustainable use of resources: (Female, Male)
4.1.2 Natural resources that are managed under a sustainable use, conservation, access, and benefit-sharing regime: Area of terrestrial and marine protected areas created or under improved management practices (hectares)

- Number of shared water ecosystems (fresh or marine) under new or improved cooperative management
- Coverage and scale of ecosystems with enhanced resilience to climate change (hectares and kilometres)
- Area of forest and forest land restored (hectares)
- Areas of landscapes under improved practices, excluding protected areas (hectares)

4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions
4.2.1 Number of people (sex disaggregated) directly benefitting from mechanisms for biodiversity, water, oceans, and climate solutions funded by public and/or private sector resources
4.2.2 Number of people with enhanced resilience of health, food, and water security, and/or livelihoods due to public and/or private resources

Gender Marker: GEN 2

[1] The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principal objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

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Total resources required:		**USD 3,308,823** (Canadian $ 4,500,00) 1 Canadian $ = 0.735 USD
Total resources allocated:		
	UNDP TRAC:	
	Donor (Canada):	**3,308,823**
	Government:	
	In-Kind:	
Unfunded:		

United Nations Development Programme (UNDP)
DocuSigned by: 1E1E9D28CA3E42B... Edwine Carrie Officer in Charge
Date: 21-Aug-2023
Department of Finance (DoF)
Benjamin Diokno Secretary
Date:

Agreed by (signatures):

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List of Acronyms

AAL	average annualized long-term loss
ADB	Asian Development Bank
ADFIAP	Association of Development Financing Institutions in Asia and the Pacific.
API	Application Programme Interfaces
BAP	Banker's Association of the Philippines
BDFEs	Biodiversity-friendly Enterprises
BDO	Banco de Oro
BIOFIN	Biodiversity Finance Initiative
BMB	Biodiversity Management Bureau
BPI	Bank of the Philippine Islands
BSP	Bangko Sentral ng Pilipinas
CAP	Climate Action Programme
CBO	Community Based Organizations
CCAM-DRR	Climate Change Adaptation and Mitigation – Disaster Risk Reduction
CCC	Climate Change Commission
CCET	Climate Change Expenditure Tagging
CIP	Climate Investment Platform
CPD	Country Programme Document
CPI	Climate Policy Initiative
CLIMA	Climate Incentives for Manufacturing
DBM	Department of Budget and Management
DBP	Development Bank of the Philippines
DENR	Department of Environment and Natural Resource
DFIs	development finance institutions
DILG	Department of Interior and Local Government
DOF	Department of Finance
DOST	Department of Science and Technology
DPWH	Department of Public Works and Highways
DTI	Department of Trade and Industry
ENR	Environment and Natural Resources
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance
ESMF	Environment and Social Management Framework
ESMPs	Environmental and Social Management Plans
ESRMS	Environmental and Social Risk Management Systems
FCDO	Foreign Commonwealth, and Development Office
GAD	Gender and Development
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHGs	Greenhouse Gases
GMC	Global Marine Commodities
GRI	Global Reporting Initiative
HACT	Harmonized Approach to Cash Transfer
IFC	International Finance Corporation
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
INDC/s	Intended Nationally Determined Contributions
ITSF	Interagency Technical Working Group for Sustainable Finance
IUCN	International Union for Conservation of Nature
JMC	Joint Memorandum Circulars
KPIs	Key Performance Indicators
LGU	Local Government Unit
MC	Memorandum Circular
MOA	Memorandum of Agreement
MPA	Marine Protected Area
MSMEs	Micro, Small, and Medium Scale Enterprises

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NFBFIs	non-bank financial institutions
NBS	Nature-Based Solutions
NCCAP	National Climate Change Action Plan
NDC/s	Nationally Determined Contributions
NEDA	National Economic and Development Authority
NFSCC	National Framework Strategy on Climate Change
NGAs	National Government Agencies
NGOs	Non-Government Organizations
NICCDIES	National Integrated Climate Change Database and Information Exchange System
NPTE	National Panel of Technical Experts
OAI	Office of Audit and Investigations
PAs	Protected Areas
PBSAP	Philippine Biodiversity Strategy and Action Plan
PCW	Philippine Commission on Women
PES	Payment for Ecosystem Services
PLCs	publicly listed companies
PMU	Project Management Unit
PPPC	Public Private Partnership Center
PSE	Philippine Stock Exchange
PSF	People Survival Fund
RCBC	Rizal Commercial Banking Corporation
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
SEA	Sexual Exploitation and Abuse
SEC	Securities and Exchange Commission
SESP	Social and Environmental Screening Procedure
SFF	Sustainable Finance Framework
SMARTSEAS	Strengthening the Marine Protected Area System to Conserve Marine Key Biodiversity Areas (UNDP-GEF)
SPE	Special Purpose Entity
SSE	Sustainable Stock Exchanges
TAG	Technical Advisory Group
TCFD	Task Force on Climate-related Financial Disclosures
SSC/TrC	South-South and Triangular Cooperation
TNFD	Task Force on Nature Related Financial Disclosures
TOC	Theory of Change
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNDP CO	United Nations Development Programme Country Office
UNFCCC	United Nations Framework Convention on Climate Change
UNISDR	United Nations International Strategy for Disaster Reduction
UNSMS	United Nations Security Management System
UN PFSD	United Nations Philippines Partnership Framework for Sustainable Development
WEF	World Economic Forum
WMSME	Women-led Micro, Small, and Medium Scale Enterprises
WWF	World Wildlife Fund for Nature

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DEVELOPMENT CHALLENGE

Climate Risk and Environment and Natural Resource (ENR) Profile of the Philippines

The Philippines is highly vulnerable to the impacts of climate change, including the rise in sea levels, increased frequency of extreme weather events, rising temperatures and extreme rainfall[2] This is due to its high exposure to natural hazards (cyclones, landslides, floods, droughts), dependence on climate-sensitive natural resources, and vast coastlines where all major cities and most of the population reside. As an archipelagic country of 7,107 islands, the country lies in the world's most cyclone-prone region, averaging 19–20 cyclones each year, of which 7–9 make landfall. This ranks among the highest incidence of cyclone activity in the world, with both frequency and severity expected to increase due to climate change. Sea levels in the Philippines are rising faster than the global average, increasing the hazard posed by storm surges and threatening permanent inundation of low-lying areas. The rapid degradation of the country's natural resources further contributes to these vulnerabilities. Climate change, along with other factors, further diminishes the protection value of these ecosystems, such as shoreline protection, flood control, soil stability and habitats for biodiversity.

The Global Climate Risk Index of 2021 has described the Philippines, together with Haiti and Pakistan, as recurrently affected by catastrophes. These countries continuously rank as among the most affected countries both in the long-term index and in the index for the respective year. Philippines ranks 4th in the list of 10 countries most affected from 2000 to 2019. The report provides that for the same period, the Philippines experienced 317 events - the highest incidence among the top ten countries most affected by climate events. These weather-related disasters have resulted in many fatalities and have had significantly negative impacts on the economy.[3]

Between 1995 and 2015, 130 million people in the Philippines were affected by weather-related disasters, making it the third most vulnerable country to the impact of climate change after China and Bangladesh[4]. Between 2005 and 2014, it is estimated that weather related natural disasters caused an average GDP loss of $1.6 billion per annum[5]. Typhoon Yolanda alone, which hit the Philippines in 2013, caused an additional 2.3 million people to fall back below the poverty line and exacted an estimated $12.9 billion in economic damages and losses. It also hampered economic growth by 0.9% in 2013 and 0.3% in 2014[6]. The UNISDR estimates that average annualized long-term loss (AAL) from multi hazards in the Philippines represents 69% of social expenditures and 14% of annual capital investments[7]. Unless drastic measures are implemented to reduce overall vulnerability, spending on social protection, public health, and public education, all critical to reaching the SDG goals, will soon begin to reach unaffordable levels.

Most at risk are women and children, including persons with disabilities, as well as poor households who mainly have very little ability to cope with external shocks. In particular, among the various socioeconomic groups reliant on coastal communities, small-scale fishermen and shellfish gatherers (women and children), are especially vulnerable to impacts of coastal flooding, coastal erosion, and saltwater intrusion. Many lack reserves of household resources and are wholly dependent on surrounding natural resources for their livelihoods, with few and inadequate safety nets and poor

[2] USAID Climate Change Risk Profile, 2017
[3] USAID Climate Change Risk Profile, 2017
[4] Center for Research on the Epidemiology of Disasters (CRED) and UN Office for Disaster Risk Reduction (UNISDR). The Human Cost of Weather-related Disasters: 1995-2015
[5] International Disaster Database, 2016
[6] The Government of the Philippines. 2013. *Reconstruction Assistance on Yolanda.*
[7] The AAL is the average expected loss annualized over a long-time frame. It represents the amount that countries would have to set aside each year to cover the cost of future disasters in the absence of insurance or other disaster risk financing mechanisms. UNISDR (2015). Making Development Sustainable: The Future of Disaster Risk Management. Global Assessment Report on Disaster Risk Reduction. Geneva, Switzerland: United Nations Office for Disaster Risk Reduction (UNISDR).

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access to health services. In farming communities, small-scale farmers are commonly a vulnerable group who bear the brunt of disaster impacts, particularly related to food security.

For women, climate change-induced flooding, drought, and changes in forest management over time increase their workloads in the collection of domestic fuel and water as these become more physically distant, requiring more time spent away from childcare, education, and participation in public life. In some contexts, the physical safety and health of women and children are compromised; in some instances, child labour increases as children are enlisted for family survival rather than being sent to school. There is increasing pressure on women and female-headed households to diversify income sources in the absence of land- or homeownership, but they are hampered by limited skills and coping strategies. The risk of family break-down increases as migration and loss of life takes their toll, exacerbated by limited mobility, poor access to markets and few alternative income generation opportunities. Finally, during emergencies women are also more likely to die due to gendered expectations around behaviour, namely that women's role is to take care of the household, despite the risk of injury or death. Women are usually home bound because of childcare responsibilities, and they are also relied upon to protect domestic assets. When disaster strikes, they are caught in the maelstrom and unable to run to safety in time. Those who escape run the risk of gender-based violence in evacuation sites[8]

This global phenomenon has not spared the Philippines where women, children, and especially persons with disabilities in poor households experience the same gender-based and social exclusion barriers. Local studies[9] cite observations that climate change impacts worsen existing gender inequalities because when disaster strikes, women find themselves working even harder on domestic responsibilities. This takes them away from work that could enhance their livelihoods through participation in the economy. In rural settings, social norms already limit women's participation in decision making. They also face considerable barriers when it comes to property ownership. As they are routinely excluded from decision making processes, it is impossible for them to design solutions that could improve their situation.

Existing social norms in Philippine rural areas reproductive roles compel women to carry the burden of child rearing and household chores, and when disasters strike they care for sick family members while also helping to make ends meet, despite dealing with the loss of household assets or having to walk further to collect water, fuel wood, food etc. It is not only climate change impacts that make people vulnerable.

COVID 19 has exacerbated losses to the economy caused by natural disasters. The country's informal sectors and those engaged in micro, small and medium scale enterprises (MSMEs) have been most impacted by the pandemic. COVID has heightened the problems on food insecurity, and worsened the poor access to education, technology, health and finance. MSMEs have expressed their urgent demand for a holistic support to include a range of actions from capacity enhancement and market development, through to financing[10].

The pandemic-initiated lockdowns severely disrupted demand and supply, adversely affecting women in the agriculture-based system. Across all local industries, women account for 37.9% of total employees, comprising 15.4% of employees in upstream food commodity chains segments, 9.8% of employees in processing food commodity chains segments and 74.8% of employees in downstream food commodity chains segments (services, retail, and wholesale)[11]. An estimated 2.25 million women work in agriculture, hunting and forestry, making these industries the second-largest

[8] https: FAO.org/Climate change 2018 and Role of Gender in Climate Change Smart Agriculture 2017
[9] www.oxfam.org.uk/philippines, DRR and CCA in the Philippines Promoting Women's Participation and Leadership 2019, www.wedo.org Peralta, A. Gender and Climate Finance: A Case Study from the Philippines, Nov. 2008 pp. 7-8 www.ccafs.cgiar.org Villavicencio F. Rosine M. Vidallo R, et.al; Info Note Equity, Empowerment and Gender Relations, October 2018 p. 2
[10] UNDP Philippines & Zero Extreme Poverty PH 2030, COVID PULSE PH: Urban Poverty in the Time of the Pandemic
[11] PSA 2018

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employer of women in the Philippines (PSA 2018). The lockdown produced an immediate contraction in the demand and supply of goods and services, distorting the local economy. Women in agribusiness face specific difficulties absorbing these types of economic shocks. Some examples shared by informants include[12]:

- An organization of women farmers were unable to sell any produce at the market or trade with neighbouring municipalities because of local government travel restrictions during lockdown.
- A retail store owner was unable to access store supplies and could not collect debts owed by debtors during lockdown, directly impacting her cash flow.
- Many food stall owners in Manila (predominantly women) have been forced to close stalls, while others are operating below capacity to remain open. This not only impacts on the incomes of employees but also on overall household incomes.

Women in food systems face difficulties absorbing economic shocks. With limited cash flow and capital reserves, few credit options, low levels of inventory and a reduced (or absent) client base, women face significant challenges in returning to business as usual[13].

Philippines' Policies and Programmes

The country has prioritized climate resilience as a cross cutting strategy in its Philippine Development Plan and has carried out several programmes to realize this. The country's commitment to the Paris Agreement calls for accelerating climate actions – with a primary focus on mitigation alongside the recognition of adaptation co benefits. The Philippines' Nationally Determined Contribution (NDC) was communicated to the United Nations Framework Convention on Climate Change (UNFCCC) on April 15, 2021[14]. The country's climate change mitigation targets have the objective of "*strengthening the resilience and adaptive capacity of the country, including through enhanced access to climate finance, technology development and transfer, and capacity building, especially on the implementation of the policies and measures on and the uptake of circular economy and sustainable consumption and production practices*." While not a significant contributor to global emissions, the country is on the receiving end of damages and losses from disasters brought about by both slow onset and extreme climate events, as well as the aggravating effects of geological induced disasters.

The Climate Change Act (Republic Act 9729) spells out the key government policy that aims to integrate disaster risk reduction measures into climate change adaptation plans, development and poverty reduction programs. It also provided for the creation of the Climate Change Commission (CCC) to be the sole policy making body of the government tasked to coordinate, monitor and evaluate programs and action plans of the government. In support of the Act, the CCC formulated the National Framework Strategy on Climate Change (NFSCC), and the National Climate Change Action Plan (NCCAP). Local government units were also tasked to formulate their own Local CCAP. The NFSCC serves as the program for climate change planning, research and development, extension and monitoring of activities to protect vulnerable communities from climate change impacts. The NCCAP on the other hand, outlined key priorities for adaptation in key sectors – food security, water sufficiency, ecological and environmental stability, human security, climate smart industries and services and sustainable energy. Other strategies include knowledge and capacity development, cross cutting actions, means of implementation and monitoring and evaluation. The NCCAP covers the period 2011 to 2028 and serves as the basis for agencies to mainstream climate change in their programs and budgets.

In support of the above programmes, the government established the People's Survival Fund (PSF)

[12] aciar.gov.au/publication/covid-19-and-food-systems covid-19-and-food-systems-philippines
[13] aciar.gov.au/publication/covid-19-and-food-systems covid-19-and-food-systems-philippines
[14] Republic of the Philippines Nationally Determined Contribution Communicated to the UNFCCC on 15 April 2021

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to support local government and communities in their adaptation efforts. To date, only six local government units (LGUs) have accessed the fund with a total amount of Php 310.30 Million. In addition, as part of the country's climate financing reform agenda, two Joint Memorandum Circulars (JMCs) for the implementation of the Climate Change Expenditure Tagging (CCET) were issued by the Department of Budget and Management (DBM), CCC and the Department of Interior and Local Government (DILG). The CCET initiative is the government's response to track, monitor, and report on climate change programs, activities and projects as well as accessing and administering the processes of domestic and international climate finance support[15].

Financing Requirements for Climate and NBS

While there has been a notable increase in government budget allocation since the adoption of the NCCAP, an estimate of the climate financing gap is still lacking. According to the CCC, the Philippines needs US $12-15 billion to meet its intended Nationally Determined Contributions (INDC) of reducing up to 70% of its greenhouse gas (GHG) emissions by 2030. From the government, the total national climate allocation for climate-tagged expenditures went up Php 183.946 billion in 2020, the climate budget amounted to Php 284.513 billion in 2022, with 83% allocated to adaptation actions. [16]

Comprehensive information on climate finance inflows to the Philippines is not available, the NEDA estimated that, in 2015, USD 3.94 billion (P 185.59 billion) in loans and grants had components that deal with climate change and contribute to disaster risk reduction A comparison of average annual investment requirements, amounting to USD 7.67 billion (1), against the annually available financing of approx. USD 3.95 billion (2) leads to an estimated annual financing gap of USD 3.72 billion for climate-related investments (mitigation and adaptation).[17]

Another important program that supports ecosystem resilience building is the Philippine Biodiversity Strategy and Action Plan (PBSAP, 2015 to 2028). The plan articulates the government's ambition to respond to the urgency of climate change through addressing underlying threats to, and the protection, enhancement, and restoration of, the country's biodiversity resources. PBSAP has identified five main pressures of biodiversity loss in the Philippines, including habitat loss, over-exploitation, introduction of invasive alien species, pollution, and climate change. Due to increased threats to biodiversity, made worse through COVID, additional financing resources have been deemed necessary.

Based on the estimated cost of implementation and public and private expenditure spending on biodiversity related initiatives, there is financing gap of USD 381.37 million per year to fully implement the PBSAP[18]. The urgency of full implementation of the PBSAP and other nature-based solutions to combat climate change is highlighted by their protection and resilience value to communities and properties against extreme weather events. In a study conducted for selected municipalities in the Philippines Eastern Seaboard that seeks to quantify the benefits of coastal resilience investments, findings reveal that conservation and/or restoration of ecological infrastructure is expected to reduce the annual coastal damages resulting from extreme weather events by up to 33% in 2050 and 19% in 2100 compared with a scenario where coastal ecosystems were lost, equating to a reduction in damages amounting to more than USD190 million per year by 2100[19].

Opportunities for Private Sector Investments in Climate and NBS

[15] https://niccdies.climate.gov.ph/climate-finance/people-survival-fund
[16] https://www.dbm.gov.ph/index.php/dbm-publications/budget-of-expenditures-and-sources-of-financing-besf
[17] WRI-UNEP-UNDP GCF Readiness Programme, Financial Sector Review: Activities on Climate Financing in the Philippines
[18] This computed amount is based on the Php19 billion financing gap in 2016. Foreign exchange rate used is 49.82 (September 2021 UN conversion rate).
[19] UNDP-DENR Philippines' Coastal Resilience Project Funding Proposal

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The impact of worsening climate change and increasing biodiversity loss on both public and private sector investments is clear, as is the need to increase and implement responsive interventions that will reach the most vulnerable sectors of society. An untapped potential thus far lies with the private sector and its ability to mobilize collective resources to support climate and nature-based investments, while at the same time, deliver on SDGs. There is a clear business case for private sector investment in climate and nature-based solutions – both from a financial and risk management perspective. Throughout the world, companies are recognizing the need to ensure their operations are resilient against disruptions brought about by the impacts of climate change and environmental degradation. There is increasing evidence of the significant business opportunity for low carbon mitigation projects, and adaptation measures. This project aims to benefit from the shift in investment, particularly as the country recovers from the devastating impacts of COVID 19. The recovery must incorporate green and climate considerations as failing to do so would result in unsustainable solutions and systems. Providing sufficient platforms, enabling conditions, and adequate support to mobilizing private capital towards green and climate actions is key to addressing the country's transformation and sustainable economic growth objectives.

Several studies and flagship reports have highlighted the high potential for private sector investments in support of NDC, low carbon transformation and green recovery.

- There is a USD 3 Trillion (2016-2030) green finance opportunity in the ASEAN region (before COVID 19) spanning four sectors: infrastructure, renewable energy, energy efficiency, and food, agriculture and land use[20].
- Increased population growth and the resulting demand for infrastructure creates significant opportunities for the generation of renewable energy, improved green buildings, and the building of sustainable cities. The IFC reported that the Philippines' climate-smart business investment potential is estimated at nearly USD 115 billion in the 2016- 2030 period. This includes investment of USD11 billion in renewable energy, while new green buildings, waste management, and green transport will see investment of USD57 billion, USD2 billion and USD41 billion, respectively[21].
- The Better Business Better World - Philippines Study has identified that by investing in the SDGs, USD 82 trillion in economic opportunity arises and would create about 4.4 million new jobs. These so-called 'hotspots' have climate investments as top priorities: smart, liveable cities, food and agriculture, and sustainable energy and materials or circular economy. On top of this economic potential, there are further dividends in terms of environmental and societal benefits.
- The climate smart business investment potential of the country's INDC) is estimated at nearly USD 115 Billion by 2030. This includes renewable energy (USD 11 Billion); new green buildings (USD 57 Billion); waste management (USD 2 Billion); and transport (USD 41 Billion).
- A more recent study by UNDP on the private sector investment in the agriculture sector estimated approximately USD 323 M in 2030 and USD 573 M in 2050 of investment potential to achieve the stated NDC mitigation targets.

Philippine Banking System

Finance provision to the real economy in the Philippines concentrates around loan financing, with a dominant role for the Philippines banking system. The Philippine banking system consists of banking financial institutions grouped in three classes: commercial and universal banks, thrift banks and rural and cooperative banks. The Bangko Sentral regulates the banking system.

