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Project Document: Enabling and Scaling up Nature-related Financial Disclosures

Project Title: Enabling and Scaling up Nature-related Financial Disclosures	
Country(ies): Global	**Implementing Partner:** UNDP **Execution Modality***:* Direct implementation (DIM) project
Contributing Outcome*:* UNDP's Strategic Plan 2022-2025 Outcome 1 "Structural Transformation", Signature Solution on Environment "4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions"	
UNDP Social and Environmental Screening Category: Moderate	**UNDP Gender Marker:** 2
Quantum Award ID: 00147209	**Quantum Project/Output ID:** 00133933
UNDP PIMS ID number: 6652	
Project duration in months: 72 months	
Planned start date: January 1, 2023	**Planned end date:** January 1, 2029
Expected date of Terminal evaluation: July 2028	
Brief project description: The project objective is "Global financial flows shifted from nature-negative development outcomes toward nature-positive development outcomes." This project will help accelerate achievement of the TNFD's mission of launching an international financial disclosure and risk management framework to redirect global financial flows to more nature positive outcomes in line with the expected Global Biodiversity Framework (GBF) under the Convention on Biological Diversity (CBD). By the end of the project, enterprises in developing countries are expected to be capable of understanding their impacts and dependencies on nature, and managing business risks and opportunities better. Financial institutions will be capable of informing clients, shareholders, and the public about risks related to their financial operations. Policy makers, regulators and central banks in numerous developing countries will be able to understand macro-level impacts on nature, and adopt effective well-informed policies. This will be achieved through the development and adoption of a sector-specific risk assessment and disclosure framework and guidance for agricultural products (FB-AG[1]) (including meat, poultry and dairy (FB-MP)), forestry management (RR-FM), infrastructure (IF), extractives (EM) and financial sectors (FN), and by targeted capacity building of financial institutions and companies in developing countries, with engagement of international financial institutions. Partnerships with regulators and standard-setters will trigger policies needed for the transition towards a nature-positive economy. This will be done in consultations with local communities and biodiversity stakeholders (e.g. civil society, local communities and indigenous communities).	
FINANCING PLAN	
(1) Total Budget administered by UNDP (under Global DIM execution)	**USD 30,571,811 (EUR 28,994,000)**
(2) Total confirmed financing to this project not administered by UNDP	**USD $0**

[1] Sector code per the SASB Sustainable Industries Classification System.

(3) Grand-Total Project Financing (1)+(2)	**USD 30,571,811 (EUR 28,994,000)**
SIGNATURES:	
Signature: **Haoliang Xu** **Assistant Administrator and Director of Bureau for Policy and Programme Support**	**Date/Month/Year:** **21/02/2023**