Commercial lending constitutes a large part (94%) of total bank lending estimated at 11 Trillion Pesos (or 50% of GDP) in 2022. Of this amount, 19.4% is lent to real estate followed by wholesale/retail trade (11.3%), manufacturing 10.6%; electricity, gas, steam (9.9%); construction

[20] ADB Report titled "Green Infrastructure Investment Opportunities: Philippines 2020", published in 2021 (http://dx.doi.org/10.22617/TCS200335-2)

[21] WRI-UNEP-UNDP GCF Readiness Programme, Financial Sector Review: Activities on Climate Financing in the Philippines

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3.9%). The agricultural, water utilities, and mining sector have shares of 2.2%, 1.2% and 0.4% respectively. These sectors have strong dependencies and impacts on nature and would have strong potential for NBS and gender, but they constitute a minor share in commercial lending.

On the other hand, the rural and thrift banks, which has a share of only 2% of total loans, has larger proportion of loan exposures to agriculture and fisheries (13%) and to whole sale/retail (19%). Majority of clients are rural MSMEs. Using 2018 I-O Input-Output Tables (ADB 2022), we assume the proportion of total bank lending to the sector correlates to the share of inputs by the banking sector with the rest of the economy. We mapped input flows of the banking sector to agriculture to get a granular understanding of bank inter-dependencies with agriculture sub-sectors. Of total lending to agriculture (100%), palay consumes 26% of bank inputs, followed by ocean fishing (14%), aquaculture (10.7%) and corn (7%).

Equity markets

The equity market is the primary source of risk capital for corporations. Publicly Listed Companies (PLCs) sell securities to raise capital through the Philippines Stock Exchange, which regulates the buying and selling of securities. The Securities and Exchange Commission (SEC) or the Commission is the national government regulatory agency charged with supervision over the corporate sector, the capital market participants, and the securities and investment instruments market, and the protection of the investing public. The SEC's primary function is to oversee NBFIs, namely organizations and individuals in the securities markets, including securities exchanges, brokerage firms, dealers, investment advisors, and investment funds. Market intermediaries consists of rating agencies, assurance providers and ESG data providers.

Banks and NBFIs play a significant role in raising debt and equity capital for green and climate investments. We refer to investors in the equity market, i.e. financing companies, investment companies, securities dealers/brokers, venture capital and crowdfunding platforms as NBFIs.

We refer to the groupings below when discussing project interventions in the succeeding sections,

1.Bank FIs	Universal and Commercial Banks Thrift Banks Rural and Cooperative Banks
2. Non-bank FIs	Financing Companies Investment Companies (asset managers/owners, Insurance, Pension Funds) Securities Dealers/Brokers Venture Capital Corporations FINTECH/Digital Finance

Initiatives Supporting Climate and Green Investments

With the increasing recognition of potential business opportunities for climate and green investments, important initiatives have been developed and implemented by government. The Securities and Exchange Commission (SEC), the capital markets regulator in the Philippines, issued circulars intended to align the capital markets with sustainability.

SEC Code for Corporate Governance Standards for PLCs (MC 2016-19)

The Code of Corporate Governance for publicly listed companies is the first of a series of Principles-based Codes that is intended to cover all types of corporations in the Philippines under the supervision of the Securities and Exchange Commission (SEC). Under Principle 10, the company requires disclosure of material and reportable non-financial and sustainability issues. The company shall establish a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability and; to adopt a globally recognized

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standard/framework in reporting sustainability and non-financial issues (Recommendation 10.1). Disclosures can be made using standards/frameworks, such as the G4 Framework by the Global Reporting Initiative (GRI), the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) and/or the Sustainability Accounting Standards Board (SASB)'s Conceptual Framework. (Author's note: The TCFD was added to these in MC 2019-4). Under Principle 12, the company shall establish an enterprise risk management framework (ERMF) to capture ESG risks. The Code will adopt the "comply or explain" approach. This approach combines voluntary compliance with mandatory disclosure. Companies do not have to comply with the Code, but they must state in their annual corporate governance reports whether they comply with the Code provisions, identify any areas of non- compliance, and explain the reasons for non-compliance.

The preparation of a sustainable finance strategy for PLCs that are FIs are indirectly expected. The explanatory note in SEC 2016-9 Principle 10 states "*As external pressures including resource scarcity, globalization, and access to information continue to increase, the way corporations respond to sustainability challenges, in addition to financial challenges, determines their long-term viability and competitiveness. One way to respond to sustainability challenges is disclosure to all shareholders and other stakeholders of the company's strategic (long-term goals) and operational objectives (short-term goals), as well as the impact of a wide range of sustainability issues*." This is reinforced in 2019-4 requiring PLCs to adhere to any of four global protocols. Integrated Reporting and TCFD are reporting frameworks while GRI and SASB are both frameworks and standards.

SEC issuances on Green Bonds (MC 2018-12), Social Bonds (MC 2019-9) and Sustainability Bonds (MC 2019-8)

The SEC has led in the adoption of standards for Green, Social, and Sustainability Bonds – especially the ASEAN standards. The initiative started in early 2017 where ASEAN regulators under the ASEAN Capital Markets Forum (ACMF) recognized the importance of green finance in supporting sustainable growth in ASEAN. As such, the ACMF formed the then Green Finance Working Group (now called ACMF Sustainable Finance Working group) to spearhead the efforts to promote sustainable financing in the region – the working group is co-chaired by SEC Philippines and SEC Malaysia.

The linchpin of these efforts is the suite of Standards that has created a new asset class in ASEAN, comprising:

- ASEAN Green Bonds Standards – launched in November 2017
- ASEAN Social Bonds Standards – launched in October 2018
- ASEAN Sustainability Bonds Standards – launched in October 2018

The SEC subsequently adopted these standards locally through SEC MC No. 12, series of 2018; SEC MC No. 8, series of 2019; and SEC MC No. 9, series of 2019 – resulting in total issuance of USD 6.3 Billion ASEAN labeled GSS.

In the Philippines, green bonds issuance has grown over the years such that as of August 2020, Philippine entities had issued over USD 2.6 billion of green bonds, the majority of which were issued in 2019[22]. This was a record year for green bond issuance by Philippine entities, mostly in USD. Most of the proceeds were allocated to renewable energy projects. In total, 13 green bond issuances and 2 sustainability bond issuances were tracked by ADB and Climate Bonds Initiative as of August 2020. According to a recent report by IFC and Amundi titled "Emerging Market Green Bond Report 2020" published in 2021[23], Philippines ranked 11th among emerging markets globally by issuing US$ 919 million worth of green bonds in 2020. The Philippines was the third highest issuer of green

[22] ADB Report titled "Green Infrastructure Investment Opportunities: Philippines 2020", published in 2021 (http://dx.doi.org/10.22617/TCS20033)

[23] https://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications_listing_page/emerging-market-green-bonds-report-2020

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bonds in the ASEAN region behind Indonesia and Thailand. The Bank of the Philippine Islands (BPI), Rizal Commercial Banking Corporation (RCBC), China Bank and Banco de Oro (BDO) Unibank are the key commercial banks in the Philippines that have raised finance via issuance of green and sustainability bonds since 2016.

Issuance of Sustainability Reporting Guidelines for PLCs (SEC MC 2019-4). The SEC has also developed and issued Sustainability Reporting Guidelines for PLCs in 2019. These guidelines aim to help PLCs assess and manage their non-financial performance across economic, environmental, and social aspects of their business and operations; and to enable them to measure and monitor their contributions toward achieving national policies and programs as well as universal sustainability targets, such as the Sustainable Development Goals, as well as national policies such as Ambisyon 2040. The submission of Sustainability reports will become mandatory for PLCs in 2023. In May 2019, the PSE affirmed its commitment to sustainability by joining the UN's Sustainable Stock Exchanges (SSE) Initiative. One of the new initiatives **being studied** is the development of an Environmental, Social, and Governance (ESG) index on the exchange[24].

Introduction of "Sustainable Finance Framework" by Bangko Sentral ng Pilipinas (c1085) (BSP) in April 2020**.** Under this framework, the BSP expects all banks 'to embed sustainability principles, including those covering environmental and social risk areas, in their corporate governance framework, risk management systems, and strategic objectives consistent with their size, risk profile and complexity of operations.' The framework further provides the responsibilities and duties of the banks' board of directors and senior management with respect to the adoption of sustainability principles and set minimum expectations on the management of E&S risks. Moreover, the framework requires the disclosure of various sustainability-related information and developments in the banks' Annual Reports. This includes the banks' sustainability strategic objectives and risk appetite, E&S risk management system, their products, and services compliant with international environment, social and governance (ESG)/E&S standards (including green/sustainability bonds), information on the bank's E&S risk exposure and description of any initiatives to promote adherence to internationally accepted sustainability standards. The BSP recognizes climate change and other environmental and social risks may pose systemic risks to the stability of the country's financial system.

BSP 2021-1128 (Environmental and Social Risk Management Framework)

BSP Circular No. 1128, directs banks to adopt procedures that will take into account E&S risks that emanate from borrowers and their portfolio. It also mandated banks to set out targets and limits to control these exposures and to assess creditworthiness of borrowers. Banks are expected to consider environmental and social risks in defining credit risk appetite. The type, quantity and severity of E&S risks shall be evaluated taking into account different factors such as the type of loan, location of the borrower, project, and or collateral, and the industry of the borrower, among others. Banks may also require borrowers to provide additional documents such as environmental permits and third-party certifications, especially those involved in the extraction of natural resources, emission of carbon and poisonous gases or substances, and other activities that deemed harmful to the environment. The circular identified the use of catastrophe models in stress testing their loan book and impact and dependency mapping where risks to inputs (dependencies) to the business activity as well as outputs and outcomes (impacts) are identified and controlled.

BSP 2022-1149 (Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks)

The circular sets expectations on the integration of sustainability principles in investment processes of banks and the minimum practices that a bank should establish for the management and control of risks associated with investments. Banks are expected to adopt measures to ensure that investments are channeled to companies that comply with

[24] ADB Report titled "Green Infrastructure Investment Opportunities: Philippines 2020", published in 2021 (http://dx.doi.org/10.22617/TCS20033)

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sustainability-related standards, laws and regulations as well as companies that do not engage in greenwashing.

Interagency Technical Working Group on Sustainable Finance (ITSF). In 2019, the government introduced the ITSF also known as the "Green Force" co-led by the Department of Finance (DOF) and the BSP to facilitate the harmonization of climate policies across government agencies. The Green Force seeks to harmonize existing sustainability policies by identifying policy or technical gaps, then allocating the appropriate resources to address these gaps. Working clusters were created under the Green Force to operationalize the Philippine Sustainable Finance Roadmap, and the Philippine Sustainable Finance Guiding Principles launched in October 2021. One of the working clusters is the Sustainable Financial Ecosystem, which is composed of financial regulators including the BSP, SEC, and the Insurance Commission (IC) tasked to cover the adoption of sustainable finance agenda, alignment of relevant financial regulations including corporate governance, risk management and disclosures. This working cluster also aims to develop a sustainable finance taxonomy that outlines what projects constitute as "sustainable" and ensure that these definitions are amenable to all government agencies and in accordance with the Sustainable Finance Guiding Principles."

Development of the Philippine Sustainable Finance Roadmap in October 2021.

Led by the ITSF, and with support from the UK Foreign, Commonwealth, and Development Office (FCDO), the Philippines launched the Sustainable Finance Roadmap and Guiding Principles in October 2021. The Roadmap is "designed to lay out the strategic action plan of the whole government to promote sustainable finance in the Philippines and to address climate change and other environmental and social risks" It was prepared to:

- Outline the goals that will support the current initiatives and policies to create a supportive environment for widespread adoption of sustainable finance in the Philippines.
- Determine priority areas and acknowledge basis for improvements relating to sustainable finance.
- Provide strategic direction and recommendations to accelerate sustainable finance.
- Provide investment and policy signals to support the transition to a sustainable economy.

Common issues identified were:

- Need for a strong coordinating effort in the financial ecosystem
- Lack of awareness of the available resources to finance sustainable activities
- Need for transparency and a sustainable pipeline database

Sustainable Finance Framework (SFF).

The SFF intends to raise financing for public sector projects by issuing GSS-labelled sovereign bonds from the capital markets. The SFF was developed by the Development Budget Coordination Committee – Executive Technical Board (DBCC-ETB) and was approved in December 2021. It provides specific guidelines on the following: (a) management and use of proceeds from sustainable finance instruments (i.e., to fund "eligible social and green expenditures"); (b) criteria and process for project selection and evaluation; and c) monitoring, assessment and reporting of project impacts.[25]

Risk Resiliency Sustainability Program (RRSP). This is currently being conducted by the CCAM-DRR Cabinet Cluster which aims to strengthen multi-stakeholder institutional and adaptive capacities and knowledge/practices to effectively address climate risks and disaster preparedness; and to strengthen the resiliency of strategic ecosystems, priority infrastructure assets, and livelihoods of target resource-based communities in prioritized landscapes.

[25]https://www.dof.gov.ph/download/sustainable-finance framework/?wpdmdl=30994&refresh=6281bc98c5528165266959

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Establishment of Public-Private Partnership (PPP) Center. Aimed at bringing private sector financing at the core of building resilient and sustainable infrastructure through public-private partnership (PPP), the PPP Center puts emphasis on incorporating resiliency measures (climate change, disaster risk and reduction, and emergency situations) in infrastructure projects. As early as 2018, the PPP Governing Board has issued a resolution which provides for safeguards to prevent negative impacts on people and environment in the implementation of PPP projects. Its scope addressed issues relating to environmental impacts of proposed projects, climate change, indigenous peoples and vulnerable groups and gender. The PPP Center is also intensifying support for more green projects that have climate resiliency components to address climate change threats.

In an effort to ensure that PPP projects are consistent with the principles of biological diversity and sustainable development, the PPP Center signed a Memorandum of Agreement (MOA) with the Department of Environment and Natural Resources - Biodiversity Management Bureau (DENR-BMB) to collaboratively formulate the guidelines for PPPs in protected areas (PAs), conduct capacity-building activities on PPP project development, development of pipeline PPP projects in PAs and demonstration of PPP projects in PAs.

Innovations in Financing Nature-Based Solutions

Recognizing that climate actions must be complemented with green investments, there has been increasing attention on nature-based solutions. Nature-based Solutions (NBS) are defined by IUCN as "actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits". NBS are intended to support the achievement of society's development goals and safeguard human well-being in ways that reflect cultural and societal values and enhance the resilience of ecosystems, their capacity for renewal and the provision of services. NBS are designed to address major societal challenges, such as food security, climate change, water security, human health, disaster risk, social and economic development. NBS' follow eight principles: (i) Embrace nature conservation norms (and principles); (ii) can be implemented alone or in an integrated manner with other solutions to societal challenges (e.g., technological and engineering solutions); (iii) are determined by site-specific natural and cultural contexts that include traditional, local and scientific knowledge; (iv) produce societal benefits in a fair and equitable way, in a manner that promotes transparency and broad participation; (v) maintain biological and cultural diversity and the ability of ecosystems to evolve over time; (vi) are applied at a landscape scale; (vii) recognize and address the trade-offs between the production of a few immediate economic benefits for development, and future options for the production of the full range of ecosystems services; and (viii) are an integral part of the overall design of policies, and measures or actions, to address a specific challenge.

There is a wide spectrum of NBS applications based on the IUCN definition. The spectrum extends from ecosystem-based approaches covering large landscapes on one end, to site-specific activities at the other. NBS applications with transformative potential operate at large scale usually at the eco-system level (ridge-to-reef) where the full range of ecosystems services can benefit nature and communities. NBS in these contexts are embedded in master plans or land use plans of government and are traditionally financed by the public sector. There are examples of integrating NBS in commodity supply chains (e.g., coffee-agroforestry), carbon trading, wastewater reduction, nature tourism, urban hydrology, circular economy, and green infrastructure. In these instances, the business case is more focused on commercial returns with secondary benefits to nature and communities.

With dwindling public budgets, there is a push by global investors for the private sector to assume a larger share of NBS financing. Blended approaches to attract private sector financing for NBS that deliver public goods are gaining attention. Blended finance blueprints and playbooks have been

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published with use cases from different countries (CPIC 2020[26], WBCSD 2021[27], WWF 2021)[28]. For the Philippines, there is a business case for deploying NBS in infrastructure for damage avoidance due to its geographical vulnerability and social co-benefits (Earth Security Group 2021[29], Colgan et al 2017[30]). The proximity of populations and coastal ecosystems throughout the Philippines means that there is broad interest in nature-based solutions and in green investments for risk reduction and livelihood generation.

A network of protected areas and indigenous conserved areas serves as refuge for Philippine biodiversity. In these areas, migrant communities and indigenous peoples harvest forest and marine products for daily sustenance and livelihoods. Growing poverty, increasing migrant populations and expanding agriculture have increased the pressure on resources. By supporting biodiversity-friendly enterprises (BDFEs), opportunities for men and women in protected areas and indigenous conserved communities can be opened to diversify incomes and reduce the pressure on biodiversity. To support and scale-up BDFEs in the country, DENR-BMB has issued and implemented guidelines on development and recognition of BDFEs[31].

The UNDP, together with some partners, have initiated work in attracting impact investments in support of nature-based solutions:

- Through the UNDP-GEF SMARTSEAS Programme, a total of 19 community organizations were supported in BDFEs to support livelihood development of fisherfolks engaged in the management of marine protected areas.
- Under the Biofin and UNDP-GEF SMARTSEAS Projects, work is being done to facilitate investments by impact investors in enterprises that support sustainable coastal ecosystem management, such as ecotourism, mudcrab hatchery, grouper production, among others
- With Biofin, a partnership was forged between the DENR – Biodiversity Management Bureau and the Public-Private Partnership Center (PPPC) to develop implementing policies for privately managed protected areas,
- The Biofin Project is investigating the feasibility of impact investing with the Development Bank of the Philippines (DBP) and identifying opportunities for private sector investments in biodiversity conservation activities
- Through the UNDP-GEF Global Marine Commodities (GMC) Project, the First Octopus National Management Plan has been developed with government and industry players, which positioned the industry to be eligible to tap the WWF Switch Asia Funds to mobilize part of a EUR 2.5 million proposal for sustainable marine commodity initiatives. There is therefore a large untapped potential in linking the local octopus production industry with the global market which demands sustainability and climate positive impacts.

STRATEGY

The Project proposes to address the key development challenges described above through a combination of interventions that will accelerate the private flow of capital to investments in gender responsive nature-based solutions for climate. It seeks to align investment opportunities created by government policy with increasing demand for green projects from investors, create an ecosystem for innovative financing, address capacity gaps, and strengthen monitoring and reporting on the SDG impacts of these investments. Influencing the volume and kinds of private sector investments

[26] CPIC. 2021. Conservation Finance Blueprints, http://cpicfinance.com/blueprints/
[27] WCSD 2021. Incentives for natural infrastructure. https://docs.wbcsd.org/2017/05/Incentives_for_Natural_Infrastructure.pdf
[28] WWF. 2021. Bankable Nature Solutions. https://wwfint.awsassets.panda.org/downloads/bankable_nature_solutions_2__1.pdf
[29] ESG. 2021. Business and ecosystem-based adaptation in the Philippines. (accessed August 2021 at earthsecurity.org
[30] Colgan, C. S., M. W. Beck, S. Narayan, 2017. Financing Natural Infrastructure for Coastal Flood Damage Reduction. Lloyd's Tercentenary Research Foundation, London. (accessed August 2021 at middlebury.edu).
[31] DENR Administrative Order No. 2021-13 Guidelines for the Development and Recognition of BDFEs in Protected Areas under the National Integrated Protected Areas System (NIPAS) and Conservation Areas, Providing for Incentives and Supporting Mechanisms

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could strongly complement government efforts to achieve the NDC and PBSAP targets, accelerate attainment of SDGs, and ensure faster and sustainable recovery efforts.

There are several barriers and gender constraints that have impeded these types of goals in the past. These were identified from the stakeholder interviews, relevant studies, and were likewise confirmed in the Sustainable Finance Roadmap. These are grouped into four areas: a lack of data driven policy research and data platforms, poor returns to investors and limited project pipeline, limited capacities of banks and non-bank finance institutions to finance green and climate projects, and limited measurement of investment impacts.
Potential growth in the development of innovative financing mechanisms for climate and nature-based investments is hampered by a lack of understanding around these key issues:

i. limitations of existing traditional financing instruments in addressing the risks in investing in climate and nature-based solutions.
ii. Insufficient capacities of financing institutions to design green and climate portfolio and incorporate green and climate related policies in their lending programmes.
iii. The slow uptake of metrics and mechanisms to independently evaluate the broader SDG impacts of green and climate investments.

Barrier 1: Lack of data driven policy research and platforms on green and climate finance.
There is limited evidence-based research that informs and facilitate appropriate policy discussion and implementation focused on green and climate finance.

The Sustainable Finance Roadmap[32] has acknowledged that "***at present, there is no shared data collection mechanism in the Philippines that would track sustainable finance flows from both the public and private sector***"; while noting existing data base systems that the ITSF can leverage. A key recommendation provided was for "*ITSF to assess the existing system and review the need for creating additional mechanisms, tools and methodologies to properly collect and measure data (including impact measurement) related to sustainable finance flows*". It was further suggested that such mechanism can be a function of the proposed Center for Excellence.

In addition, the Roadmap recognized that "information on investment opportunities that are easily available for investors and issuers is an effective way of mainstreaming sustainable finance". However, two major investment gaps in the Philippines need to be addressed to support this. These include:

- Establishment of sustainable pipeline database for public and private sectors; and
- Development of a progress reporting and monitoring system.

The Roadmap cited the "lack of awareness of investible projects results in investors not pushing through with the investment". It highlighted that 'coordination of all participants in the sustainable finance ecosystem will be vital in developing sustainable finance to ensure effective unification and cooperation among market participants." The Roadmap recommended the "creation of sustainable pipeline database to improve knowledge, reduce search costs, and strengthen linkages among various aspects in the sustainable ecosystem". It further cited that "long term sustainable investment planning would give rise to the need for a uniform and consistent information system; and that such information will be useful to assess and better understand the investment needs and how it matches against the available opportunities." A key recommendation was for ITSF to review and assess the need for establishing a sustainable pipeline database for both public and private sector projects.

The above analyses were confirmed by a recent study published by CPI's report[33] issued in December 2021, which highlighted the following:

[32] Philippines Sustainable Finance Roadmap, October 2021.
[33] Buchner, Barbara, Naran Baysa, Pedro de Aragao Fernandes, Rajashree Padmanabhi, Paul Rosane, Matthew Solomon, Sean Stout, Contanza Strinati, Towena Tolentino, Githungo Wakaba, Yaxin Zhu, Jake Connolly, Chavi Meattle, and Sandra Guzman, December 2021. Global Landscape of Climate Finance 2021 (https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021/)

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- Increased share of contributions from state owned financial institutions in climate finance is due partly to improved data on the flows in East Asia and Pacific;
- **Improved and standardized (data) definitions, methodologies, and data access are key to inform necessary climate investment decisions**;
- **Data is needed** to 'assess the landscape of synergistic climate finance, directing attention to the distribution of benefits across different beneficiaries (women, youth, rural, and indigenous populations) as well as the efficacy of flows";

The report recommended that public and private actors should **prioritise data on credible climate action and impact on the ground.** The analysis pointed out that "currently available disclosure initiatives fall short of providing standardized information on climate investment. **Information on investment levels in adaptation, buildings, and industry sectors are scarce, particularly from the private sector, and lack shared science-based standards**. This information is essential in assessing collective progress, crafting effective policies, and directing finance where it will have the most impact. **More data is required at the country level."**

Despite the potential availability of significant green funding, across various instruments, only a small portion is invested as crucial areas of policy- and mechanism-support remain absent:

i. Pricing of externalities into the financial system.
ii. Untapped potential for digital finance to reach unbanked populations e.g. informal women micro entrepreneurs and WMSMEs.
iii. Lack of scale to enable development of sustainable finance products targeting women-led MSMEs.
iv. Responsive and relevant design standards including gender considerations mainstreaming NBS in public infrastructure projects.
v. Insurance reforms to steer insurers and pension funds to improve underwriting of climate risks and to invest in sustainable assets.

Furthermore, the extent to which gender concerns and issues are considered in climate change policy or strategy is limited. Existing sex-disaggregated datasets are usually focused on attendance to training, meetings and other Gender and Development (GAD) related activities which are inadequate for policy recommendations or for designing gender-responsive green investments. "A continuing concern is the lack of gender-specific data and other socio-economic information on women's actual involvement in development activities. While some effort has been made to address this concern, gender-based information is still fragmented and not easily available" (PPGD, GEWE and DENR GAD Plan 2020, DOF GAD Plan 2020).

Overall, the finance system lacks a strong and credible platform that is able to process data and evidence from various sources, carry out independent research, mobilize specialists on demand, and serve the interests of government, the private sector, development organizations and civil society. There remains no central platform that is able to secure data and evidence needed from multiple sources, and provide policy advice, recommendations and briefs to support necessary policy making and advocacy. Significant constraints therefore exist that hinder the mobilization of private capital for green and climate investments.

Barrier 2: Inadequate returns to investors and limited project pipeline. Private sector investments in nature-based solutions are still in their nascent stage, and highly risky in terms of technical and financial viability.

Returns from green investments (through increased market share, profitability, damage avoidance or access to capital) have not been sufficiently demonstrated and therefore remain outside the core strategies of most businesses. Investments in most SDG sectors and emerging low-carbon

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technologies are considered risky, i.e., falling outside the risk/return appetites of investors. Different investors in a blended finance structure will have different risk/return expectations, ranging from concessional to market-rate financing. The role of blended structures is to improve risk/reward profile of a project in order to satisfy investors' appetites[34].

There are also limited studies or documentation on the impacts of biodiversity financing by private companies[35] Public or philanthropic investors expecting social and environmental outcomes provide concessional funds on below-market terms to these companies within the capital structure. Financial analysts fail to (or are unable to) account for the positive economic impact of biodiversity investments resulting to undervaluation of biodiversity assets. These benefits can range from improved capabilities of host communities to protect natural resources, damage avoidance by green infrastructure from natural disasters, improved brand image and ESG ratings, access to concessional funds (with linkages to global sustainability portfolios) or reduced costs[36].

In a study by WWF and ADFIAP on how development finance institutions (DFIs) in Asia Pacific are integrating climate and biodiversity related ESG factors into decision making processes and policies, one of the key findings is that biodiversity is very new to DFIs and has yet to be mainstreamed into their decision-making processes. Based on the study, "biodiversity risks and impacts are not adequately assessed in the investment decision process. Biodiversity is viewed as complicated, with no straightforward metric, no clear national or corporate targets, and the systemic risks posed by biodiversity loss is insufficiently understood. Most DFIs do not yet have the capacity (finance, staffing or knowledge) to adequately address biodiversity."[37] There is strong reason for these findings to apply to commercial banks, as the below study shows.

The above finding also explains the low level of private finance for adaptation. The World Bank and GFDRR study on private investments in adaptation and resilience show that only about 1.6% (USD 500 Million) of global adaptation finance came from private sector; one reason being the lack of disclosure of climate related risk data to inform capital investment planning, in both public and private sectors.[38] The same study identified three key barriers to attracting the volume of finance needed to advance adaptation agenda in developing countries. These are:

- *Lack of country level climate risk and vulnerability data and information services that can be used to guide investment decision making;*
- *Limited clarity on government's capital investment gaps to achieve adaptation goals, and/or where private investment is required; and*
- *Low perceived or actual returns on investment.*

Bridging availability of climate risk data can be done in support of banks, investment gaps can be addressed through the proposed data ecosystem in climate finance; while returns on investments can be enhanced through innovative finance to de risk investments; thereby demonstrating their viability over the long term.

Insufficient returns on investments, alongside inadequate capacities on green and climate investments, also result in limited pipeline of projects. As cited in a study by RE Global, "the Philippines needs to be sure there is available pipeline of infrastructure investment opportunities that align with internationally accepted definitions of green, in order to attract investors looking for

[34] Convergence 2021. https://www.convergence.finance/blended-finance
[35] UNDP Biodiversity Finance Initiative, Sustainable Financing Landscape Assessment
[36] UNDP Biodiversity Finance Initiative, Sustainable Financing Landscape Assessment
[37] Jidue, George Sidue. 2021. Mapping ESG Integration in Public Inftrasture Finance in Asia and the Pacific (WWF, ASFI and ADFIAP).
[38] Arame Tall, Sarah Lynagh, Candela Blanco Vecchi, Pepukaye Bardouille, Felipe Montoya Pino, Elham Shabahat, Vladimir Stenek, Fiona Stewart, Samantha Power, Cindy Paladines, Philippe Neves and Lori Kerr. ENABLING PRIVATE INVESTMENT IN CLIMATE ADAPTATION & RESILIENCE (A publication by the World Bank Group and GFDRR). (https://openknowledge.worldbank.org/bitstream/handle/10986/35203/Enabling-Private-Investment-in-Climate-Adaptation-and-Resilience-Current-Status-Barriers-to-Investment-and-Blueprint-for-Action.pdf?sequence=5&isAllowed=y)

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green." The same study cited that "there is often limited awareness and appreciation among some market participants of 'what green investments' beyond solar and wind energy.' Such "lack of understanding of what are green investments makes it difficult for governments to develop pipelines of commercially viable, green infrastructure investment opportunities that are able to support the nation's transition to a low carbon economy".[39]

Women-led MSMEs (WMSMEs) in agriculture and food processing sectors generate significant employment for women, but most lack the ability to identify green opportunities and to manage their climate and environmental risks. Few women-led businesses are aware of investment opportunities in projects with climate and green impacts[40]. In most of the big-ticket industries (e.g., energy, infrastructure, transportation) women are still relatively under-represented. The perception persists that these fields are more appropriate for men and women remain excluded from investment discussions and forums[41]/[42]. Worsening this exclusion, criteria assessments of viability do not include or differentiate limitations and capacities of women-led businesses or groups. Technological developments related to climate change have not considered women-specific priorities, needs and roles[43]. Neither have they made full use of women's knowledge and home-grown experience, including indigenous knowledge and sustainable practices in areas such as mangrove reforestation, agro-reforestation for watershed management or management of solar-energy, water supply management etc. Although existing policies are gender-neutral with no intention to discriminate women, there is room for affirmative action to facilitate access by women to gender-themed finance facilities available globally.

The Sustainable Finance Roadmap has highlighted the importance of gender lens investing, citing opportunities and added benefits.[44] The Roadmap cited the study by IFC which documented that 25% better performance against benchmarks by emerging market portfolio companies with gender-balanced management teams, while there is 20% improved performance against the baseline for funds with gender-balanced investment teams.[45]

Barrier 3: Limited capacities of banks and non-bank financial institutions to design financial products for climate and green projects:

Target audiences of SEC and BSP regulations differ so compliance will also vary. The SEC circulars cover only PLCs. The BSP Circulars cover only supervised banks. Many banks are also PLCs and are therefore covered by both circulars. SEC announced plans to mandate sustainability reporting among non-PLCs. This would level the playing field in sustainability reporting.

The limited capacities of bank FIs is evidenced by surveys (SUSBA 2021, Sergiu 2022) and review of sustainability reports (SGV 2022) of the largest Philippine banks. The banks were assessed on key performance indicators on sustainable banking. Findings show banks do not go beyond acknowledging sustainability in their public statements and have yet to integrate EWSG in their policies, processes, projects and portfolios. Disclosures focused on corporate social responsibility programs with little relevance to impacts of their lending and investing decisions. There is strong reason to believe that these capacity gaps apply to NBFIs.

The limited capacities among FIs will be addressed by building skills and knowledge proficiencies in the development of Sustainable Finance Frameworks by FIs, focusing on FIs operating in the

[39] RE Global, December 2020. Opportunities for Green Finance in the Philippines (https://reglobal.co/opportunities-for-green-finance-in-the-philippines/)
[40] Interview via zoom with DTI-Regional Operations Group with USec Lantayona, May 2021, see Gender Assessment p.11 Gender Concerns in Micro, Small and Medium Enterprises
[41] C. David, J.Albert and JF Vizmanos, Discussion Paper Series No. 2017-45 Sustainable Development Goal 5: How Does the Philippines Fare on Gender Equality? Pages 25-26
[42] https://theaseanpost.com, ASEAN Needs More Women In The Energy Sector | The ASEAN Post | Your Gateway To Southeast Asia's Economy
[43] Interviews via zoom with stakeholders from financing group, (BPI, DBP,LBP) see Gender Assessment p. 12
[44] The Philippines Sustainable Finance Roadmap, October 2021.
[45] International Finance Corporation (IFC). "Moving Toward Gender Balance in Private Equity and Venture Capital"

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capital markets. The banks are currently mandated to develop frameworks under BSP c1085 but no similar mandates are imposed on NBFIs. There is a need to harmonize regulatory guidance between banks and NBFIs in preparing sustainable finance frameworks that will articulate governance, strategy, risk management, targets and metrics on ESG issues.

A training needs assessment will benchmark capacities of FIs with global skills framework for sustainable finance and regulatory expectations. The assessment results shall be shared with FIs, training providers, industry associations and IASF. The modules shall support a training and capacity building platform envisioned by the IASF to be governed by the Center for Excellence. The project shall prioritize skills-based training on sustainable finance framework development including E&S and climate risk management systems. Specialized topics on NBS, gender-themed investments and on related topics proposed by the SEC.

Apart from bank financing for large projects, there has been limited flows into MSMEs developing projects with climate and nature-based solutions. There is bias toward large borrowers as few MSMEs can access finance due to their small project sizes, high transaction costs, lack of collateral and high merchant risks. So far, community banks (e.g., thrift and rural banks) cater mostly to MSMEs in the traditional sectors. Commercial banks have little experience in financing climate solutions in renewable energy, energy efficiency, mini-grids and energy storage at municipal scale, where large opportunities lie. Based on the report of Climate Bonds Initiative, as of 2020, there were already 14 issuers of green bonds in the Philippines with a combined value of USD 2.9 Billion, mostly in the energy, buildings and transport sector; with USD 500 Million in waste and water. Issuers were mostly driven by the private sector (in particular, subsidiaries of Ayala Corp.)[46] Of these, five (5) are bank issuers with a total value of USD 988.3 Million.

Banks have little experience in participating in innovative financing mechanisms to finance SDG and climate resiliency projects, and they lack access to a platform to support the development of innovative financing mechanisms for climate and nature-based investments especially those using blended capital structures. Based on assessment from the Sustainable Finance Roadmap, 'there may be some resistance by issuers to issue sustainable bonds due to their lack of knowledge of the issuance process of sustainable bonds. The ITSF has been rolling out training workshops for potential issuers to improve their understanding of sustainable bonds and the associated issuance process'[47].

Because of their development mandates, the national development banks and guarantee facilities will have an important role to play in blended solutions by deploying low-cost capital to de-risk and attract private capital. Nature-based solutions are traditionally financed through the public sector with limited participation by the private banks; many of whom are averse to lending to the public sector despite high demand for SDG projects.

While banks in the ASEAN region are adapting to global markets integrating ESG in investment decisions, most Philippine banks have not kept pace with their foreign counterparts and are being left behind by their ASEAN peers[48]. Banks will need to build capacities to comply with the new BSP regulatory expectations while aligning to global best practices in sustainable banking.

For women and vulnerable groups in upland and coastal communities, access to finance is even more limited. WMSMEs are exposed to supply chain risks due to climate change, and few have access to venues or networks where they can promote and "market" their nature-based knowledge and experience in agriculture, land conservation and coastal protection practices in order to scale up (e.g., soil conservation, mangrove reforestation, agroforestry). Such localized activities have yet to be further developed and recognized in the global carbon market and tend to be overlooked by

[46] Climate Bonds Initiative, December 2020. ASEAN State of Sustainable Finance: State of the Market, 2020. (https://www.climatebonds.net/files/reports/asean-sotm-2020.pdf)
[47] The Philippines Sustainable Finance Roadmap, October 2021.
[48] https://susba.org/assessments/overall?filters=view-all--indicators-all

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financing that traditionally focuses on large scale, high-technology projects. Systemically, financial incentives (finance packages; tax exemptions and benefits and local fees, subsidies; pilot schemes; partnerships with financial institutions, the private sector or women's associations) do not consciously target or encourage women's entry into the market as suppliers of nature based/climate-resilient products and services, and there is limited capacity among financing advisers to evaluate financing project documents from a gender perspective.[49]/[50]

Strengthening capacities of finance institutions and other players in the sustainable finance ecosystem has been acknowledged by the Sustainable Finance Roadmap which identified the following initial topics of capacity building interventions:

Table 1: List of Topics Initially Agreed to be Delivered Through Capacity Building Workshops[51]

Topic	Details	Target audience
Introduction to Climate Change	Sustainability, climate change and its impact, and economic view of climate change and knock-on impact	Financial institutions, Local government units, corporates, regulators
Sustainable Finance Bootcamp	Overview of sustainable finance and bond standards and principles, issuance process and experiences	Potential issuers, financial institutions, local government units, regulators
Managing Disclosures	Monitoring tools and TCFD recommendations and guidance	Financial institutions, regulators
S Understanding Climate-related Financial Risks	Climate-related financial risks, climate and energy transition scenarios, measurement of climate-related risk, and data for climate-related risk analysis	Financial institutions
Managing Climate- related Financial Risks	Climate-related financial risks, role of central banks and supervisors, supervisory approach, scenario analysis and stress testing, disclosures	Regulators
Role of Central Banks in Managing Climate Change Risks	Policy considerations and monitoring tools	Regulators
Climate Scenario Analysis and Stress Testing	Policy considerations and scenario design and stress testing framework	Regulators
Environmental and Social Risks Management System (ESRMS)	Creation of an ESRMS; Embedding E&S considerations in risk management systems	Financial institutions
Applying Climate Stress Testing	Application of scenario design, and stress testing framework corporates	Financial institutions
Impact Reporting	Guidelines and requirements for measuring and monitoring impacts	Regulators, financial institutions, corporates

[49] D. Almoro for ADB Technical Assistance No. 49386-001 Republic of the Philippines (Gender Gap Analysis) November 2018 retrieved from www.adb.org

[50] Innovative Financial Products and Services for Women in Asia and Pacific, ADB Sustainable Development Working Paper Series No. 67 April 2020, retrieved from: www.adb.org/publications/innovative-financial-products-services-women

[51] The Philippines Sustainable Finance Roadmap, October 2021. In addition to the above, it is suggested that the topic on climate change should focus on the Philippines, including national and local policies and programmes. It will also include issues and opportunities in the context of climate finance/investments in the Philippines.

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Topic	Details	Target audience
Opportunities for Integrating Climate and Gender Finance	Concept of gender-smart investing, intersection of Gender and Climate Finance, case studies and best practices	Regulators, public and private sector companies, banks, investors, multilaterals/ development finance institutions

The Roadmap recommended the ITSF to develop a programme of capacity building that delivers against identified needs, through engagement with relevant stakeholders. It further proposed consultations with local firms to identify current and future needs in terms of skills and expertise in relation to sustainable finance. A key action is also for ITSF to ensure alignment with the ACMF to promote knowledge transfer, enhance technical competence and increase public awareness. Lastly, the ITSF will engage with relevant professional bodies and industry associations to develop learning and capacity building programmes for key sustainable finance participants and creating awareness of the impact of sustainable finance for students at all levels.[52]

A technical competency skills framework on sustainable finance was developed for the finance sector. Aligned with global best practice, the skills framework consists of functional and thematic proficiency standards around the following topics [53] : (https://www.ibf.org.sg/programmes/Pages/SF_TSC.aspx). 1) taxonomy application, 2) impact indicators, measurement and reporting, 3) sustainability reporting, 4) sustainability risk management, 5) carbon markets and decarbonization strategies management, 6) Natural capital management, 7) sustainable lending and instruments structuring, 8) sustainable investment management, 9) sustainability stewardship development, 10) sustainable insurance and re-insurance solutions and applications, 11) non-financial industry sustainability developments, 12) climate change management. Each topic has three level of proficiencies – beginners, intermediate and advanced – and have indicators to measure learning and skills.

Barrier 4: Limited impact measurement of green and climate finance. Globally consistent standards in bank reporting to track capital flows to nature-based/climate resilient and SDG sectors remain under-developed. Sustainability reporting-related regulations (from SEC and BSP) are applied unevenly across the sector, especially banks and NBFIs. Because circular expectations differ, the reporting of impacts and risks will also vary across FIs. The harmonization of sustainability frameworks and reporting among Bank FIs and NBFIs is an important step to advance consistency and comparability in reports.

Investors are dissatisfied with current non-financial reporting as indicators being reported are not material to the industry where the company belongs. The main reason is that current SEC and BSP guidelines do not impose industry-specific indicators to be disclosed. SEC 2019-4 relies on companies to choose what is material to report and are given leeway and flexibility to adhere to any of the four protocols recommended in the circular. This leeway was pointed out in the SGV report evaluating the latest disclosures (discussed in earlier section) to be the cause for ambiguity. This affects lending/investing decisions in both debt and equity markets.

The specification of industry-specific indicators will advance consistency in reporting. The data requirements to fulfil reporting against these indicators will be the basis for designing component 4: independent data monitoring systems.

[52] The Philippines Sustainable Finance Roadmap, October 2021.
[53] https://www.ibf.org.sg/programmes/Pages/SF_TSC.aspx

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As in other countries, majority of the local corporates struggle to access ESG data in order to comply with ESG reporting requirements. Banks and other decision-makers lack an integrated data collection-, impact evaluation- and monitoring-platform to assist in the measurement of climate impacts and the success of nature-based solutions. The recent SEC and BSP issuances acknowledge that without these types of transparent disclosures[54], financial markets remain unable to efficiently allocate more capital to green and sustainable investments.

The importance of having quality ESG reports is highlighted by the 2021 Global Institutional Investor Survey by Ernst and Young. The study revealed that "*investors are increasingly integrating ESG risk and opportunity considerations into their investment activities, while highlighting the need for improved sustainability reporting from companies and for more sophisticated analytical tools to assess ESG performance*."[55].

The survey involved more than 320 decision makers at buy-side institutions across the world, across a broad range of institution types, including banks, insurance companies, pension funds and family office. The results showed:

- *A sharp increase in interest in the investors' focus on sustainability following the events of the past year, with 90% of investors attaching greater importance to companies' ESG performance when it comes to their investment strategy and decision making since the pandemic;*
- *86% are more likely to hold an investment based on strong ESG performance; and*
- *74% are more likely to divest based on poor ESG performance than prior to COVID 19.*

Investor interest in seeing high quality ESG reporting is reflected in the fact that the EY study indicated *strong interest in improved ESG information, both in terms of company disclosure, as well as in their own ability to analyze data*. *More than half of survey respondents said that a lack of information on how companies create long term value compromises the usefulness of ESG disclosures, and 50% reported that they are concerned about a lack of focus on material issues in ESG reporting by companies.*

More importantly, the survey showed a marked increase in demand for mandatory and standardized reporting, with 89% of investors saying it would be helpful to have regulators mandate reporting of ESG performance against a set of globally consistent standards, compared to only 74% in earlier survey. A high proportion of respondents (75%) indicated they would be willing to invest in data management and sophisticated analytical tools.[56]

In the Philippines, the state of sustainability reporting by PLCs was reviewed by Sycip, Gorres and Velayo (SGV). The findings reveal the variability in use of standards and formats for reporting. The study was also challenged by the absence of publicly available information[57].

The study covered 73 PLCs and revealed that 52% developed their sustainability reports using one or a combination of multiple sustainability reporting standards and frameworks. Of the 52%:

- 87% used the Global Reporting Initiative (GRI) Standards.

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[54] The BSP Sustainable Finance Framework Circular 1085 provides banks a 3-year transition period where disclosure reporting by banks is voluntary.