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I. DEVELOPMENT CHALLENGE

1.1. Context and Global Significance: Nature-related Financial Disclosures

1. The Global Biodiversity Outlook 5, flagship publication of the Convention on Biological Diversity (CBD),recognized that the world failed to achieve a single one of the Aichi 2020 targets. According to UNEP FI, global consumption patterns are driving nature destruction through business operations that contribute to habitat conversion, pollution, invasive species, disturbances, and overuse of natural resources. According to The New Nature Economy Report from IBPES, industries that are highly dependent on nature generate 15% of global GDP ($13 trillion), while moderately dependent industries generate 37% ($31 trillion). Such sectors rely on either direct extraction of resources from nature or the provision of ecosystem services such as healthy soils, clean water, pollination of crops by insects and a stable climate.
2. Based on UNEP FI research, the subindustries of agriculture and apparel exhibit highest dependencies on nature exposing them to a greater degree of risk arising from its loss. Agricultural products, distribution, mining and oil and gas exploration and production are the sectors with the highest impact on nature, particularly through their use of land, freshwater and marine areas. The Nature Risk Rising report by the World Economic Forum (WEF) shows that $44 trillion of economic value generation – more than half of the world's total GDP – is moderately or highly dependent on nature and its services and is therefore exposed to nature loss. As nature loses its capacity to provide such services, these sectors could suffer significant losses. For example, 60% of coffee varieties are in danger of extinction due to climate change, disease and deforestation. In addition to dependency on nature, the negative impacts that businesses have on nature can create direct and indirect risks in the form of regulatory, legal, reputational and market risks, among others.
3. Concerns about the role of companies and financing institutions in the nature crisis have escalated over the past 3 years. Activists have demanded full disclosure in cases such as fires in the Amazon, whereby claims have been placed against some of the leading agricultural producers and their financing institutions, supported by market analysts such as Standard and Poor (S&P). Impacts on nature in key hotspots, such as tropical forests, are intrinsically linked with climate effects: In June 2020, Ceres published a report, which argued that "commodity-driven tropical deforestation — clearing and burning forests for agricultural production —is responsible for 5% of global GHG emissions. About 33% of GHG emissions from commodity-driven deforestation occurs in Indonesia and 27% in Brazil." S&P mentions, based on reported date, that the key drivers of tropical deforestation are companies in food production, soap, detergents and cosmetics, clothing and shoe companies.
4. The exposure of the root-causes of the tropical deforestation in 2019-2020, resonated with investors. According to S&P, based on Reuters reports of June 2019, "In 2019, following the devastating Amazon fires, 251 investors with USD 17.7 trillion in assets under management called on exposed companies to take urgent action. In the past six months, several investors have pushed harder against large Brazilian companies such as meat processors JBS SA and Marfrig Global Foods SA and meat exporter Minerva SA. Seven major European investment firms with more than $5 billion in investments linked to Brazil have threatened to divest from beef producers, grains traders and government bonds in Brazil if they do not see a reduction in the destruction of the Amazon rainforest."
5. Nature-related reputational and financial risks lead businesses to collaborate with governments and international organizations to develop a common approach to addressing these risks. This is how the Taskforce on Nature-Related Financial Disclosures, came into being. An informal working group (IWG), led by the international finance sector, was established in 2020 to plan a Taskforce on Nature-related Financial Disclosures (TNFD), facilitated by UNDP, UNEP FI, WWF and Global Canopy, with the political and financial support of the UK government and French government. This work is driven by universal acceptance of several barriers to companies properly disclosing risks related to impacts or dependencies on nature. The full TNFD Taskforce was launched in September 2021.
6. One problem is that while many companies (both real sector and financial institutions) recently adopted zero-nature-impact targets, public reporting on progress remains low. Many companies are basing their reporting on the self-declaration of certain achievements, without having them audited or verified, which makes an illusion of the company "being green"; many such reports are not accepted by market analysis or leading rating companies. Still, many other companies have not embarked on setting targets to reduce their impact on nature due to limited understanding of nature impacts and dependencies on nature and the lack of regulatory action requiring them to disclose these risks. The existing nature impact or

dependency standards or metrics (such as Biodiversity Measurement Approaches, or The Natural Capital Protocol's Biodiversity Supplement) have not been widely adopted by companies, according to the Little Book of Investing in Nature which lists few examples of the use of such metrics, in most cases just a few specific projects. The currently existing metrics seem to be (1) overly complex to be comprehended by company management or investors, (2) too expensive to be deployed as they in most cases require extensive field counts or procurement of aerial surveys on a constant basis, (3) their link to key international policy frameworks (SDGs, conventions) is not explicit; (4) their collation, comparison, aggregation and presentation (e.g. by MSCI for rating purposes) in a user-friendly way is cumbersome, and (5) most of them measure the "post-factum status/picture of a certain site", rather than measuring actions that lead to biodiversity declines or restoration.

7. As a result, the financial sector fails to properly evaluate risks resulting from companies' impacts and dependencies, or to acknowledge and manage its role in driving or curbing these risks. In the absence of effective disclosure of nature risks by businesses, the financial sector continues to invest in destructive companies while missing opportunities to incentivize those who bring positive benefits to nature.