[55] EY, July 2020. How will ESG performance shape your future? Why investors are making ESG an imperative for COVID-19 and beyond Climate Change and Sustainability Services (CCaSS) Fifth global institutional investor survey (https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/assurance/assurance-pdfs/ey-global-institutional-investor-survey-2020.pdf)

[56] EY, July 2020. How will ESG performance shape your future? Why investors are making ESG an imperative for COVID-19 and beyond Climate Change and Sustainability Services (CCaSS) Fifth global institutional investor survey (https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/assurance/assurance-pdfs/ey-global-institutional-investor-survey-2020.pdf)

[57] SGV, 11 February 2021. Beyond the Bottomline: Sustainability Reporting in the Philippines (https://d1rkvfx0u1hhdq.cloudfront.net/Publications/Publication_File_1624408795.pdf

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- 18% used the industry-specific reporting standards of the Sustainability Accounting Standards Board (SASB),
- 16% used the International <IR> Framework,
- 16% used the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), while only
- 3% used the GRI standards (comprehensive option).

The study also found that 77% included SDGs in their reporting by either expressing commitment or citing products, services and initiatives that contribute to achieving SDGs. 45 of the surveyed PLCs directly linked the SDGs and informed their sustainability strategy, materiality assessment process and/or material sustainability issues.

Finally, in terms of reporting format, the PLCs participating in the survey adopted different ways of reporting, suggesting the challenge in aggregating the collective contributions and impacts of companies in ESG and SDGs:

- 64% used SEC Sustainability Reporting Template
- 40% used standalone sustainability report
- 30% reported as content or part of Annual report
- 8% used integrated report

It should be noted that these are not mutually exclusive, so a PLC might report its sustainability and non-financial information in multiple formats at the same time. The SEC memorandum on sustainability reporting did not identify a prescribed format which companies can adopt to disclose their sustainability information, hence the variety formats observed in this review.[58]

In addition to quality, variability in reporting and unclear metrics in reporting on SDG contributions, compliance to ESG reporting is still an issue. Although still non mandatory, in the Philippines, there is a high compliance rate in 2021 Sustainability Reporting, with 96% of PLCs reporting. Reporting by PLCs will become mandatory by 2023.

The SEC has been collaborating with ASEAN to enhance and harmonize the different standards and is on train to adopting a harmonized approach to reporting and monitoring.

Regarding gender-based impact measurement, many evaluation mechanisms lack tools to analyse and better understand specific gender issues and differentiated impacts of green and climate financing on beneficiaries e.g., women, men, vulnerable groups. Other important aspects such as depth, width, continuity/sustainability and risk mitigation are similarly constrained, and gender impact reporting is often limited to quantifying gender-disaggregated data on beneficiaries of projects/program. Important qualitative changes in support of gender equality, in terms of empowering men and women, are not captured systematically. These information gaps limit the analysis of important insights on gender-responsive climate financing that could inform future policy adjustments. More granular and standardized metrics for reporting on SDG contributions would go a long way to disaggregate the positive and negative impacts on gender equality of investments in green and climate finance.

With the roll out of Sustainability Reporting to PLCs, next steps would be to assess the feasibility of its application to non-PLCs. This would depend on the industry types, sector, materiality of their impacts of and to be affected by climate and disasters, and complexity.

The project covers four components, each responding to a specific barrier outlined above:

[58] SGV, 11 February 2021. Beyond the Bottomline: Sustainability Reporting in the Philippines (https://d1rkvfx0u1hhdq.cloudfront.net/Publications/Publication_File_1624408795.pdf)

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Component 1: Gender sensitive platforms for data-driven policy making and regulatory strengthening for climate finance - responding to barrier 1: ***Lack of data driven policy research and platforms***

Resulting in Outcome 1: Strengthened gender-sensitive platforms for evidence-based policy dialogue between government, development partners and private sector on climate change and NBS

Component 2: Design and Implementation of Innovative Green and Climate Finance Solutions - responding to barrier 2 – ***Inadequate returns to investors and limited project pipeline*** and barrier 3 - ***limited capacities of banks and non-bank finance institutions to finance climate and green solutions***

Resulting in Outcome 2: Innovative and gender responsive green and climate finance solutions designed and implemented to scale up investments towards NDC, PBSAP and SDGs

Component 3: Capacity-building of financial institutions to ensure more flows of funding to gender sensitive, green and climate solutions – responding to barrier 3 - ***limited capacities of banks and non-bank financial institutions to finance climate and green solutions***

Resulting in Outcome 3: Improved capacities of financial institutions to design and incorporate gender sensitive, green and climate related policies in their lending operations and investment decisions; and manage financial risks due to exposures to climate change and natural hazards.

Component 4: Independent monitoring system on gender and SDG impacts of green and climate investments – responding to barrier 4: ***limited impact measurement***

Resulting in Outcome 4: Improved independent measurement system that enables private sector and finance institutions to report on gender and SDG impacts of green and climate investments.

The combination of all the four intervention areas will directly contribute to unlocking and re-directing capital flows towards green and climate resilient programmes, contributing to a sustainable recovery and the achievement of other SDG targets. The Project's overall objective is to increase private sector investments into gender responsive green and climate resilient technologies, innovations, practices, and approaches. This, in support of a just transition to resilient and low emission development that sustains nature and ecosystems and protects the rights of all who are affected and at risk. This Project will contribute to the realization of the economic prize offered by green and climate investments in the Philippines. This Project will demonstrate how these additional investments can generate solid financial returns and contribute to the achievement of other SDG goals such as job creation, increase in incomes of local communities, increased food production, improved sustainable consumption and production, enhanced natural resilience, and many more.

The Project's Theory of Change (TOC) is shown in Annex 3.

The Project shall be guided by the following principles:

- Embedding the project within existing delivery channels, systems and actors to ensure stakeholder buy-in and chances of continuity and sustainability, in particular the Sustainable Finance Roadmap and the Green Force/ITSF.
- Position project to finance the PBSAP, NDCs, through The Lab, to bridge the bankability gap between nature-based approaches and SDG project developers to sustainable finance.
- Position the Lab to create a demonstration effect for live cases and innovations from which national development banks, commercial and medium scale banks, women based MSMEs, and regulators can learn from.

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RESULTS AND PARTNERSHIPS

Expected Results

As discussed above, the combination of interventions under the Project is expected to increase the volume of investments from the private sector on nature-based solutions for climate, thus laying the groundwork for significant increase in the future. It is estimated that over the medium term, these interventions will leverage and influence 5-10 times of donor funding and wider impact on the financial sector in the Philippines. The Project will also put in place systems and mechanisms that will support sustained investments through improved reporting that align with sustainability measures and gender equity, strengthened policy actions, and capacities to design portfolio of nature-based solution projects by finance institutions. The gender differentiated impacts of investments on job creation, increased incomes and improved livelihood of communities, and other downstream results of investments shall be measured and reported under Outcome 4. The Project will endeavour to achieve equal participation of men and women throughout its activities and within its implementing structures in order to gain a balanced perspective.

The Project will work with government, the private sector, local communities, non-government organizations, academia, development partners and most especially the men and women in targeted communities to jointly deliver on the above results.

Component 1: Gender responsive platforms for data-driven policy making and regulatory strengthening for climate finance

Outcome 1: Strengthened gender responsive platforms for evidence-based policy dialogue between government, development partners and private sector on climate change and NBS.

Component 1 will support the strengthening of a policy framework for the robust innovative climate finance ecosystem in the Philippines, process data and evidence from sustainability reporting and impact measurement systems, access non-traditional data sets to guide prioritization and the unlocking of investments in gender responsive nature-based solutions, and ultimately propose relevant policy measures. This will be done through targeted analysis and the creation of an integrated data platform aimed at enhancing enabling policy, improving coherence, and supporting the development of innovative financing mechanisms for investments in nature-based solutions.

This component responds to barrier 1, ***Lack of evidence-based policy research and data platforms,*** with a set of activities aimed at establishing a robust, innovative, gender-responsive, climate finance ecosystem in the Philippines through enhanced data collection, deeper data analysis, broader evidence building and improved policy coherence. This will be accomplished by multi-stakeholder engagements across the climate finance sector and beneficiary base, underpinned by targeted research and the creation of an integrated data platform.

A wide review of sustainability reporting data, combined with analysis drawn from existing platforms and supplemented with targeted research on existing barriers to private sector finance will result in a series of policy briefs, reports and discussion opportunities with policy makers. Some topics of focus will cover creating enabling policy environments for funding flows, and financial instrument innovation based on a deep understanding of gender differentiated constraints experienced by financing institutions as well as potential borrowers. Others will include identifying opportunities for significant green finance investment and applying a gender lens in solving for climate change challenges.

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The creation or expansion of a dedicated data platform is key to this, as an important tool in sourcing, collating and curating knowledge and insights related to: integrated solutions for climate challenges, potential policy to enhance climate finance, Nature Based Solutions, and landscape studies to identify investment opportunities. A collaborative network of experts, data analysts and scientists will form the hub of this platform and will ensure evidence-based policy briefs and proposals are made through a rigorous and collaborative process. Results will be able to focus at both the granular and macro level, and the platform will facilitate open dialogues between government, sector players, development partners, men and women beneficiaries, around lessons-learnt and the exchange of best practices. The project shall assess the feasibility and practicality of establishing a new data platform vis-a-vis the alternative approach of complementing the existing ones through introduction of new content and functionalities to existing ones managed by the government. There is an intended complementation with the soon-to-be-established Climate Investment Platform (CIP) and engagement with the CCC will take place once CIP mechanisms become clearer.

Two priority areas of the platform are to ensure more (i) gender-responsive instruments and polices within the financing system, and (ii) a greater focus on sustainable nature-based-solutions.

In terms of (i) gender-responsiveness, there will be continued analysis of gender-specific barriers, biases in policies and programmes, and a series of stakeholder-engagements (focused on women's-groups, women-led businesses) to better articulate constraints and opportunities for greater gender inclusion in the climate finance agenda.

Regarding (ii) nature-based-solutions (NBS), this is a financing tool that holds much promise for many of the challenges facing the Philippines. NBS though is still a relatively new response, and the local financing system has yet to recognise its potential. A targeted research and policy guidance stream will be formed and directed analysis undertaken of the successful use of NBS in the Philippines and elsewhere, and a review of the potential to integrate this type of solution into the local context. Target audiences in mainstreaming NBS in the infrastructure sector are the engineering design firms, DPWH, city engineers and planners.

These two priority areas, alongside the overall focus of the research and platform, is aimed at supporting components 2, 3 and 4:

- Providing insights and data into the design of component 2's innovative climate finance solutions, with direct information flows in the Lab (output 2.1).
- Ensuring component 3's contribution to Central Bank policies is underpinned by up-to-date knowledge, evidence-based conclusions and global best practices.
- Ensuring components 4's monitoring and reporting guidelines are gender appropriate and integrate the latest experience and thinking around innovative financing instruments in nature-based solutions and impact modalities.

Output 1 Indicators	**Output 1 Targets**
Number of NBS finance research supported through the platform	Three
Number of gender disaggregated data sets linked to the data warehouse	At least three
Number of evidence-based policy briefs on NBS produced and advocated	Three
Immediate Outcome: Strengthened gender-responsive platforms for evidence-based policy dialogue between government, development partners and private sector on climate change and NBS **Indicator:** Number of men and women stakeholders, organizations benefitted by the platform	
Intermediate Outcome:	

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Improved effectiveness of gender-responsive climate finance platforms for evidence-based policy dialogue between government, development partners and private sector in the Philippines **Indicator:** Number of new or improved gender responsive NBS finance policies influenced through the platform

This component will be realized through the following outputs:
Output 1.1: Climate data platform supporting research in NBS finance is established
Output 1.2: A database to enable better decision making around policy and financing is established
Output 1.3: Data-driven policy studies targeting NBS for climate finance are produced and disseminated

Output 1.1 Climate data platform supporting research in NBS finance is established
A data platform shall be established for NBS for climate financing. The platform shall help formalize engagements, research frameworks, and manage the platform's advisory services and institutional partnerships. The platform shall manage a pool of multidisciplinary experts including but not limited to those in the areas of climate finance, environmental science, ecosystem adaptation, resource economics, business administration, data science, environmental, gender inclusion and social safeguards. These experts may be recruited as individuals or via partnerships with leading research institutions in the Philippines and internationally.

The platform will serve as a knowledge and data hub for which users can access a repository of curated documents, datasets, and creative data visualizations. It is envisioned to include the following content that will supplement and complement those contained in existing platforms:

- NBS and climate change adaptation and mitigation project portfolio disaggregated by geographical scope, agency proponents and project type
- Climate and green finance-related studies and assessments, national and international case studies, policies, and best practices on effective menu of options on nature-based solutions for climate, cost-benefit analysis of with and without project scenarios and financing gaps which have to be addressed both at the national and local levels to achieve NDC commitments and influence decision-making on prioritizing areas for increased investments
- Key results and impacts, both at the national and local levels, of undertakings related with nature-based solutions for climate climate
- Data visualizations and/or dashboards based on datasets analyzed and studies performed
- Communication products aimed at the general public synthesizing and laymanizing results from the abovementioned knowledge products

It will also have an investment opportunities board wherein stakeholders across different fields can share opportunities, discuss potential areas of collaboration, and provide key updates on events and developments in the field of climate finance and NBS. The platform will have different user groups with varying types of access, roles, and responsibilities (e.g., viewing, submission, review, or approval of content; site maintenance). Target users include the following: CCC National Technical Panel of Experts, Government agencies (DOF, CCC, BSP, DENR, NEDA), LGUs, Private sector and financing institutions, Academic and research institutions, General public

The platform shall work with CCC through its National Panel of Technical Experts (NPTE), the Green Force (DOF, NEDA, DENR, Central Bank, SEC, DTI), DOST, academia, research institutions, CSOs, Women's Organization, the private sector, and experts from development organizations to co-create a common climate finance research agenda that will include the following topics:

1. Nature-based climate solutions
2. Biodiversity conservation
3. Green and smart cities
4. Green infrastructure

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5. Climate resilient agriculture
6. Ecosystem based adaptation

The research agenda will explore viable business models concerning nature-based solutions for climate and provide cost-benefit analyses and feasibility studies for priority sectors to establish the business case. The watershed (ridge to reef) approach to planning underpins the deployment of NBS to benefit priority sectors such as forestry, water, agriculture, flood control and hydropower. Modelling the economic benefits with or without NBS for these sectors will be instrumental in making the business case. Topics include triangulating climate data with satellite imagery, open street maps, social listening, and private sector with that of consumer prices, to forecast the impact of natural hazards, in their increasing frequency and intensity, on food and land prices. It will also inform the policy agenda, derived from constraints identified through the Global Innovation Lab for Climate Finance (the Lab) (Output 2.1), in order to accelerate the mainstreaming and widespread adoption of finance solutions. The platform will help drive a long-term structured policy research agenda, and at the same time remain agile and able to rapidly respond to emerging data and research demands from partners who represent strategic opportunities to further the climate financing advocacy.

A gender lens will be applied/embedded to each item of the research agenda for a credible in-depth analysis. A conscious effort will be made to strengthen evidence of the links between increased gender-responsiveness and increased productivity, socioeconomic development, better climate adaptation and enhanced mitigation efforts and environment sustainability, particularly in areas vulnerable to climate change.

This activity will develop an institutionalisation and sustainability plan for the platform itself to ensure the continuation of data and research support for climate finance after the duration of the project, as well as engender national ownership. Among others, the Data Commons of the UP College of Science will be explored. A business case for the continued provision of these services will be developed, and protocols set up for the platform to receive funding from multiple sources (private sector, philanthropic organizations, government, among others) in order to conduct independent research on demand.

Output 1.2 A database to enable better decision making around policy and financing for NBS is established

The platform in output 1.1 is both a means of undertaking research, expert collaboration and knowledge sharing, as well as a database and repository for data and research findings. Leveraging off a range of existing partnerships with government, various foundations and other research institutions, this activity aims to strengthen global flows of knowledge and data to ensure the creation of robust, evidence based NBS for climate finance policy. The database will also include financing institutions involved in NBS investments such as angel investors, philanthropic funding, venture capitalists, and others.

The platform will build upon UNDP's existing data and research partnerships with government, as well as the UNDP Pintig Lab's[59] data network with the Analytics Association of the Philippines, Nielsen, the World Bank, Facebook, Rockefeller Foundation AtlasAI, Carto, Cuebiq, ESA, Esri, Facebook, Google, Indigo, Khalti, LinkedIn, Mapbox, Mapillary, Ookla, Orbital Insight, Outlogic, Premise, SpaceKnow, Tomorrow.io, Twitter, Unacast, Veraset, Waze, and WhereIsMyTransport, Google Earth images which includes land surface temperature and vegetation index, OpenStreetMap, and Marketing API, Sentinel Open Access Hub, NASA earthdata and worldview,

[59] Pintig Lab "Tagalog for heartbeat" is a UNDP data lab setup to provide rapid data driven policy and systems support to government for the COVID-19 response and broader development challenges. PintigLab is expanding to other applications such as Circular Economy. The PintigLab supports digital solutios and databases but the data and servets are owned by the government partners, as is the case of FASTERR with DOH for COVID.

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amongst others. The platform will craft new data-sharing partnerships, subject to privacy rules and regulations, with other government agencies and both national and international companies, to access administrative and non-traditional data sets and explore how these can provide unique insights that lead to robust, evidenced-based climate finance policy.

The database is envisioned to include datasets related but not limited to the following:

- National and international climate finance sources and their distribution (by pillar, strategic priority area, sub-priority area, NCCAP thematic area, etc.), including: People's Survival Fund, National Disaster Risk Reduction and Management Fund (NDRRMF), GEF, GCF, Adaptation Fund, etc.
- National and Local Climate Change Expenditure Tagging (CCET) designed to have interface with CCC's CCET database
- Climate financing portfolios (approved funding proposals) of financial institutions with climate and NBS solutions, including: LandBank, Development Bank of the Philippines, BPI, BDO, RCBC as well as those under international financing sources such as the Global Environmental Fund (GEF) and Green Climate Fund (GCF, among others)
- National climate and NBS priorities and financing requirements (with focus on vulnerable areas and sectors)
- Sustainability (ESG and SDG impact) reports and metrics used on green and climate investments reported by private sector and finance institutions. This will be used to inform future research on how to standardize and improve reporting.
- Local Government Units (LGUs) with good practices and demonstration models on climate change mitigation and adaptation

The data will be stored in a cloud-based data warehouse, complete with analytical tools, either within the UNDP, government, academic or research partners. The warehouse shall be governed by protocols, Application Programme Interfaces (API), and policies to ensure easy data-sharing and analysis for the platform and its partners. Some of the data utilised by the platform will be made available to a broader network of partners that can be used for climate financing and other areas related to environmental sustainability.

The Project will also develop a database of pipeline projects as well as investment models in nature-based solutions. It will publish an opportunity mapping of different business cases and financing structures for nature-based solutions across the Philippines, which will include information on their locations, resource requirements, and estimated returns.. Alongside this, a community board will be included in the platform for posts about calls for proposals, bids, requests, and other opportunities, subject to the review and approval of the site administrators. The results of the UNDP SDG Investor Mapping will be utilized to contribute to this pipeline.

Output 1.3 Data-driven policy studies targeting NBS for climate finance are produced and disseminated

Alongside the creation of the platform (output 1.1), and the steady populating of this relatively unique database (output 1.2), output 1.3 targets continuous research focusing on ensuring an enabling climate investment system. Research agenda will consider gaps and weaknesses in policy implementation, particularly those hampering private sector capital flows. Research findings will be disseminated widely, including through a series of discussion forums involving appropriate stakeholders, sector actors and beneficiary representatives. In the sharing of research findings with key government partners, gender differentiated training and mentoring support will be given to increase the local research capacity of stakeholders focused on climate finance.

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In collaboration with partners[60], the platform will drive the development of policy studies focus on green and climate finance. Each study will be data-driven, with a clear research framework that articulates the methodology and data sources, both traditional and non-traditional, to inform the analysis and in turn, the policy recommendations, focusing on reforms, investments, and programmes related to green and climate finance. The policy studies themselves will be crafted via an internal quality assurance process, as well as a peer review process comprised of national and international, independent experts. The policy notes will be aligned with the common research agenda, though the platform may also explore new policy research areas in response to demand from partners who represent an emerging opportunity to further climate finance advocacy. The research agenda shall also be informed by gaps and weaknesses in policy implementation.
A baseline study or stocktake of the finance instruments deployed in the past will be undertaken, to assess what has worked (or hasn't worked), barriers/enablers, lessons and policy recommendations. These instruments would include but not limited to GSS bonds, tax incentives, targeted lending, national development bank financing, feed-in-tariff, guarantees, climate funds, disaster risk insurance and other instruments deployed by the national government. This will provide a granular view of lessons and feed into strategies and opportunities that will be shared with the Green Force and other development partners interested in the development of new instruments.

Possible topics for the policy studies include the following:

- Creation of enabling policy and institutional environment for funding flows and increased private sector investments
- Financial instrument innovation based on differentiated constraints experienced by financing institutions as well as potential borrowers' identification of opportunities for significant green finance investment and applying a gender lens in solving climate change challenges.
- Research on evidence of "greenium" in GSS bonds (versus "vanilla bonds") in the ASEAN region to inform awareness campaigns for issuers.[61]

Under this Output, the Project shall also develop a framework to screen companies that can be considered as green investments. "Green" equity are equity investments[62] in local companies that exhibit good environmental, social and governance (ESG) practices. The framework shall:

- Assess a company's entire profile, including the company's revenues and investments, that are derived from green/sustainable business activities
- Establish minimum threshold requirements for a company to be considered as green.

The main objective of developing a framework for green equity is to develop a standard (similar to that of green bonds) that would be acceptable to the market. Doing so will allow for further growth of the green investment market (since there would be more green investments in the market aside from bonds).

While producing policy notes, the platform may also provide gender differentiated training and mentoring support to government partners in the use of new data sets and emerging big data analysis models, to increase the local research capacity of stakeholders focused on climate finance.

The platform will host a series of policy forums to strengthen interest and commitment in the area of climate finance. These forums will be supported with a communications and monitoring campaign to ensure maximum impact and take-up by key decision makers. The campaign will be in the form of short information videos, documentaries, social media posts, and various story-telling techniques

[60] Possible proponents include: CCC National Technical Panel of Experts (NTPE), Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), and other members of the Interagency TWG for Sustainable Finance (ITSF), potentially in collaboration with researchers from academic and research institutions working in the relevant areas.
[61] Bond issuers perceive GSS bonds as costly compared to plain vanilla bonds because of added reporting, monitoring and verification costs. The 'greenium', or green premium, refers to pricing benefits based on the logis that investors are willing to pay extra or accept lower yields in exchange for sustainable impact. The evidence of a "greenium" for Philippine issuers is thin or lacking.
[62] BDO Trust has launched its first ESG Local Equity Fund in the Philippines. (https://www.bdo.com.ph/business/trust-and-investments/bdo-trust-launches-first-esg-themed-local-equity-fund)

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to ensure traction. Target audiences will be segmented to ensure messages are appropriate to the interests and needs of both men and women. It will convene policy dialogue discussion events and workshops with relevant stakeholders and provide the necessary intellectual and knowledge capital to enable open dialogues and feedback-based policy making processes.

Component 2: Design and Implementation of Innovative Green and Climate Finance Solutions on NBS

Outcome 2: Innovative and gender responsive green and climate finance solutions designed and implemented to scale up investments towards NDC, PBSAP and SDGs.

This component responds to barrier 2 – ***Inadequate returns to investors and limited project pipeline*** and barrier 3 - ***Limited capacities of banks and non-bank finance institutions to finance climate and green projects and*** leverages off component 1's creation of knowledge and insights into innovative climate finance solutions, and support of an enabling policy environment. It does this through the creation of a Climate Finance Lab program that will curate, analyse and showcase the most promising innovative NBS for climate finance solutions, with the intention to create a pipeline of bankable projects using a range of innovative financing instruments.

Under this component, the Project will encourage the development of new finance solutions and facilitate the financing and implementation of tested approaches to achieve scale. In the process, these will inform future SEC regulations towards local application of these instruments.

The Project will strengthen the climate finance innovation ecosystem in the Philippines, by engaging with Climate Policy Initiative (CPI)[63] (Secretariat of the Global Innovation Lab for Climate Finance or the Lab)[64] as a responsible party to implement identified activities under this Component, with the Philippines as their East Asia Centre. CPI has deep expertise in climate finance and has demonstrated its capacity to curate innovative finance solutions. It has a vast network of climate finance experts, philanthropic organizations and investors, all of whom can provide specialist advise and broker access to capital to implement the finance solutions. By launching a call for proposals, CPI will support the most promising projects through linking these with identified experts who can work with them until bankability is reached, and capital attracted.

The Project will also scale up viable approaches through engaging the private sector on nature-based solutions that mitigate climate impacts, improve ecosystem resilience and capture blue carbon. The focus will be on the protection of coral reefs, the sustainable management of marine protected areas (MPA) and MPA networks, and in the management of protected areas. This will be done by facilitating the establishment of a special purpose entity (SPE) that will enable the channelling of capital by investors and philanthropic organizations in profitable activities, in collaboration with local communities and local government units.

In order to influence the portfolio of the country's public-private-partnership programmes, the Project will work with the PPPC to strengthen their capacities and promote greater investments in NBS.

Output 2 Indicators	Output 2 Targets
Number of gender-responsive NBS financing instruments launched through The Lab in the Philippines	Three
Number of gender-responsive NBS bankable projects developed	Three
Number/amount of financing mobilized for gender-responsive NBS projects	To be determined
Number of protected areas with gender sensitive PPP business cases developed	Two

[63] https://www.climatepolicyinitiative.org/
[64] The Global Innovation Lab for Climate Finance (climatefinancelab.org)

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Number of Procedures and guidelines adopted by PPPC for promoting investments in NBS	Two

Immediate Outcome:

Innovative and gender responsive green and climate finance solutions designed and implemented to scale up investments towards NDC, PBSAP and SDGs.

Indicator:

Additional capital (in US$) influenced or mobilized to finance implementation of financing instruments launched through The Lab; and financing of bankable projects

Intermediate Outcome:

Increased access to innovative and gender responsive green and climate finance solutions that will support bankable nature-based climate solutions and biodiversity conservation projects, and will scale up investments towards NDC, PBSAP and SDGs.

Indicator:

- Number of households (segregated by gender) benefiting from participation in gender-responsive bankable NBS and climate projects and finance solutions
- Area of natural resources under improved management through NBS bankable projects (in hectares)

This component will be realized through the following outputs:

Output 2.1: Philippines Climate Finance Lab established
Output 2.2: Bankable projects that support gender-responsive nature- based climate solutions and biodiversity conservation (NBS) developed and financing mobilized
Output 2.3: Strengthened capacities of PPPC to promote investments in NBS

Output 2.1 Philippines Climate Finance Lab established

The Lab, in coordination with government counterparts and local actors, will work to add value to existing project delivery channels for climate adaptation and mitigation projects through facilitating a range of funding options (structure capital requirements and match these with local and foreign investors) and providing bespoke technical assistance to early-stage projects. A Lab Philippines advisory panel comprising of financing institutions, investors and appropriate entities will be created to provide a platform where finance actors can review proposals for innovative financing mechanisms, develop these into implementable instruments, and adopt best practices for scaling SDG and climate-relevant projects.

CPI is a key partner in this output and will be responsible for setting up this Lab program and its operations; the convening and coordination of financing partners; undertaking the call for proposals and selection of finalists; coordinating and mobilising sector experts focused on financing NBS; monitoring, evaluating and reporting on Lab activities; and general outreach and advocacy to government and other stakeholders on the Lab's work and findings. Two dedicated Call for Proposals will be organized to source and screen project concepts.

The Call for Ideas will clearly state the target markets, sectors, and selection criteria. The Lab will target the development and launch of two new financial instruments, and one past Lab instrument (from the Lab's global portfolio) to be replicated in the Philippines; Asia-Pacific context (3 instruments total – two new, and one replicated). While actual mobilization varies depending on instrument success rates, sectors, instrument type, and timeline to market, Lab instruments have channeled almost USD $2.6 billion in new capital over the past seven years. Most successful Lab instruments target investment in the hundreds of millions or billions of USD when brought to scale.

Specifically, duties and responsibilities of the CPI will include:

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- Setting-up of the Philippines Lab Program, including putting in place management arrangements, mobilization of necessary human resources, development of operational guidelines and forging partnerships among interested stakeholders.
- Convening private sector entities, investors, development finance institutions, and public sector experts to identify potential project ideas that can be developed and implemented
- Managing the call for proposals on new financing solutions, including selection process, stress testing, crowd sourcing, developing and supporting the piloting of innovative instruments to unlock private finance at scale.
- Organizing the pool of advisors and resource persons that can provide guidance to private sector entities, local banks and investors interested in investing in climate and green investments.
- Organizing and implementing a technical assistance and mentoring programme on green and climate financing for selected participants of the call to improve their solutions and likelihood of securing capital for implementation.
- Monitoring and reporting on results, and communications to strengthen advocacy to attract more players in the green and climate finance space.
- Matchmaking with investors to support the implementation of the selected and developed financial instruments.

The Lab will engage gender experts/advisors throughout the process. The Project will assess implementation by the third year to define sustainability mechanisms.

Output 2.2 Bankable projects that support gender-responsive nature-based climate solutions and biodiversity conservation (NBS) developed, and financing mobilized

The project will support the development of bankable projects in the areas of nature-based solutions and biodiversity conservation, as well as set up blended finance instruments with the aim to attract capital for implementation. Leveraging off the experiences of UNDP with the Biofin Project, and the UNDP-GEF SMARTSEAS Project, best practices will be identified, and tested approaches followed to expand the pipeline of bankable green projects.

The Project will design and implement impact investments through blended financing solutions that will bring together investors, LGUs and community-based organizations (CBOs) for coastal, upland and production landscape conservation activities. Viable business models, including ecotourism, on-site facility management and Payments for Ecosystem Services (PES), will build on co-management arrangements and capacity-building among local actors, including LGUs and CBOs.

For coastal ecosystem protection, innovative financing solutions will be designed to support coastal and marine-related nature-based solutions for climate. This facility will involve catalytic capital, development finance, commercial debt instruments and loan guarantees. It will facilitate the setting up of a Special Purpose Entity (SPE) that will manage the identified nature-based solutions, e.g., marine protected area MPA management and strengthening. This SPE will have a long-term management lease over the target area with a planned business model that is expected to generate revenues, e.g., operation of ecotourism activities and other biodiversity friendly enterprises (BDFEs), management of a coastal visitor center, carbon credits from mangrove reforestation and other investor returns. This SPE will comprise a local CSO, LGUs and community-based organizations working together on conservation activities on the ground. Developing this mechanism will require: (I) identification of target sites based on ecological and socio-economic assessments; (ii) conduct of a feasibility study and development of a business model/plan that will articulate the appropriate management arrangements for the co-management of the SPE, including an appropriate fund flow mechanism, the financial terms, details on fund disbursement, activities eligible to be funded, duties and responsibilities of stakeholders and the description of the asset ownership and (iii) sourcing of funds from impact investors. It is expected that at least three (3) sites will be covered under this Output.

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For terrestrial ecosystems, the Project will work with the PPP Center and DENR-BMB on designing and implementing business cases for PPP in protected areas (PAs). At least two PAs will be selected given their biodiversity significance, climate mitigation and adaptation potential, geographical location, viable business opportunities and interest of potential investors. This will emanate from the ongoing Memorandum of Agreement (MOA) between PPP Center and DENR-BMB which seeks to: formulate guidelines for PPP in protected areas, carry out capacity building activities, and identify and pilot PPP projects in protected areas. The UNDP, through the Biofin Project, is supporting the implementation of the MOA.

Output 2.3 Strengthened capacities of PPPC to promote investments in NBS

The project will support the PPPC as the country's prime mover in engaging the private sector in the implementation of priority projects through partnership with government. It aims to strengthen the capacities of the PPPC to increase the scope of green and climate projects in its portfolio, and ensure the projects are assessed against climate and disaster risks in order to reduce exposure and enhance long term viability.
This will be accomplished by strengthening the capacities of the PPPC in the following areas:

i. Integration of green and climate considerations, including risks in criteria for evaluation of project proposals.
ii. Appraisal of projects to assess their climate impact and enabling access to climate and disaster risk maps and information from DOST (Georisk and HazardHunter) to inform proponents, improve appraisal and management of portfolio. The DOST hazard platform could be improved by enabling banks to access hazard maps, climate scenarios, and impact models to inform risk management and reporting.
iii. Development of training materials and knowledge products on PPP opportunities in nature-based solutions and adaptation investments for national agencies and local governments.
iv. Facilitating links with donors and other sources of finance to implement priority mitigation and adaptation projects.
v. Review of existing innovative finance landscape applicable to PPP projects.

The project will scope Local Government plans and investment priorities with the potential to scale NBS under either a PPP or bilateral financing arrangement. Examples are water supply or hydropower infrastructure projects that depend on watersheds, coastal infrastructure that rely on mangroves and coral reefs for storm protection, linear infrastructure (roads, bridges) vulnerable to soil erosion and flooding. The project will undertake cost-benefit analyses at the engineering design stages of these projects. Cost-benefit comparisons will be made between with-or-without NBS features in these projects. Co-benefits to ecosystems and host communities will be part of the Cost Benefit Analysis to provide a holistic analysis and establish a business case for financing.

Component 3: Capacity-building of financial institutions to increase finance flows to gender sensitive, climate and green solutions

This component responds to barriers 1, 2 and 3 (***Lack of policy research and data platforms***, ***inadequate returns to investors and limited project pipeline, and limited capacities of Philippine banks and non-bank financial institutions to finance green and climate projects)***

Outcome 3: Improved capacities of financial institutions to design and incorporate gender sensitive, green and climate related policies in their lending programmes.

Output 3 Indicators	Output 3 Targets
Capacity assessment of banks to comply with BSP Sustainable Finance Framework and Sustainable Finance Roadmap completed	Two assessments

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Output 3 Indicators	Output 3 Targets
Capacity assessment of non-bank financial institutions to assess client suitability and integrate ESG ratings and in investment decisions	
Priority capacity building programmes organized by BSP/Green Force/ITSF to enable banks to effectively implement the BSP Sustainable Finance Framework and the Philippine Sustainable Finance Roadmap	At least three
Priority capacity building programmes organized by SEC for NBFIs based on results of capacity assessment	At least three
Number of volunteer banks pilot damage estimation models developed for their lending portfolio	At least 3 banks
Immediate Outcome: Improved capacities of banks and non-bank financial institutions to design and incorporate gender-sensitive, green and climate related policies in their lending operations and investment decisions; and methods developed to measure financial risks from exposure of banks to climate change and disasters **Indicator:** Number of banks and non-bank financial institutions with enhanced gender-responsive, and green and climate related policies in their operations and investment decisions **Intermediate Outcome:** Improved overall lending and investment practices and behaviour of financial institutions in incorporating gender-sensitive, and green and climate-related policies in the Philippines **Indicator:** Number of banks and non-bank financial institutions adopting policies and guidelines to promote increased investments in gender responsive and green and climate programmes Number of banks with improved risk adjusted returns on financial investments to account for climate change and disasters	

This component will be realized through the following outputs:

Output 3.1: Capacity assessment of banks and non-bank financial institutions in incorporating gender sensitive green and climate considerations in investment decisions
Output 3.2: Damage modelling tools developed and tested to enable banks to measure the financial risks of loan exposures to climate change and disasters

Output 3.1. Capacity assessment of banks and non-bank financial institutions in incorporating gender sensitive green and climate considerations in investment decisions

Under this output, two assessments will be carried out:

- Capacity assessment of banks in adopting gender-sensitive, climate and green solutions in line with the expectations under the BSP Sustainable Finance Framework completed, and priority training programmes implemented
- Capacity assessment of non-bank financial institutions to incorporate green and climate considerations in investment decisions, and/or design climate resilient investment and finance products

The training delivery will be preceded by a training needs analysis to better understand knowledge gaps, and to inform training design and development. Capacities will be benchmarked against

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adapted global competency standards (https://www.ibf.org.sg/programmes/Pages/SF_TSC.aspx)[65] and against regulatory expectations. (The topics include those in the ITSF road map.)

Baseline competencies of banks and NBFIs shall be assessed against these standards to better understand their competency gaps. Results of the assessment will identify gaps in knowledge and skills that will inform the design of training modules that will deliver the competency standards.

The Project will communicate the assessment results to industry associations (Bank and NBFIs), BSP, SEC and members of the Green Force/ITSF and training organizations, with the end view of supporting key actors in the training ecosystem in developing modules and creating new markets for training.

The development of the Sustainable Finance Frameworks by FIs (banks and non-bank FIs) will be prioritized in the delivery of training activities. The Sustainable Finance Framework is the reference document that will articulate the FI's long-term value creation model and show commitment to sustainable development. Within this document, FIs shall identify their significant impact areas in sectors and locations they operate and set quantifiable impact targets from their lending and investment activities. The FIs shall set targets to increase their allocations for green and climate activities over time horizons. FIs shall identify associated risks from ESG sources including climate change and nature loss and perform scenario analysis and stress testing. NBS shall be positioned as a risk mitigation tool to deliver the business case (via extended CBA) for its use. These topics shall form part of the training content in designing modules.

The tools to be deployed during the training are the UNEPFI Positive Impact Analysis Tool and GeoRisk mapping platform (Hazard Hunter). These tools will enable learners to map and identify their significant SDG impacts (positive and negative) and their climate physical risks respectively. The quantification of financial damages via damage estimation models will input to a Cost Benefit Analysis Model to justify investments in NBS in sensitive sectors.

It is expected that the results will identify priority capacity gaps of banks that may be useful for:

- different financial institutions to invest in capacity development programmes to align with the global competency standards and the requirements of the BSP Sustainable Finance Framework and other regulations;
- the BSP, Green Force/ITSF to benchmark current capacities, with international standards or best practices on sustainable finance (see https://www.ibf.org.sg/programmes/Pages/SF_TSC.aspx), and identify opportunities to enhance existing related policies;
- training organizations to develop suitable programmes and offerings to fill in priority capacity gaps tailored to various types of financial institutions
- development partners and other financial organizations to support capacity-building efforts, identify specific gaps, identify finance products and other forms of support

Based on the assessment results, priority capacity building programmes shall be organized with the BSP, Green Force/ITSF and may include the following:

1. Preparation of Sustainable Finance Framework by banks and NBFIs
2. Study on potential de-risking mechanisms to facilitate climate financing by rural banks towards climate adaptation projects for the agricultural sectors

[65] Technical Skills Competencies shall cover: 1). Taxonomy application, 2) impact indicators, measurement and reporting, 3) Sustainability reporting, 4) Sustainability risk management, 5) Carbon Markets and decarbonization strategies, 6) natural capital management, 7) sustainable lending instruments structuring, 8) sustainable investment management, 9) sustainability stewardship development, 10) sustainable insurance and re-insurance solutions and applications, 11) non-financial industry sustainability developments, 12) climate change management, 13) Sustainable Finance Framework Development.

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3. Knowledge exchange on successful climate adaptation and/or mitigation projects with emphasis on opportunities and challenges as well as risk-return trade-offs relevant to rural banks.
4. Capacity-building on monitoring and reporting practices on green and climate financing activities adopted by banks in other jurisdictions.
5. Training in assessing carbon emissions on bank loan portfolios

For non-bank financial institutions, the results of the capacity assessment can inform the SEC in issuance of guidelines requiring training for corporations especially the Board, senior management and key officers. This regulation shall harmonize sustainability frameworks and drive the demand for training services. SEC shall propose topics for training non-bank actors and shall engage relevant professional bodies and industry associations to develop learning and capacity building programmes for key sustainable finance participants.

An illustrative list of specialized training topics that target regulators, NBFIs and market intermediaries is shown below:

- Regulators – methods and frameworks for the analysis of disclosures and sustainability reports;
- Investment Houses, Fund Managers – sustainable portfolio analysis;
- Securities brokers and dealers, salesmen – incorporation of green/sustainability metrics in client suitability frameworks;
- Credit rating agencies – how ESG considerations are factored in their credit rating assessments.

The Project will leverage existing capacity building platforms of financial industry associations and project development facilities. In partnership with the industry associations, the project will assess the capacities of financial institutions in developing green and climate finance products to inform a targeted approach. A study of the capacity-building landscape, learning outcomes, training providers, course materials and methods will be made, in relation to the delivery of outputs under Outcome 2. A gap analysis, set of recommendations and a product appropriate to the needs of each of the finance sector groupings will be developed based on the results of the study.

The Project will engage with the Bankers Association of the Philippines (BAP), Bankers Institute of the Philippines (BAIPHIL), Chamber of Thrift Banks (CTF), Rural Bankers Association of the Philippines (RBAP), Rural Bankers Research and Development Foundation, Inc. (RBRDFI), and Cooperative Banks Federation of the Philippines (BANGKOOP) and other relevant industry associations, of non bank financial institutions on the identification and roll-out of capacity-building activities.

Output 3.2: Damage modelling tools developed and tested to enable banks to measure the financial risks of loan exposures to climate change and disasters

The Project shall support the development of tools that will inform future BSP policy guidance on climate risks. Using a “by the industry for the industry approach”, these tools will be piloted with volunteer banks through their respective bank industry associations and will align with the approaches and methods deployed by the NGFS[66], UNEPFI, and the private sector as documented in case studies[67]. These tools include but are not limited to risk quantification methods, scenario

[66] In 2020, the BSP joined the NGFS. The Network for Greening the Financial System (NGFS) is a group of central banks and supervisors committed to sharing best practices, contributing to the development of climate –and environment– related risk management in the financial sector and mobilizing mainstream finance to support the transition toward a sustainable economy.
[67] Relevant case studies and guidance materials:
NGFS 2021. Guide on climate-related disclosures by central banks. http://www.ngfs.net
Ambrosio N. 2020. An approach to measuring physical climate risk in bank loan portfolios. Four Twenty Seven IN: NGFS 2020. Case studies of environmental risk analysis and methodologies
Sun T. And Ma J. 2020. Quantifying the impact of physical risks on probabilities of bank loan defaults IN: NGFS 2020. Case studies of environmental risk analysis and methodologies.
UNEPFI 2020. Charting a new climate. State-of-the-art tools and data for banks to assess credit risks and opportunities from climate change impacts. TCFD Banking pilot project phase II.

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analysis, and stress testing for physical risks. These tools will be piloted with volunteer banks using government mapping platforms, PSA / BSP datasets, and bank data.

The BSP and volunteer banks have started Phase 1 of a pilot project to generate heat maps showing their sector-location exposures to hazards. The current work will introduce methods that will translate these exposures to financial risks using damage estimation models.

The next phase will require the development of a catastrophe (CAT) model, a tool used by the insurance industry, that will automate damage estimation methods introduced in Phase 1. This model will aggregate annual average losses (by hazard and expense type) for each asset. The CAT model will also enable banks to perform stress testing exercises under relevant climate scenarios. The project shall work with PHIVOLCS and PAGASA who shall be the principal collaborators in developing the CAT model. PHIVOLCS shall leverage its expertise and expand the Hazard Hunter mapping, Georisk, and relevant platforms into a CAT model.

The Project shall provide technical assistance in the execution of this exercise and the drafting of the report.

Component 4: Independent monitoring system on gender and SDG impacts of green and climate investments

Outcome 4: Improved independent measurement system that enables private sector and finance institutions to report on gender and SDG impacts of green and climate investments

The specification of industry-specific indicators will advance consistency in reporting. The data requirements to fulfil reporting against these indicators will be the basis for designing component 4: independent data monitoring systems.

This component responds to barrier 4: ***limited impact measurement of green and climate finance*** and aims to engage with the NEDA, PSA, SEC, and national professionals to improve systems and capacities for measurement, SDG impact analysis and ESG reporting. This would include assessment to examine application of sustainability reporting for non-PLCs, and examination of barriers for increasing supply of National Experts to undertake independent measurements. An independent, transparent and credible dashboard shall be set up to ensure investors have access to impacts generated by investments, with the aim to attract increased capital for gender-responsive, and green and climate projects in the Philippines. This component will be incorporated with the data platform in component 1 and will draw outputs from it, as data insights regarding environmental and societal challenges, climate impacts, activity correlations and outcome drivers become more embedded into ESG metric design and evaluation. Similarly, Output 1 will access publicly available data from ESG reports to perform the needed analytics to support policy work.