8. The Little Book of Investing in Nature estimates that between USD 598 and 824 billion per year is needed to sustain biodiversity and avoid its degradation; while part of the zero-net impact on biodiversity can and should be achieved by removing harmful government subsidies (which the Little Book estimates to be 6 times higher than all the nature-dedicated funding together), the primary role in filling this gap belongs to real-sector and financial companies who need to re-orient and transition their investments away from destructive activities towards zero net biodiversity impact, and effective disclosure is an indispensable building block in this change.

9. Another issue rests with financial regulators as keepers of global stability. Financial regulators and Central Banks have a strong interest in managing the financial risks that biodiversity loss poses to the financial sector as part of their broader mandate, but until now they struggle to include 'nature risk' as part of their mandate of financial and monetary stability. As a first of its kind, a joint study by De Nederlandse Bank and the Netherlands Environmental Assessment Agency, explored the risks related to biodiversity loss for investments by Dutch financial institutions. They found that Dutch banks, insurance companies and pension funds have around €510 billion outstanding at companies around the world with a high or very high dependence on one or more ecosystem services. The Network for Greening the Financial System and its members provide insights into the impact of nature-related financial risks on sectors based on the work they have done to date and would benefit from adoption of universal principles and guidance on how to improve the quality of regulations.

1.2. Barriers to Adoption and Upscaling of a Nature-related Risk Assessment Framework

10. There are three identified barriers to financial institutions and other private sector actors disclosing nature-related financial risks. These are:

a. Lack of a comprehensive common framework and guidelines for assessing and reporting on nature impacts and dependencies, risks and opportunities.
b. Lack of awareness, knowledge, understanding, and capacity to apply a common framework
c. Inadequate data tools and ecosystem data to enable reporting and target setting

11. <u>Lack of a comprehensive common framework and guidelines for assessing and reporting on nature impacts and dependencies, risks and opportunities.</u>

12. Against the background described above, there was a need for a standardized approach to nature-related financial disclosures. Reputational and financial risks have been a strong signal for businesses and financial institutions. Since early 2020 world's leading companies and key financial institutions, supported by Governments and international organizations have been working together to develop a common approach to the problem of nature-related financial disclosures, as a basis of economic transformation. Prior to the TNFD there was not a standardized global approach to assessment and disclosure of nature-related risks and opportunities. The TNFD was launched in September 2021 and has adopted a four-phase timeline for defining, delivering, testing and refining its framework, as well as a Phase 5 focusing on market adoption, which this project focuses on. In March 2022 the beta (v 0.1) TNFD Framework was released for market testing by (financial and non-financial) companies to identify, assess, manage and report on their impacts and dependencies on nature. The beta version 0.2 was launched in June 2022, and further beta versions of the Framework will be delivered in November 2022 and September 2023. The final version will

be released in September 2023. The disclosure framework addresses both how nature may impact companies (outside-in risk), but also how companies impact nature (inside-out risk).

13. Lack of awareness, knowledge, understanding, and capacity to apply a common framework.

14. The TNFD is now in the process of developing and disseminating a nature-risk assessment framework as a common approach for companies and financial institutions. However, the private sector lacks the awareness, knowledge and understanding for widespread adoption and implementation of the Framework. While many private sector companies have been directly involved in the development of the nature-risk assessment framework, the large majority of the world's private sector companies may be only vaguely aware of the existence of the framework, or completely unaware. There is generally widespread lack of awareness of the framework, what it includes, or how to apply it. This is particularly true in developing countries. In addition, the nature-related risk assessment and opportunity framework is built on key nature-related scientific concepts and approaches, and private sector companies typically lack the scientific expertise and knowledge to be able to effectively apply the framework, including the TNFD's LEAP nature-risk assessment approach. There is a lack of capacity in the private sector relating to the ability to understand and apply the nature-risk assessment framework. Further, there are, as yet, limited tools, training resources, or platforms to support the private sector in developing the necessary understanding and capacity to be able to apply the nature-risk assessment framework.