As the SEC rolls out the ESG to make it mandatory for publicly listed companies, the project will conduct a study to assess the non-PLCs as to their materiality, industry/sector location, size and complexity that shall warrant their coverage under the new SEC guidelines on sustainability reporting. The study shall include a roadmap to guide the roll out of implementation of sustainability reporting guidelines for non-PLCs.

The programme will utilize appropriate, gender-responsive monitoring, evaluation and learning to assess the effectiveness of the implementation of the green and climate financing from a gender perspective. This will include the use of gender indicators and collection and analysis of gender data to understand differentiated impacts. The monitoring and evaluation of unintended consequences and sharing of best practices and lessons learnt will also be a focus.

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Output 4 Indicators	Output 4 Targets
SEC guidelines or policy statement for sustainability reporting of non-PLCs s with investments in NBS Action Plan to enhance capacities of national Experts in third party opinions and impact measurements	One guideline or policy statement One Action Plan
Number of users (gender disaggregated, entities) accessing dashboard for monitoring and reporting on SDG impacts of NBS financed climate projects	Increasing once dashboard is in place
Immediate Outcome: Strengthened policies and data analytics to improve implementation of ESG in the Philippines **Indicators:** Additional number of National Experts availing of capacity building programmes to undertake impact measurements Additional number of companies/entities submitting ESG reports Number of SEC policies and guidelines issued based on analytics from ESG reports **Intermediate Outcome:** Improved reporting on gender and SDG impacts of green and climate investments by private sector and financing institutions in the Philippines. **Indicator:** NEDA gender and SDG Monitoring reports incorporate contributions from green and climate investments by private sector and finance institutions	

This component will be realized through the following outputs:
Output 4.1: Roadmap for sustainability reporting of NBS investments by non-PLCs s
Output 4.2: Publicly accessible platform and dashboard developed for monitoring and reporting on SDG impacts of NBS financed climate projects

Output 4.1. Roadmap for sustainability reporting of NBS investments by non-PLCs

Based on experience in the application of ESG for publicly listed companies, the project will assess the feasibility of developing sustainability reporting guidelines for non-PLCs involved in NBS investments. This will draw upon the data from the platform under Component 1 as applicable, and experiences of other countries in the expansion of ESG reporting system.

Part of the study will be an assessment of capacities of existing local industry experts to understand the barriers in meeting growing demand for issuing third party opinions and impact measurements for NBS investments. The development of nationally qualified Roster of Experts can strengthen the local ecosystem for ESG reporting, and reduce the issuance costs for PLCs, and eventually, its roll out to non-PLCs. . Currently, PLCs rely on foreign consultants which are expensive, and increases the costs of reporting and measurements.

A study will be undertaken to assess the materiality, different industry types or sectors, location, size and complexity to determine coverage under an expanded sustainability reporting system. The project will work with industry associations, Department of Trade and Industry, and its MSME Global Academy in the course of its work.

The study shall develop a Roadmap for the phased application of sustainability reporting, and draft guidelines for SEC to consider.

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Output 4.2 Publicly accessible platform and dashboard developed for monitoring and reporting on SDG impacts of NBS financed climate projects

Leveraging off outputs from component 1, the Project will develop a publicly accessible platform and dashboard to monitor and report on the SDG impacts of investments on climate and nature-based solutions, which will be included under a separate panel/page in the data platform under output 1.1 To facilitate data capturing into the platform, the Project will work with BSP on deploying tools and strengthening internal capacities of BSP-supervised banks to track investments in low-carbon sectors and to monitor risks and impacts of climate change. Alongside these tools and together with BSP, the project will develop with BSP, bank reporting guidelines to support the deployment of these tools, including, among others, the UNEP FI's Positive Impact Tool which can be adapted to help banks identify SDG impacts of their loan books. More granular ESG and climate risk reporting of loan exposures to ISIC sectors (level 3 or 4) will be important for the BSP to track ESG exposures including capital flows to low-carbon sectors. The Project will work with the Business Call to Action and with UNDP's SDG Finance and Finance Sector Hub in the development of this tool.

The Project will also work with SEC and PLCs to analyze data and information from ESG reports, with the aim of providing inputs on trends and nature of green and climate investments, and their contribution to SDGs.

Partnerships

The proposed Project will work with key National Government Agencies' (NGAs) selected programs and projects on implementation of selected interventions and sharing of lessons learned and best practices. Key NGAs and their programs and projects to work with include: the Green Force, or the Interagency Technical Working Group on Sustainable Finance (ITSF) led by the DOF that developed a roadmap for climate and green investments; the BSP on the promotion of and capacitating financial institutions on Sustainable Finance Framework; the SEC on strengthening their implementation and monitoring and evaluation of the Sustainability Reporting Guidelines for PLCs; the CCC on their National Integrated Climate Change Database and Information Exchange System (NICCDIES) and Climate Investment Network; the PPP Center on private sector participation in government investment projects; the DTI on capacitating MSMEs on implementing climate action and NBS in the value-chains; and the DENR being the chair of the Climate Change Adaptation and Mitigation – Disaster Risk Reduction (CCAM-DRR) Cabinet Cluster and lead agency in promoting NBS. The cluster provides a space for key NGAs to be involved in policy dialogues on investments on climate and nature-based solutions. On engaging and improving capacities of the financial institutions, the Project will engage with the BAP, Bank Market Association of the Philippines, Chamber of Thrift Banks, Rural Bankers Association of the Philippines, Rural Bankers Association of the Philippines, Rural Bankers Research and Development Foundation, Inc. and Microfinance Council of the Philippines, Inc.

On development partners, the Project will identify complementation interventions and lesson sharing opportunities with the Foreign Commonwealth and Development Office of the United Kingdom government (UK FCDO), World Bank, ADB, GIZ and other relevant partners, on related recently concluded, ongoing and pipeline projects.

A list of capacity building activities undertaken by development partners is shown in the Table below. It should be noted that training on NBS is a clear gap.

TRAINING PROVIDER	TOPICS	SCOPE
ALCEP-UK Embassy	Financing Low carbon energy	ASEAN
Greening the Banks Initiative-Allotrope Partners	Renewable Energy Finance	Philippines

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TRAINING PROVIDER	TOPICS	SCOPE
Training on Principles for Responsible Banking for Signatories – UNEPFI	Impact Analysis Tools	Global
Building Resilience Index – IFC	Risk scoring for buildings	Philippines
Sustainability Reporting - UA&P	Sustainability reporting	Philippines
GRI	Sustainability reporting	ASEAN
AIM and Earth Security Group	Ecosystems based Adaptation and NBS	Philippines
UN ESCAP	Climate Finance webinars	Asia Pacific
Finance Flows Learning Management System by WWF-Philippines	Principles for Responsible Banking	ASEAN
Bankers Institute of the Phils. (BAIPHIL)	ESG 101	Philippines
Ateneo Graduate Schools of Business & Center for Continuing Education	ESG 101	Philippines
Chamber of Thrift Banks	Writeshops w/ WWF	Philippines
Rural Bank Association of the Phil. (RBAP)	Writeshops w/ WWF	Philippines
Bankers Association of the Phils. (BAP)	Training portal, bulletin board	ASEAN

The project will also seek synergies and leverage best practices and tools with other key UNDP projects and initiatives on climate change that are relevant for NDC and biodiversity financing. The relevant partnership arrangements with development partners and synergies with initiatives of UNDP Philippines are shown Annex 1. Stakeholder Engagement Plan. For one, results and lessons learned from this Project will be used to feed into strengthening private sector participation in the livelihood and Marine Protected Area (MPA) management interventions of the Green Climate Fund funded Philippines' Eastern Seaboard Coastal Resilience Project.

RISKS AND ASSUMPTIONS

The following risks to successful implementation of the Project and corresponding mitigation measures have been identified during project formulation. Annex 4 (Social and Environmental Screening Procedure or SESP) provides details on the assessment and level of significance of these identified risks.

Table 5. Risks and Mitigation Measures

Risks	***Mitigation Measures***
Risk 1. The impacts of COVID may have negative impacts on the appetite of investors for green and climate projects.	**Management Measures.** Trends and flows of private investments shall be closely monitored during implementation. The Country Office is undertaking a study in green recovery which seeks to identify entry points for green jobs and investment opportunities post COVID. This, and other evidence from Asian countries will be brought into the advocacy work in support of this Project. A proactive and aggressive engagement of impact investors and philanthropic organizations will be supported by increasing public investments through government budget allocation as a way of de-risking the said investments. Necessary feasibility studies will also be undertaken to ensure appropriate structure of new financing solutions that will build a strong business case and

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Risks	*Mitigation Measures*
	attract investors. Results from Component 1 will be used to reinforce informed decision-making processes among target impact investors. The Project will engage with relevant existing network of CPI which is considered as a ready resource where impact investments can be sourced. Other existing impact investment vehicles which can be tapped by the Project are Global Fund for Coral Reef and Convergence.
Risk 2. There may not be enough impact investors who may be attracted to invest in community NBS bankable projects .	**Management Measures.** The work of CPI, engaging with local stakeholders, will seek to promote the growth of innovative finance ecosystem for nature-based solutions for climate in the Philippines, under Output 2. The Lab will function to curate innovative ideas, through mentoring and linking with sources of capital, to meet investor requirements and translate into actual programmes. The Project will closely monitor the emerging strong innovation ecosystem at the global and national levels. In addition, the Project will maximize the establishment of the Lab as a vehicle to encourage innovators to come out with ideas to design new or blended finance mechanisms. Through Output 1, the Project will promote strong, consistent and coherent policies to create stable environment for climate finance innovation to flourish and attract investments. The Programme will work closely with other initiatives to generate bankable/investment grade projects that require capital. Part of Output 2 is capacity building to ensure other innovation proposals, which may not be mature enough, are able to meet the criteria required by investors. The Project will continue to do a mapping of impact investors to facilitate matching with projects with potential for impact investments. The work with the Public-Private Partnership (PPP) Center will also look into pipeline projects and possible investors in protected areas.
Risk 3. Private sector partners are not thoroughly vetted resulting in risk related with unintentionally partnering with companies engaging in malpractices	**Management Measures.** Responsible Parties to be engaged during Project implementation, including CPI, and members of the Technical Advisory Group will be capacitated on UNDP's due diligence process for private sector participation. Part of the Call for Ideas and project appraisal process and selection criteria that will be established is UNDP's due diligence process for private sector partners. A Due Diligence Specialist will be engaged to undertake objective due diligence assessments for each specific private sector partner that will be involved under Component 2. A pool of audit firms can also be engaged to ensure rigid due diligence assessments for private sector partners. The Project, through the PMU and Technical Advisory Group, will monitor on a regular basis any potential issue related with the project sector partners. In the Project Board and Technical Advisory Group, private sector representatives will be selected to ensure long-term partnerships given UNDP's engagement policies. Risk Mitigation and Communications Strategies will be developed to ensure appropriate and prompt responses when concerning issues arise. In case any issue emerges, the PMU and UNDP will initiate discussions with the private sector partner, and other relevant parties, for clarification to fully understand the issue at hand. In cases where it is deemed warranted, steps will be taken to terminate cooperation with the private sector partner.

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Risks	*Mitigation Measures*
	The Project will review this risk as part of the overall risk monitoring work and any identified issue will be included in the Project's reporting, including CPI's progress reports and UNDP corporate reports.
Risk 4. Private sector partners do not pass UNDP due diligence process, thus, the Project is not able to partner with them	**Management Measures.** Private sector partnership details will be firmed-up during Project implementation to allow analysis of costs and benefits involved in the partnerships. Impacts of the private sector partnerships will be analyzed, together with the Technical Advisory Group, to justify the costs of taking the reputational risks during the due diligence assessment process. The UNDP Due Diligence Policy can be accessed here
Risk 5. Environmental, social and governance related issues may arise that may result in UNDP's reputational risks. These issues may be related to fraud, corruption and harmful environmental management practices, among others.	**Management Measures**. Potential environmental, social and governance related issues will be monitored quarterly. The grievance redress mechanism will be rigorously set-up. This will be used as a platform to identify emerging environmental, social and governance issues and provide solutions to address these issues. All Project stakeholders will be encouraged to utilize the grievance redress mechanism to help in developing and implementing risk mitigation measures. Emerging issues will be discussed during Project Board meetings so guidance on resolving these issues and undertaking mitigation measures can be provided. In case environmental, social and governance issues arise, a communications strategy will be rolled-out to manage the negative publicity which may result from this.
Risk 6. Specific nature-based solutions for impact investments might result in negative social and environmental impacts, including but not limited to: Negative impacts on tenurial security, natural resources, traditional livelihoods and cultural heritage of indigenous peoples present in project areas Private sector partnerships, with required Return on Investment (ROI), may enable harvesting and/or use of forest and coastal and marine resources beyond carrying-capacity	**Management Measures.** Stakeholder consultation will be undertaken for specific project proposal development process during Project implementation. Indigenous people leaders and National Commission on Indigenous Peoples (NCIP) will be involved for projects that will affect ancestral domains. This is to ensure compliance with IPRA Law on environmental and social safeguards that need to be established. The Project will also ensure compliance with the prescribed FPIC process. The FPIC shall define the role of IP communities and NCIP in the planning, monitoring and implementation of projects within ancestral domains, and those that affect indigenous peoples' communities. The project appraisal process that will be established under the Project for Component 2 will include IP rights, livelihoods, culture and resources as criteria. Similarly, projects that will involve non-IP communities will also undergo comprehensive stakeholder consultations to ensure that community problems and concerns, including tenure security issues, are considered in the project design process. With nature-based solutions being at the heart of project design, protection of biodiversity and sustainability of ecosystem services of natural resources will be key objectives of the Project so results are expected to be positive in this regard. It should be embedded in the project appraisal process that will be established for Component 2 of the Project the screening process for identifying potential negative social and environmental impacts. A core group to undertake this exercise will be formed to ensure thorough screening processes.
Risk 7. The Project may potentially result in gender discrimination against women.	**Management Measures.** The Project will ensure implementation of the Gender Action Plan. The Call for Ideas and project appraisal process will involve gender mainstreaming and gender-related target indicators. Women and women organizations will form part of the stakeholder consultations that will be undertaken during the project preparation activities for area specific projects. A gender-related research to provide a better understanding of roles of women in providing a business case for nature-based solutions for climate

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Risks	*Mitigation Measures*
	investments will be carried-out in Component 1. Capacity-building activities under Component 3 will also ensure equal representation of men and women during trainings.
Risk 8. COVID 19 may delay Project implementation, affecting health of beneficiaries, limiting areas where Project can be implemented, limiting face to face consultations that will reduce participation of target end beneficiaries of nature-based solutions that will be implemented by The Project.	**Management Measures.** Risk mitigation measures will be identified by the Project Team given the status of the pandemic situation and latest guidance and advisories. Resources will be allocated to maximize use of technologies during project design, implementation and monitoring and evaluation. Adjustments will also be made regarding the scope or timing of activities. The risks related to COVID-19 will be identified and management measures revisited given that the status of the pandemic and its impacts on society have been evolving.
Risk 9. Peace and order situation in the areas where Projects will be undertaken may result in private sector shying away from providing impact investments	**Management Measures**. The Project will ensure close coordination with government agencies tasked to maintain peace and order situation. Cost-benefit analysis will be undertaken to provide a case on the benefits arising from engaging in private sector partnerships versus non-engagement. The project appraisal process for Component 2 will look into the peace and order situation of potential Project sites.
Risk 10. Because of the specialized nature of the Project, there could be delays in sourcing of Expertise required to conduct studies and undertaking capacity building under the Project.	**Management Measures.** The Project will reach out to UNDP Long Term Agreements (LTAs) and Roster of Experts with Headquarters and list potential providers to avoid delays and/or failure in procurement.

STAKEHOLDER ENGAGEMENT

Stakeholder Engagement During Project Document Preparation

Recognizing the need for country ownership of the Project interventions, a series of bilateral discussions were conducted from April to June 2021; and a second round in October 2021. The objectives of these stakeholder consultations were to: (I) introduce the Project and initial proposed interventions; (ii) gather inputs on how the Project can strongly support acceleration of climate and green investments in the country given current and pipeline initiatives; and (iii) secure buy-in of stakeholders during Project implementation. Stakeholders interviewed were from key NGAs, commercial financial institutions, national development banks, private sector entities involved in climate and nature-based solutions, Project Teams and non-government organizations (NGOs) involved in the implementation of climate and nature-based solution related Projects.
Provided in Annex 1 is list of stakeholders consulted and key important points highlighted during the discussions.

Stakeholder Engagement Plan During Project Implementation

The primary goal of the Stakeholder Engagement Plan (SEP) for this Project is to ensure country ownership for long-term sustainability of Project interventions built and carried out in a transparent, participatory and accountable manner. Objectives of the SEP include: (I) identify the main

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stakeholders of the project and their roles and responsibilities during Project implementation; and (ii) maximize the stakeholders' competencies by identifying complementary actions among concerned agencies and the Project; (iii) identify necessary safeguards that will support the stakeholders' participation in the Project; and (iv) identify roles and responsibilities of the stakeholders on sustaining Project gains post-Project implementation. The Project's stakeholder engagement will aim at undertaking participatory and inclusive consultations, promotion of complementation among stakeholders, equitable and fair access to information and available resources, support to transformational paradigm and sustainability of Project interventions after its completion. Identified stakeholders of this Project will be involved in planning, implementation and, monitoring and assessment of Project interventions. Annex 1 provides the complete Stakeholder Engagement Plan for this Project.

South-South and Triangular Cooperation (SSC/TrC)

South-South and Triangular Cooperation will be utilized as an approach for technology transfer, lesson sharing and scaling-up. To facilitate this approach, the following will be targeted:

- Sharing of lessons learned among countries covered by BIOFIN in the Asia-Pacific Region. An exchange on experiences on private sector partnerships on biodiversity financing will be meaningful among Thailand, Bhutan, Indonesia and the Philippines. Looking into what worked and didn't work on private sector partnerships in these countries can provide helpful insights on viable business models, necessary policy and governance support, and key stakeholder incentives that can create an enabling environment for non-traditional partnerships.
- Coaching sessions between Tier 1 commercial banks with Tier 2 and 3 commercial banks. Commercial banks with advanced knowledge and systems in place for operationalizing sustainable financing frameworks can provide coaching sessions that will help Tier 2 and 3 commercial banks on planning and setting-up policies, procedures and tools essential to achieving this objective. The two national development banks can also participate in these coaching sessions as they have rich experience on these subjects during their accreditation with GCF, including bond issuance requirements, development of Environment and Social Management Frameworks (ESMFs), de-risking, disclosure policy and mainstreaming gender in their operations, policies and financial products.
- Roundtable discussions among Sustainability Officers of companies which are most compliant with sustainability reporting guidelines and those which need technical support to advance their level of compliance with the said reporting guidelines. This can serve as a venue for sharing, among others: (I) the benefits gained by the companies from complying with these sustainability reporting guidelines; (ii) challenges they faced and how they overcame these throughout the process of setting-up sustainable financing processes, procedures and tools; (iii) minimum prerequisites and competencies required for operationalizing the sustainable financing frameworks and sustainability reporting.
- Online South-South Cooperation with countries supported by CPI, including India, Brazil Indonesia and South Africa. Sharing of innovative financing solutions introduced in these countries will be held to distil lessons learned and establish networks of stakeholders who may be interested to be part of the financing solutions to be introduced in the Philippines.
- Partnerships with academic institutions, including the Ateneo de Manila Business School, Asian Institute of Management, University of Asia and the Pacific and Bankers Institute of the Philippines, and ADFIAP with bank associations on capacity-building programs.
- South South Cooperation on SDG Impact Tool, sustainability reporting, SDG and climate finance, and the work of UNDP's SDG Finance Hub.

Knowledge Management

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Knowledge management will be a key strategy of the Project to ensure lesson sharing, scaling-up and sustainability post-Project implementation. This will be supported by a communications strategy to ensure better appreciation of insights and their application by stakeholders.

- The Project's primary knowledge management tool will be the data platform for climate financing that will be established. This data warehouse will bring together development partners, government agencies, CSOs, private sector and financial institutions to strengthen policy research and dialogues.
- From these policy research and dialogues, policy briefs and technical papers will be produced to facilitate identification of investment opportunities and discussions among concerned stakeholders.
- The Project will also work on documentation of design and implementation of new financing solutions, innovative partnerships advancing climate and green investments, success stories of private sector entities on compliance with sustainability reporting and SDG impact monitoring through a case study approach. These case studies will process lessons learned, best practices applied and, environmental and social benefits gained from new financing solutions and partnerships.
- Documentation of proceedings of South-South activities will also be undertaken by the Project for sharing among local stakeholders, including potential impact investors, banks and bank associations, government agencies, private sector and financial institutions, among others. Where appropriate, customized capability-building activities for women and men beneficiaries will be developed.
- Learning modules, manuals and guidelines as tools for capacity-building activities will also be produced by the Project to be used for scaling-up post-Project implementation.
- As part of CPI work, knowledge management under Component 2 will include reports of project progress to both Lab members and funders, webinars as a space for sharing key learnings from the Lab and key updates, articles, publicity and events shared.
- The Project will also maximize existing websites and social media platforms of stakeholder's partners for sharing of publications, social media events, webinars, policy briefs and technical papers, among others.

SUSTAINABILITY AND SCALING UP

The Project will promote sustainability and scaling-up through the following mechanisms:

Institutional sustainability will be achieved by addressing systemic barriers that hinder a more robust and increasing climate and green investments in the country. The policy platform and research component of this Project aims to tackle policy, governance, incentive, capacity-building and evidence gaps and identify targeted interventions to unlock these barriers through institutional partnerships, data sharing protocols achieved through consensus building, a participatory and inclusive data driven policy studies, and feasibility studies conducted to make a case for viable climate and nature-based solution business models. The convergence of resources, competencies and established networks of CPI, PPPC, DENR and other key NGAs, as well as building on ongoing and pipeline UNDP initiatives target to provide a more coordinated and strategic approach of identifying priority actions where private sector financing can be most beneficial.

The planned capacity-building activities among NGAs, including BSP, SEC and PPPC, banks and bank associations and WMSMEs, among others, on new financing solutions, viable climate and green investments, project appraisal integrating climate and green investments, sustainability reporting and SDG impact monitoring will be conducted with the end in view of strengthening institutional capacities for sustainability of Project interventions post-implementation period. Consultations with NGAs on national priorities for climate and green investments also revolve around ensuring country ownership and leveraging government budget as a way to de-risk these projects post-Project implementation period and significantly contribute to the country SDG and NDC commitments.

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An Exit Strategy and Sustainability Plan will also be co-created with stakeholders to identify accountability centers for sustaining Project interventions after its completion.

Financial sustainability will be achieved through: (i) informed project idea development based on feasibility studies and stress testing; (ii) establishing learning models of innovative financial instruments to unlock private sector financing at scale; and (iii) engaging investors who will support climate and green investments and blending these with resources of other stakeholders, including LGUs and CBOs.

Social sustainability will be improved through the stakeholder engagement approach and activities outlined for this Project (Refer to Annex 1. Stakeholder Engagement Plan). Local stakeholders, composed of men and women, that will be targeted as project beneficiaries and whose areas will be affected by climate and green investments will be involved during project development and implementation phases through participatory and inclusive consultations. Community groups which will be impacted by these climate and green investments will be comprehensively informed about: (i) the potential results of the projects, including community benefits; (ii) risks and corresponding mitigation measures, if any; (iii) mechanisms through which community participation will be facilitated; and (iv) setting-up of grievance redress mechanisms during start of Project implementation.

Environmental sustainability will be achieved through: (i) designing of project appraisal process and criteria as part of the Call for Ideas that look into potential negative environmental impacts and outlining safeguards that will mitigate these impacts; (ii) ensuring implementation of Environmental and Social Management Plans (ESMPs) once projects have received funding which also forms part of ensuring social sustainability; and (iii) development of a Monitoring and Evaluation Plan that takes into account Project-specific milestones, issues and concerns.

Innovation is embedded in the Project design as it attempts to: (i) bring in non-traditional actors in financing climate and green investments, including investors (private sector entities, philanthropists) and financial institutions (commercial and national development banks) on investing in climate and nature-based solutions; (ii) design and implement new financing solutions, e.g., blended financing; (iii) introduce KPI metrics on SDG impact monitoring that will help private sector entities translate their climate and green investments as well as gender equality efforts into corporate reports; and (iv) improve PPP projects by mainstreaming perspectives on climate and green investments and embedding gender concerns during project design, appraisal, implementation and, monitoring and evaluation phases.

Scaling-up of Project interventions is highlighted by the Project's approach on: (i) establishment of learning models of new financing solutions for climate and green investments that can be replicated across industries and geographical locations; (ii) development of knowledge products, including learning modules, training manuals, guidelines, policy briefs, technical papers and compendium of best practices and case studies, backed-up by a communications strategy, conduct of South-South activities as dissemination activities and data warehouse; (iii) capacity-building through a mentorship programme and training of practitioners that will facilitate lesson sharing; (iv) institutional partnerships; (v) policy platform and research; and (vi) replication strategy that will be outlined and provided through the Exit Strategy and Sustainability Plan.

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PROJECT MANAGEMENT, GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Cost Efficiency and Effectiveness

The Project has been designed to ensure the most cost-effective approach in carrying-out Project interventions, including:

Building on current initiatives of critical actors. Project interventions have been designed anchoring on the most recent issuance of the ITSF on Sustainable Finance Roadmap. This builds upon key milestones of BSP and SEC, the two national government agencies which have been instrumental in providing an enabling environment for improved investments on climate and green investments. The Project will have the Sustainable Finance Framework issued by BSP and the Sustainability Reporting Guidelines for PLCs of SEC as the primary bases on improving policy support, designing and implementation of new financing solutions and appropriate governance structure, and development and roll-out of capacity-building activities, among others. Equally important, the Project will work with existing groups, organizations and development partners that aim to advance private sector participation on climate and nature-based solutions, including the Green Force, ITSF, and the PPP Center.

Building on lessons learned and best practices. This Project also draws lessons from undertaking of similar interventions such as the UNDP's existing data and research partnerships with the government, Pintig-Lab data network and CPI's wealth of experience in working with financiers and policymakers of the governments of India, Brazil, Indonesia, Southern Africa and the G7 countries. The Project will also scale up financing solutions for NBS from UNDP implemented projects The challenges identified pertaining to improving biodiversity financing in the country under UNDP BIOFIN have also been considered under Component 2.

The UNDP is actively working with governments, regulators and other stakeholders of financial markets on development and introduction of various impact factored frameworks and financial tools. These experiences and global expertise will be harnessed in support of the Project. These include:

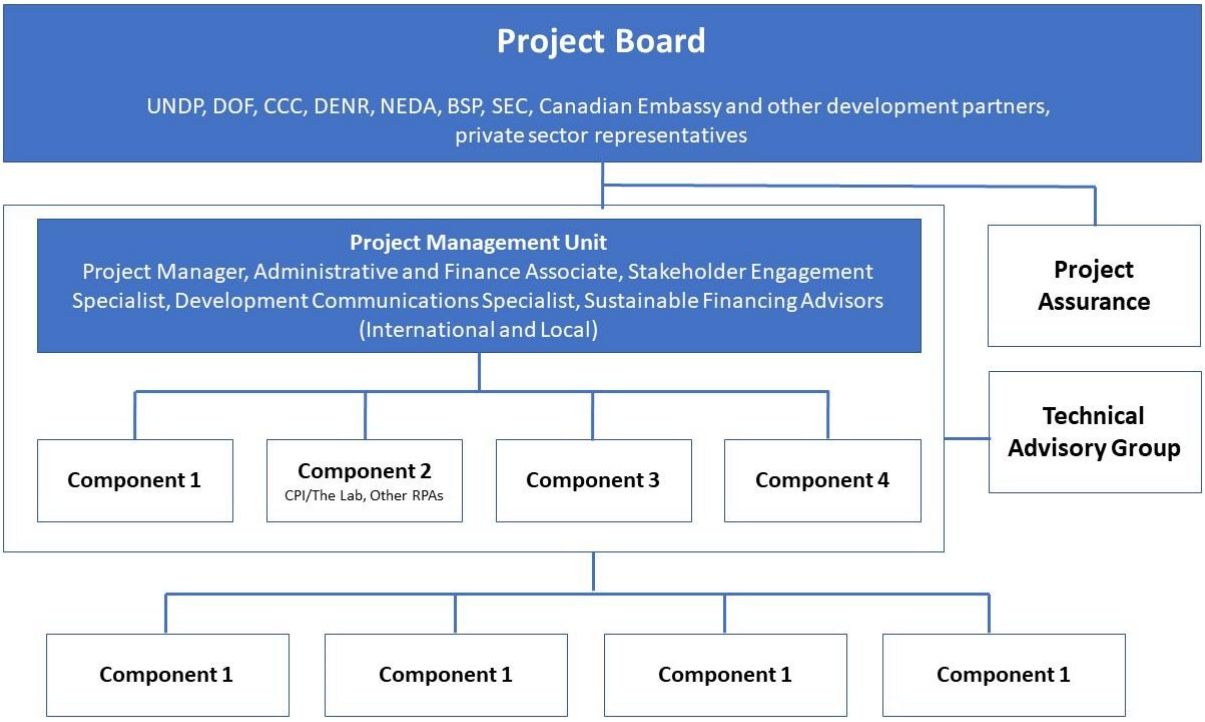
- work with Ministries of Finance and other relevant authorities on development and issuance of thematic bonds (Green Sukuk in Indonesia, SDG Bonds in Mexico and Uzbekistan) and currently is engaged in over 20 similar developments across the globe advocating introduction of SDG impact standards specifically developed for that asset class;
- engagements with governments in Indonesia and India regarding introduction of social impact bonds, as well as thematic and impact focused municipal bonds etc.
- work with Mongolian Stock Exchange (MSE), The Financial Regulatory Commission of Mongolia (FRC), Mongolian Sustainable Finance Association (MSFA) on developing Sustainability Reporting Guidance for Mongolian Companies;
- engagement with Securities Exchange Commission of Thailand over introduction of "From ESG to SDG impact" framework and platform and ongoing work Stock Exchange of Thailand on development of "ESG Assessment tool";
- support to Royal Securities Exchange of Bhutan (RSEBL) in their joining UNCTAD's the Sustainable Stock Exchange Initiative (SSE) and development of the ESG disclosure guidelines;
- collaboration with stock exchanges in Bangladesh (jointly with GRI), Jordan

Development of learning models to provide proofs of concepts and benefits. Given the current climate and nature-based solution financing landscape, the project design puts emphasis on new financing solutions that can be developed across different priority thematic areas. This is to facilitate pilot-testing of these financing instruments targeting different stakeholders, including impact

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investors, commercial banks and national development banks, among others, and explore opportunities for scaling-up or replication once learning models have been established.

Governance and Management Arrangement



Roles and responsibilities of the Project's governance mechanism: The Project will be implemented following UNDP's Direct Implementation Modality (DIM), according to the Standard Basic Assistance Agreement (SBAA) between UNDP and the Government of the Philippines and the Country Program.

Implementing Partner

The **Implementing Partner** is the entity to which the UNDP Administrator has entrusted the implementation of UNDP assistance specified in this signed project document along with the assumption of full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs, as set forth in this document. The Implementing Partner is responsible for executing this project.

UNDP Country Office (CO) will serve as the Implementing Partner for the Project. UNDP CO has the main responsibility to ensure that the Project is executed in accordance with government priorities as well as with the Project Document and the UNDP guidelines. Within the CO, a strict firewall will be maintained between the delivery of project oversight and execution based on the CO's Internal Control Framework (CO). Project execution will be undertaken by the following CO Units:

Climate Action Programme (CAP) where the Project Management Unit (PMU) will be lodged. The CAP Team Leader will provide day to day guidance to the PMU by ensuring timely and quality delivery of outputs.
Procurement Team which will undertake procurement of goods and services for the Project following the approved Annual Work Plan and Annual Procurement Plan.
Human Resources Team which will be responsible for recruitment of Project staff.

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Finance Team which will process payments for goods and services rendered for the Project
Project oversight will be provided by the following:
Senior Management including the Resident Representative and Deputy Resident Representative.
Results and Quality Team which will closely coordinate with CAP on Project's key milestones, financial monitoring preparation of reports to donors and institutional partners and HACT assurance activities, among others; and
Operations Manager who will provide oversight on execution support services pertaining to procurement, finance and human resources management.

Below are the duties and responsibilities of the UNDP CO as the Implementing Partner:

- Project planning, coordination, management, monitoring, evaluation and reporting. This includes providing all required information and data necessary for timely, comprehensive and evidence-based project reporting, including results and financial data, as necessary.
- Risk management as outlined in this Project Document.
- Procurement of goods and services, including human resources.
- Financial management, including overseeing financial expenditures against project budgets.
- Approving and signing the multiyear workplan.
- Approving and signing the combined delivery report at the end of the year.
- Approve on behalf of the Project Board, quarterly work plans, including quarterly progress reports, expenditure plans and financial report (s) of the Project.
- Integrate project plans as well as project learning into appropriate plans and operations of the UNDP CO and other key concerned National Government Agencies (NGAs).
- Provide advice to the PB and direction to the Project Management Unit (PMU) as necessary, to overcome conflicts, constraints, mitigate risks and resolve implementation problems.
- Represent the Project at meetings with key partners/stakeholders including NGAs, private sector, commercial and national financial institutions, inter agency bodies, civil society and development /donor partners.
- Assist in the coordination of the Project activities that involve NGAs, private sector, commercial and national financial institutions, inter agency bodies, civil society and development /donor partners.

Project Board

The Project Board (also called Project Steering Committee) is responsible for taking corrective action as needed to ensure the project achieves the desired results. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition. In case consensus cannot be reached within the Board, the UNDP Resident Representative (or his/her designate) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.

The PB will be composed of the following representatives from the following agencies: UNDP, DOF, CCC, DENR, NEDA, BSP, SEC, PCW, Canadian Embassy and other development partners, and the private sector. The PB will convene annually and will be chaired by the Resident Representative of UNDP CO.

Specific tasks of the PB include the following:

- Provide overall guidance and direction to the project, ensuring it is aligned with national policies, priorities and programmes; and that the Project remains within any specified constraints.
- Address project issues as raised by the Project Manager.
- Approve annual work-plans and budgets, and as needed, any essential deviations from the original plans and budgets.
- Approve key work packages and TORs for implementation by responsible partner.

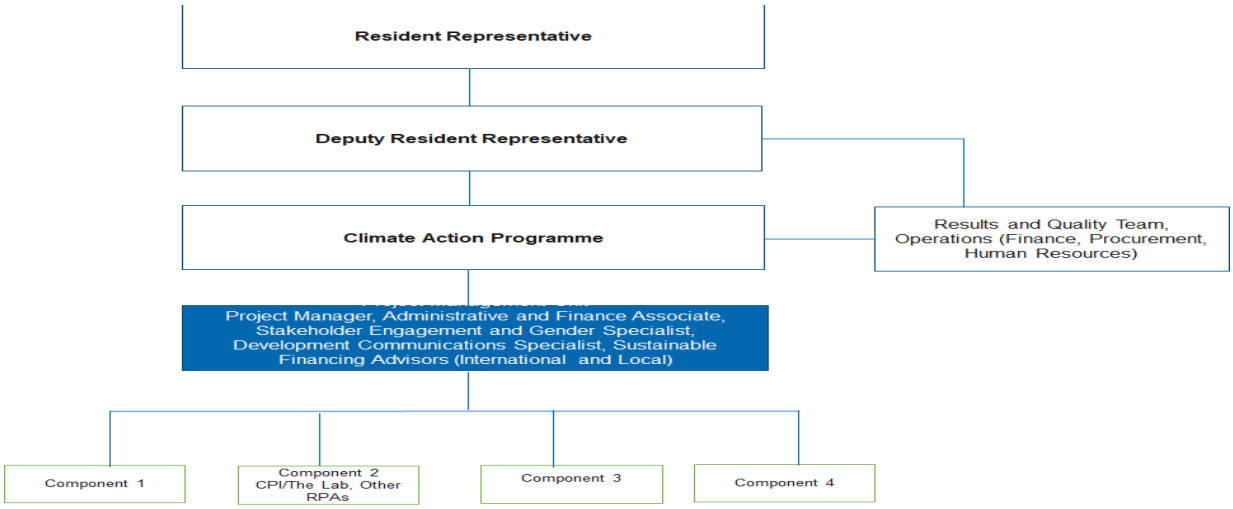
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- Provide guidance on new project risks and agree on possible mitigation and management actions to address specific risks.
- Agree on project manager's tolerances as required, within the parameters set by UNDP and the donor/s and provide direction and advice for exceptional situations when the project manager's tolerances are exceeded.
- Advise on major and minor amendments to the project within the parameters set by UNDP and the donor/s.
- Ensure coordination between various donor and government-funded projects and programmes.
- Ensure coordination with various government agencies and their participation in project activities.
- Track and monitor co-financing for this project.
- Review the project progress, assess performance, and appraise the Annual Work Plan for the following year.
- Oversee and support the commitment for funding and other support for the project.
- Appraise the annual report, including the quality assessment rating report.
- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project.
- Provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Address project-level grievances.
- Approve the project Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses.
- Decide on conceptual and design changes and other recommendations of external mid-term review.
- Serve as a conflict management /resolution venue for implementing agencies and key stakeholders.
- Review the final project report package during an end-of-project review meeting to discuss lesson learned and opportunities for scaling up.
- Provide guidance on post-project sustainability, institutional and financial arrangements, keeping in view the recommendations of external reviews.

Project Management Unit

A Project Management Unit (PMU) within UNDP CO will be established to manage the day-to-day project operations. It will consist of the Project Manager, Administrative and Finance Assistant, Stakeholder Engagement and Gender Specialist, and Development Communication Specialist. Key functions of the PMU will include: (i) preparation of PB meeting agenda and preparation of briefing notes for informed decision-making of PB members; (ii) facilitation of workshops, work packages and Terms of Reference (TORs), negotiation of partnership agreements with key stakeholders and contracts with Responsible Partners and deployment of consultants; and (iii) monitoring and facilitation of evaluation and learning. The PMU will be supported under Component 2 by International and Local Sustainable Financing Advisors who will provide strategic directions for implementation of Project components.

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Responsible Partner

The Climate Policy Initiative (CPI) will be engaged as the Responsible Partner to execute Output 2.1 of the Project. It will be primarily responsible for the launch, processing and completion of crowdsourcing, development, stress-testing and supporting the piloting of innovative instruments that will unlock private sector financing for climate and nature-based solutions. It will provide services and technical assistance to carry-out Component 2 activities, including those pertaining to: (i) transfer of knowledge; (ii) research work and financing to support quality of program implementation and impact, support administration, management, representation, publicity, policy development and capacity-building. It will also be responsible for supporting the implementation of financing instruments as well as dissemination of the Lab's research, impacts and lessons learned.

Other responsible partners will be identified during implementation.

Project Technical Advisory Group

A Technical Advisory Group (TAG) will be formed to facilitate exchange of information between the Lab and the finance stakeholders. This TAG will be composed of the BSP, SEC, commercial banks, national development banks (LandBank and DBP) and asset managers. This group can serve as a vehicle through which local finance actors can learn more about ways on structuring capital to finance climate and nature-based solutions while the Lab can learn about existing investment products (green bonds), risk appetites, priority sectors, geographies and sustainability targets of top commercial banks.

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RESULTS FRAMEWORK[68]

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework: **Urbanization, economic growth, and climate change actions are converging for a resilient, equitable and sustainable development path for communities**
Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets: 2.1.2 Number of farmers implementing climate change adaptation and mitigation strategies in UNDP-assisted communities. 2.2.1 Extent to which low emission and climate-resilient development targets are reflected in: a) National plans, strategies and budgets; b) Local development plans, strategies and budgets; c) Private sector business plans and strategies 2.2.2 Number of public and private entities making investments in low emission solutions and schemes through UNDP support 2.3.1 Area of UNDP-assisted protected areas with high biodiversity effectively managed 2.3.3 Value of financing generated for conservation and sustainable use of biodiversity and ecosystems
Applicable Output(s) from the UNDP Strategic Plan: **4.1 Natural resources** protected and managed to enhance sustainable productivity and livelihoods 4.1.1 Number of people directly benefitting from initiatives to protect nature and promote sustainable use of resources: (Female, Male) 4.1.2 Natural resources that are managed under a sustainable use, conservation, access, and benefit-sharing regime: • Area of terrestrial and marine protected areas created or under improved management practices (hectares) • Number of shared water ecosystems (fresh or marine) under new or improved cooperative management • Coverage and scale of ecosystems with enhanced resilience to climate change (hectares and kilometres) • Area of forest and forest land restored (hectares) • Areas of landscapes under improved practices, excluding protected areas (hectares) **4.2 Public and private investment mechanisms** mobilized for biodiversity, water, oceans, and climate solutions 4.2.1 Number of people (sex disaggregated) directly benefitting from mechanisms for biodiversity, water, oceans, and climate solutions funded by public and/or private sector resources 4.2.2 Number of people with enhanced resilience of health, food, and water security, and/or livelihoods due to public and/or private resources
Project title and Atlas Project Number: Accelerating Green and Climate Finance in the Philippines Atlas Project Number: 130666

EXPECTED OUTPUTS/OUTCOMES	OUTCOME/OUTPUT INDICATORS[69]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	TOTAL	
Intermediate Outcome 1:	Number of new or improved gender responsive NBS	Project and	0	2022				3	3	

[68] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

[69] It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

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Improved effectiveness of gender-sensitive climate finance platforms for evidence-based policy dialogue between government, development partners and private sector in the Philippines	finance policies influenced through the platform	agency reports								
Immediate Outcome 1: Strengthened gender-sensitive platforms for evidence-based policy dialogue between government, development partners and private sector on climate change and NBS	Number of men and women stakeholders, organizations benefitted by the platform	Project reports	0	2022	increasing					
Output 1.1: Climate data platform supporting research in NBS finance is established	1.1 Number of NBS finance research supported through the platform	Project reports	0	2022		1	1	1	3	
Output 1.2: A database to enable better decision making around policy and financing is established	1.2 Number of gender disaggregated data sets linked to the data warehouse	Project reports	0	2022	3				3	
Output 1.3: Data-driven policy studies targeting NBS for climate finance are produced and disseminated	1.3 Number of evidence-based policy briefs on NBS produced and advocated	Project reports	0	2022		1	1	1	3	
Intermediate Outcome 2: Increased access to innovative and gender responsive green and climate finance solutions that will support	Number of households (segregated by gender) benefiting from participation in gender-responsive bankable NBS and climate projects and finance solutions	Project Reports	0	2022	To be established in year 1					

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bankable nature-based climate solutions and biodiversity conservation projects, and will scale up investments towards NDC, PBSAP and SDGs.									
	Area of natural resources under improved management through NBS bankable projects (in hectares)	Project Reports	0	2022	To be established in year 1				
Immediate Outcome 2: Innovative and gender responsive green and climate finance solutions designed and implemented to scale up investments towards NDC, PBSAP and SDGs.	Additional capital (in US$) influenced or mobilized to finance implementation of financing instruments launched through The Lab; and financing of bankable projects	CPI and Project Reports	0	2022	Increasing				
Output 2.1: Philippines Climate Finance Lab established	2.1 Number of gender responsive NBS financing instruments launched through The Lab in the Philippines	CPI Reports	0	2022		1	1	1	3	
Output 2.2: Bankable projects that support gender-responsive nature-based climate solutions and biodiversity conservation (NBS) developed and financing mobilized	2.2.1 Number of gender responsive NBS bankable projects developed	Project reports	0	2022			1	2	3	
	2.2.2 Number/amount of financing mobilized for gender responsive NBS projects	Project reports	0	2022	To be determined					
Output 2.3: Strengthened capacities of PPPC to promote investments in NBS	2.3.1 Number of protected areas with gender sensitive PPP business cases developed	PPPC and BMB Reports	0	2022			1	1	2	
	2.3.2 Number of procedures and guidelines adopted by PPPC in PPPC for	PPPC and Project	Safegu ards standar	2022			1	1	2	

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	promoting investments in NBS	Reports	ds issued							
Intermediate Outcome 3: Improved overall lending and investments practices and behaviour of financial institutions in incorporating gender-sensitive, and green and climate-related policies in the Philippines	Number of banks and non-bank financial institutions adopting policies and guidelines to promote increased investments in gender responsive and green and climate programmes	Project Reports, BSP and SEC Reports	Sustainable Finance Roadmap CB Sustainable Finance Guidelines	2021 2019				2	2	
	Number of banks with improved risk adjusted returns on financial investments to account for climate change and disasters	Project reports, BSP reports	To be established at year 1	2022			1	2	3	
Immediate Outcome 3: Improved capacities of banks and non -bank financial institutions to design and incorporate gender-sensitive, green and climate related policies in their lending operations and investment decisions; and methods developed to measure financial risks from exposure of banks to climate change and disasters	Number of banks and non-bank financial institutions with enhanced gender responsive, and green and climate related policies in their operations and investment decisions	Project Reports, BSP and SEC Reports	To be established at Inception	2022			5	5	10	
Output 3.1: Capacity assessment of banks and non-bank financial institutions in	3.1.1 Capacity assessment of banks to comply with BSP Sustainable Finance Framework and Sustainable	Project reports	To be determined at	2022		1			1	

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incorporating gender sensitive and green and climate considerations in investment decisions	Finance Roadmap completed		Inception							
	3.1.2 Capacity assessment of non-bank financial institutions to assess client suitability and integrated ESG ratings in investment decisions	Project reports	To be determined at Inception	2022			1		1	
	3.1.3 Priority capacity building programmes organized by BSP/Green Force	Training reports	To be determined at Inception	2022			3		3	
	3.1.4 Priority capacity building programmes organized by SEC for NBFIs	Training reports	To be determined at Inception	2022			3		3	
Output 3.2: Damage modelling tools developed and tested to enable banks to measure the financial risks of loan exposures to climate change and disasters	3.2. Number of volunteer banks piloting damage estimation models developed for their lending portfolio	BSP reports and bank reports to BSP	None	2022				3	3	
Intermediate Outcome 4: Improved reporting on gender and SDG impacts of green and climate investments by private sector and financing institutions in the Philippines.	NEDA gender and SDG Monitoring reports incorporate contributions from green and climate investments by private sector and finance institutions	Project Reports, SDG Progress Reports	0	2022				1	1	

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Immediate Outcome 4: Strengthened policies and data analytics to improve implementation of ESG in the Philippines	Additional number of companies/entities submitting ESG reports	Project Reports, SEC Reports	0	2022				To be deter mined		
	Additional number of National Experts availing of capacity building programmes to undertake impact measurements	Project Reports, SEC reports	To be determi ned	2022				To be deter mined		
	Number of SEC policies and guidelines issued based on analytics from ESG reports	SEC reports	0	2022				2	2	
Output 4.1: Roadmap for sustainability reporting of NBS investments by non PLCs	4.1.1 SEC guidelines or policy statement for sustainability reporting of non PLCs with NBS investments	Project Reports	0	2022				1	1	
	4.1.2 Action Plan to enhance capacities of national Experts in third party opinions and impact measurements	Project Reports	0	2022				1	1	
Output 4.2: Publicly accessible platform and dashboard developed for monitoring and reporting on SDG impacts of NBS financed climate projects	4.2 Number of users (gender disaggregated, entities) accessing dashboard for monitoring and reporting on SDG impacts of NBS finance climate projects	SEC Reports/ dashboar d analytics	0	2022		Increa sing	Increa sing	Increa sing		

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MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:
[Note: monitoring and evaluation plans should be adapted to project context, as needed]

The Project results, including indicators and mid-term and end-of-project targets in the Project Results Framework will be monitored annually and evaluated periodically during Project implementation. Project-level monitoring and evaluation will be undertaken in compliance with UNDP requirements as outlined in the UNDP POPP and UNDP Evaluation Policy. The UNDP Country office is responsible for ensuring full compliance with all UNDP project monitoring, quality assurance, risk management, and evaluation requirements. To note, the Project will undertake appropriate, gender-responsive monitoring, evaluation and learning activities to assess the effectiveness of the implementation of the green and climate financing from a gender perspective. These include the use of gender indicators and collection and analysis of gender data to understand differentiated impacts. This will include monitoring and evaluation of unintended consequences and sharing of best practices and lessons learned.

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	UNDP CO, PMU, PB, CPI	USD5,000
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNDP CO, PMU, PB, CPI	USD5,000
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	UNDP CO, PMU, CPI, Lab Advisory Panel	USD30,000
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform	Annually	Areas of strength and weakness will be reviewed by project management and used to inform	UNDP CO	USD2,500

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Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
	management decision making to improve the project.		decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	UNDP CO, PMU, PB, CPI	USD2,500
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Quarterly, Annually, and at the end of the project (final report)		UNDP CO, PMU, PB, CPI, Lab Advisory Panel	USD2,500
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Every six months	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	UNDP CO, PMU, PB	USD2,500

Evaluation Plan[70]

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Terminal Evaluation	Canadian Embassy, UNDP CO	OUTCOME 1: Structural transformation accelerated, particularly green, inclusive, and digital transitions	Outcome 2: Urbanization, economic growth, and climate change actions are converging for a	July 2025	NGAs, private sector partners/investor, banks and bank associations, PB,	USD45,000

[70] Optional, if needed

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Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
		OUTCOME 3: Resilience built to respond to systemic uncertainty and risk	resilient, equitable, and sustainable development path for communities.		Lab Advisory Panel	

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MULTI-YEAR WORK PLAN [71],[72]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES/SUB OUTPUTS	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	Budget Notes
OUTCOME 1: Strengthened gender sensitive platforms for evidence-based policy dialogue between government, development partners and private sector on climate change and NBS *Gender marker: 2*	Output 1.1 Climate data platform supporting research in NBS finance is established	50,200	20,000	-	-	UNDP	Donor	Local Consultants	20,200	1
							Donor	Contractual Services-Companies	50,000	2
	Output 1.2 A database to enable better decision making around policy and financing is established	12,500	15,200	2,500	-	UNDP	Donor	Local Consultants	20,200	3
							Donor	Contractual Services-Companies	10,000	4
	Output 1.3 Data-driven policy studies targeting NBS for climate finance are produced and disseminated	16,000	36,000	26,00	6,000	UNDP	Donor	Local Consultants	60,000	5
							Donor	Trainings, Workshops and Conferences	16,000	6
							Donor	Travels	8,000	7

[71] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[72] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

EXPECTED OUTPUTS	PLANNED ACTIVITIES/SUB OUTPUTS	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	Budget Notes
	MONITORING	1,750	1,750	1,750	1,750	UNDP	Donor	Trainings, Workshops and Conferences	6,000	8
								Travels	3,000	9
	Sub-Total for Output 1								**191,400**	
OUTCOME 2: Innovative and gender responsive green and climate finance solutions designed and implemented to scale up investments towards NDC, PBSAP and SDGs. *Gender marker: 2*	Output 2.1 Philippines' Climate Finance Lab established	221,100	269,900	215,000	200,000	UNDP	Donor	International Consultants	15,000	10
							Donor	Local Consultants	40,900	11
							Donor	– Responsible Party Cost	850,000	12
	Output 2.2 Bankable projects that support gender-responsive nature- based climate solutions and biodiversity conservation (NBS) developed and financing mobilized	59,000	266,500	235,500	6,000	UNDP	Donor	International Consultants	18,000	13
							Donor	Local Consultants	71,500	14
							Donor	Contractual Services-Companies	445,000	15
							Donor	Trainings, Workshops and Conferences	18,000	16
							Donor	Travels	14,500	17
	Output 2.3 Strengthened capacities	120,000	53,250	52,750	3,000	UNDP	Donor	International Consultants	19,500	18
							Donor	Local Consultants	55,000	19

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EXPECTED OUTPUTS	PLANNED ACTIVITIES/SUB OUTPUTS	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	Budget Notes
	of PPPC to promote investments in NBS						Donor	Contractual Services-Companies	130,000	20
							Donor	Trainings, Workshops and Conferences	18,000	21
							Donor	Travels	6,750	22
	MONITORING	2,000	2,000	2,000	2,000	UNDP	Donor	Trainings, Workshops and Conferences	4,000	23
							Donor	Travels	1,200	24
	Sub-Total for Output 2								**USD 1,707,350**	
OUTCOME 3: Improved capacities of banks and non -bank financial institutions to design and incorporate gender-sensitive, green and climate related policies in their lending operations and investment decisions; and methods developed to measure financial risks from exposure of banks to climate change and disasters.	Output 3.1. Capacity assessment of banks and non-bank financial institutions in incorporating gender sensitive and green and climate considerations in investment decisions	57,000	53,700	43,200	7,200	UNDP	Donor	Local Consultant	57,100	25
							Donor	Contractual Services-Companies	60,000	26
							Donor	Trainings, Workshops and Conferences	24,000	27
							Donor	Travels	21,000	28
	Output 3.2 Damage modelling tools developed and tested to enable banks to measure the financial	40,000	55,000	14,000	10,000	UNDP	Donor	Local Consultant	29,000	29
							Donor	Contractual Services-Companies	60,000	30

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EXPECTED OUTPUTS	PLANNED ACTIVITIES/SUB OUTPUTS	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	Budget Notes
Gender marker: 2	risks of loan exposures to climate change and disasters									
							Donor	Trainings, Workshops and Conferences	9,000	31
							Donor	Travels	29,000	32
	MONITORING	2,000	2,000	2,000	-	UNDP	Donor	Trainings, Workshops and Conferences	3,200	33
							Donor	Travel	2,000	34
	Sub-Total for Output 3								**USD 285,300**	
OUTCOME 4: Strengthened policies and data analytics to improve implementation of ESG in the Philippines. *Gender marker: 2*	Output 4.1 Roadmap for sustainability reporting of NBS investments by non PLCs	30,000	46,000	36,000	-	UNDP	Donor	Local Consultants	80,000	35
							Donor	Trainings, Workshops and Conferences	20,000	36
							Donor	Travels	12,000	37
	Output 4.2 Publicly accessible platform and dashboard developed for monitoring and reporting on SDG impacts of NBS financed climate projects	-	2,700	83,200	73,200	UNDP	Donor	Local Consultants	57,100	38
							Donor	Contractual Services – Companies	80,000	39
							Donor	Trainings, Workshops and Conferences	4,500	40
							Donor	Travels	12,000	41
	MONITORING	-	-	5,000	5,000	UNDP	Donor	Trainings, Workshops	4,500	42

EXPECTED OUTPUTS	PLANNED ACTIVITIES/SUB OUTPUTS	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	Budget Notes
								and Conferences		
							Donor	Travels	3,000	43
	Sub-Total for Output 4								**USD 278,600**	
Evaluation *(as relevant)*	Terminal Evaluation	-	-	-	45,000	UNDP	Donor	International Consultant	25,000	44
							Donor	Local Consultant	20,000	45
	Sub-Total for Evaluation								**USD 45,000**	
Project Management Cost	Project Management	78,256	78,256	78,256	78,256	UNDP	Donor	Contractual Service - Individual	273,896	46
							Donor	Trainings, Workshops and Conferences	23,000	47
							Donor	Travels	15,000	48
							Donor	Audio Visual and Print Production	12,306	49
							Donor	Supplies	10,000	50
							Donor	Information Technology Equipment	16,000	51
							Donor	Professional Services	21,000	52
							Donor	Miscellaneous Expenses	1,500	53

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EXPECTED OUTPUTS	PLANNED ACTIVITIES/SUB OUTPUTS	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	Budget Notes
							Donor	Direct Project Cost	155,247	
	Subtotal for PMC								**USD 527,949**	
	Total for Output and PMC	**824,512**	**1,058,012**	**892,312**	**445,208**				**USD 3,220,046**	
General Management Support (8%)		65,961	84,641	71,385	35,617	UNDP	Donor	GMS	**USD 242,848**	
Levy (1%)		8,245	10,580	8,923	4,452	UNDP	Donor	Levy	**USD 30,356**	
TOTAL GMS AND LEVY									**USD 273,204**	
GRAND TOTAL									**3,308,803**	

Budget Notes

Budget Notes #	Notes
1	71300 Local Consultant: Engagement of Climate Finance Subject Matter Experts @300/day, for 67.5 days, spread out year 1-2 (50% of total cost). Together with the Finance Policy Specialist and data warehouse developer, provide advisory services on the development and implementation of research agenda, including experts in climate finance, environmental science, ecosystem adaptation, resource, economics, business administration, data science, environmental, gender inclusion and social safeguards Total: USD 20,200
2	72100 Contractual Services Companies: Technical assistance by research institutions, consultancies, companies or other service providers to help set up the data platform supporting research in NBS. Total: USD 50,000
3	71300 Local Consultant: Engagement of Climate Finance Subject Matter Experts @300/day, for 67.5 days, spread out year 1-2 (50% of total cost). Together with the Finance Policy Specialist and data warehouse developer, provide advisory services on the development and implementation of research agenda, including experts in climate finance, environmental science, ecosystem adaptation, resource, economics, business administration, data science, environmental, gender inclusion and social safeguards. Total: USD 20,200

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4	72100 Contractual Services Companies: Technical assistance by research institutions, consultancies, companies or other service providers to help develop cloud-based data warehouse. Total: USD 10,000
5	71300 Local Consultant: Engagement of (i) Policy Specialist for 120 days spread throughout year 1 to 3 (USD 300/day) USD 36,000 (; (ii) Engagement of Data Capacity Building Specialist for 80 days spread throughout year 2-3 (USD 300 day) USD 24,000 Total: 60,000
6	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings. Total USD 20,000
7	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 10,000
8	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings (Inception Workshop, and meeting cost for monitoring and evaluation). Total USD: 6,00
9	71600 Travel for monitoring and evaluation activities, includes terminal evaluation travel cost of consultants. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 3,000
10	71200 International Consultant: Engagement of Sustainable Financing Adviser will for 75 days spread throughout year 1 to 4 @700/day (29% of Total Cost). Total USD 15,000
11	71300 Local Consultant: Engagement of: 1. Gender Specialist (50 days year 1, @200/day) Total: 10,000 2. ESS Specialist (50 days, year 1, @200/day). Total: 10,000 3. Sustainable Financing Advisor (83 days, spread from year 2-3, @300/da). Total: 25,000 Total: USD 45,000
12	72100 Contractual Services Companies: RPA (CPI) cost for pilot testing of three financing instruments. Total: USD 850,000
13	71200 International Consultant: Engagement of Sustainable Financing Adviser will for 75 days spread throughout year 1 to 4 @700/day (34% of Total Cost). Total USD 18,000
14	71300 Local Consultant: Engagement of: 1. Gender Specialist (50 days, year 2 @200/day). Total: USD 10,000 2.ESS Specialist (50 days, year 2 @200/day). Total: USD 10,000 3. Sustainable Financing Advisor (83 days, spread across year 1-3, @300/day). Total: 25,000 4. National Consultant - ESS Specialist to develop a Targeted Management Plan or an Environment and Social Management Plan (60 days, spread over 6 months towards end of year 1, at approximately 333/day). Total 20,000 5. Due Diligence for Private Sector Consultant to conduct a Due Diligence assessment for private sectors - (30 days spread over year 1, at 350/day). Total 10,500 Total: USD 75,500
15	72100 Contractual Services Companies: Technical assistance by research institutions, consultancies, companies or other service providers to conduct pilot-testing in 3 coastal and marine impact investments and 2 PPPs in PAs. Total: USD 500,000
16	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings. Total USD 32,000

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17	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 14,500
18	71200 International Consultant: Engagement of Sustainable Financing Adviser will for 75 days spread throughout year 1 to 4 @700/day (37% of Total Cost). Total USD 19,500
19	71300 Local Consultant: Engagement of: 1. ESS Specialist (100 days year 3, @200/day). Total: USD 20,000 2. Sustainable Financing Advisor (50 days spread from year 1 to 2, @USD 300/day). Total USD 15,000 3. National Consultant - SESA Specialist to undertake a scoped Strategic Environmental and Social Assessment (60 days spread over 6 months; Year 1, app 333/day). Total USD 20,000 Total: USD 55,000
20	72100 Contractual Services Companies: Technical assistance by research institutions, consultancies, companies or other service providers to conduct delivery of capacity-building activities for PPPC. Total: 100,000
21	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings. Total USD 33,000
22	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 15,000
23	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings (Inception Workshop, and meeting cost for monitoring and evaluation). Total USD: 5,000
24	71600 Travel for monitoring and evaluation activities, includes terminal evaluation travel cost of consultants. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 3,000
25	71300 Local Consultant: Engagement of: 1. Gender Specialist (50 days, year 1, @200/day). Total: USD 10,000 2. ESS Specialist (50 days, year 1, @200.day). Total USD 10,000 3. Sustainable Financing Advisor (50 days, spread from year 2-3, @300/day). Total USD 15,000 Total: USD 35,000
26	72100 Contractual Services Companies: Technical assistance by research institutions, consultancies, companies or other service providers to conduct the assessment of implementation of Sustainable Finance Framework . Total: 60,000
27	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings.: Total USD 37,000
28	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 25,000
29	71300 Local Consultant: Engagement of: 1. Gender Specialist (50 days, year 2, @200/day). Total: USD 10,000

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	2. ESS Specialist (50 days, year 2, @200/day). Total USD 10,000 3. Sustainable Financing Advisor (30 days, year 4 @300/day). Total USD 9,000 Total: USD 29,000
30	72100 Contractual Services Companies: Technical assistance by research institutions, consultancies, companies or other service providers to conduct Capacity Assessment . Total: 60,000
31	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings. Initial activities identified are: Total USD 35,000
32	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 21,000
33	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings (Inception Workshop, and meeting cost for monitoring and evaluation). Total USD: 4,000
34	71600 Travel for monitoring and evaluation activities, includes terminal evaluation travel cost of consultants. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 2,000
35	71300 Local Consultant: Engagement of a Sustainable Financing Specialist to lead the review and harmonization process (100 days each for year 1 and 2, and 67 days for year 3 @300/day) Total: USD 80,000
36	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings. Total USD 20,000
37	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 16,000
38	71300 Local Consultant: Engagement of 1. Gender Specialist (100 days year 3, 50 days year 4 @USD200/day) Total: 30,000 2. ESS Specialist (50 days, year 4) @USD200/day) Total: 10,000 Total: USD 40,000
39	72100 Contractual Services Companies: Technical assistance by research institutions, consultancies, companies or other service providers to develop tools for monitoring and reporting SDG impacts of NBS financed climate projects. Total 80,000
40	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings. Total USD 20,000
41	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 10,000
42	75700 Trainings, Workshops and Conferences: Costs of venue, food and accommodation of participants during workshops, meetings, trainings (Inception Workshop, and meeting cost for monitoring and evaluation). Total USD: 6,000
43	71600 Travel for monitoring and evaluation activities, includes terminal evaluation travel cost of consultants. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 4,000
44	71200 International Consultant: Terminal Evaluation Consultant will together with national consultant undertake the Terminal Evaluation of the project planned for June 2025 (USD25K for a month engagement)
45	71300 Local Consultant: Terminal Evaluation Consultant together with international consultant undertake the Terminal Evaluation of the Project Planned for June 2025.(20k for a month engagement) Total. 20,000
46	71400 Contractual Services of the following:

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	1.) Project Manager - will oversee the implementation of the project and as the head of the PMU will ensure the appropriate coordination of all project activities and interactions between project partners, consultants, sub-contractors and project stakeholders (USD 4350/month - 12 months year 1-3, 6 months year 4). USD 182,704 2.) Admin and Finance Associate - will undertake the administrative and financial duties of the PMU and will assist the PM in her/his duties (USD 1142/month 12 months year 1-3, 6 months year 4). USD 47,971 3.) Communications Specialist - will undertake the implementation of KM and Communications strategy (USD 2326/month - 12 months year 1-3, 6 months year 4) Total: USD 328,373
47	75700: Training, Workshops, and Conferences: This includes the costs of project board meetings, PMU regular meetings, annual year-end assessments and planning, monitoring workshops and meetings, among others. Total: USD 25,000
48	71600 Travel: Local travel by project staff, government representatives, and consultants to project sites to organize, participate in workshops, meetings and conferences. Costs include domestic air tickets, bus and local rental of vehicles, if required and DSA. Total: 15,000
49	74200 Audio Visual & Print Prod Costs: Cost related to the development and printing of knowledge Total: USD 12,306
50	72500 Supplies: Cost of office supplies in the implementation of activities and workshops such bond papers, kits, printing supplies. Total USD 12,000
51	72800 Information Technology Equipment: These are costs of IT equipment to be procured for use of project staff at the PMU (laptops, printer/scanner, LCD, projector). USD 20.000
52	74100 Professional Services: Financial DIM audit and spot-checks during the course of the project implementation. Total: USD 15,000
53	74500 Miscellaneous Cost Total: USD 1,500

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LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Philippines and UNDP, signed on 21 July 1977. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNDP in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

RISK MANAGEMENT

UNDP (DIM)

UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds][73] [UNDP funds received pursuant to the Project Document][74] are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.

All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

[73] To be used where UNDP is the Implementing Partner
[74] To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

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UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:

- Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
- put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.

In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.

Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient

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will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

Choose one of the three following options:

Option 1: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Option 2: Each responsible party, subcontractor or sub-recipient agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

Each responsible party, subcontractor and sub-recipient shall ensure that all its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

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