15. Inadequate data tools and ecosystem data to enable reporting and target setting.

16. A key element for the successful widespread adoption and implementation of a nature-risk assessment framework is ecosystem assessment, reporting, and target setting. There is no common approach to assessing ecosystems at a local level. There is also no common repository of national or global ecosystem assessment data that the private sector could leverage when applying the nature-risk assessment framework. Along related lines, there is no common understanding or tools for the private sector to develop corporate nature-risk related targets, and to ensure that those targets are aligned with national and global biodiversity targets. Further, there are no taxonomies to define what economic activities are nature-negative vs. nature positive; this cannot be defined at a global level, as it relates to and depends on local contexts and how local ecosystems function.

II. STRATEGY

1.3. Theory of Change for Adoption and Upscaling of the TNFD Framework

17. The proposed project Theory of Change is described below, with a schematic diagram following.

Key Factors in the Theory of Change (ToC)

18. Developed vs. Developing Country Geographies: The TNFD Framework is intended for use by companies of all sizes around the world and across the entire global financial system. The geographic scope of the IKI-funded project to support market adoption and up-scaling of the TNFD Framework is more focused and targeted, with a primary emphasis on engaging developing countries. According to the World Bank, in 2020, 12 of the top 15 countries by total market capitalization (accounting for 95% of global market capitalization) were developed countries, with China, India and Iran being the only developing countries cracking the top 15. Despite this financial landscape, this IKI-supported project does not primarily target financial institutions and corporates in developed countries, such as the US, Japan, United Kingdom, and Canada, though these are key targets for other parts of TNFD's workplan.
19. However, it is clear that there are significant global financial flows between developed and developing countries, and a large percentage of the world's natural capital – providing a basis for the global economy – lies in developing countries. Many corporate entities that are traded on developed country stock exchanges or headquartered in developed countries have nature-related risks linked to developing country supply chains and natural resources. Therefore, while the project's focus is on developing countries, the project's ToC cannot be, and is not, strictly bound by geography.
20. To more specifically focus on supporting developing countries in increasing adoption of the TNFD Framework, the project will target 10-15 priority developing countries for direct engagement.
21. Stakeholder Taxonomy: Different types of stakeholders have different roles to play in upscaling market adoption of the TNFD framework. Therefore they require different types of interventions to activate the levers supporting the TNFD Framework. The project ToC recognizes that different types of stakeholders need to be engaged in different ways, and the project's specific engagement strategy will vary by stakeholder across stakeholder taxonomy, and what the specific desired sub-outcome is in relation to each stakeholder type.
22. Key distinctions in the stakeholder taxonomy are:
    - Public/private (government actors vs. private sector);
    - Public sector breakdown: policy makers, regulators, central banks, etc.
    - Private sector breakdown: corporates, investors (e.g. banks, asset managers, insurance firms, institutional investors, sovereign wealth funds, etc.), financial service providers (e.g. ratings agencies, data providers, accounting firms, stock exchanges), etc.
    - Communities, biodiversity stakeholders, etc. (e.g. civil society, local communities, indigenous communities)

Elements of the proposed Nature Disclosures Project Theory of Change

23. The project's intended impact is that *"Natural capital and ecosystem services are maintained by 2030, and improved by 2050."* The impact statement is intended to be aligned with the Convention on Biological Diversity and the forthcoming Global Biodiversity Framework.
24. The project outcome objective is *"Global financial flows shifted from nature-negative outcomes toward nature-positive outcomes in developing countries."*
25. Strategy to Achieve the Outcome Objective, Contributing to Impact: The project strategy is driven by the basic principles of supply and demand, whereby the project aims to support market actors in supplying the market with nature-risk related information, while also catalyzing market demand for such information, in line with the seven Principles of the TNFD. This may also be considered as a carrot and stick motivational approach, as companies that assess their nature risks are likely to be more resilient to nature-related shocks, while companies that do not disclose nature-related risks may face regulatory hurdles. Therefore the project will take a two-pronged approach:
26. 1.) Supporting market actors, governments, and regulators to adopt and scale-up the TNFD Framework and risk assessment guidance, by providing the capacity, knowledge, awareness and the tools necessary to adopt TNFD disclosure recommendations.

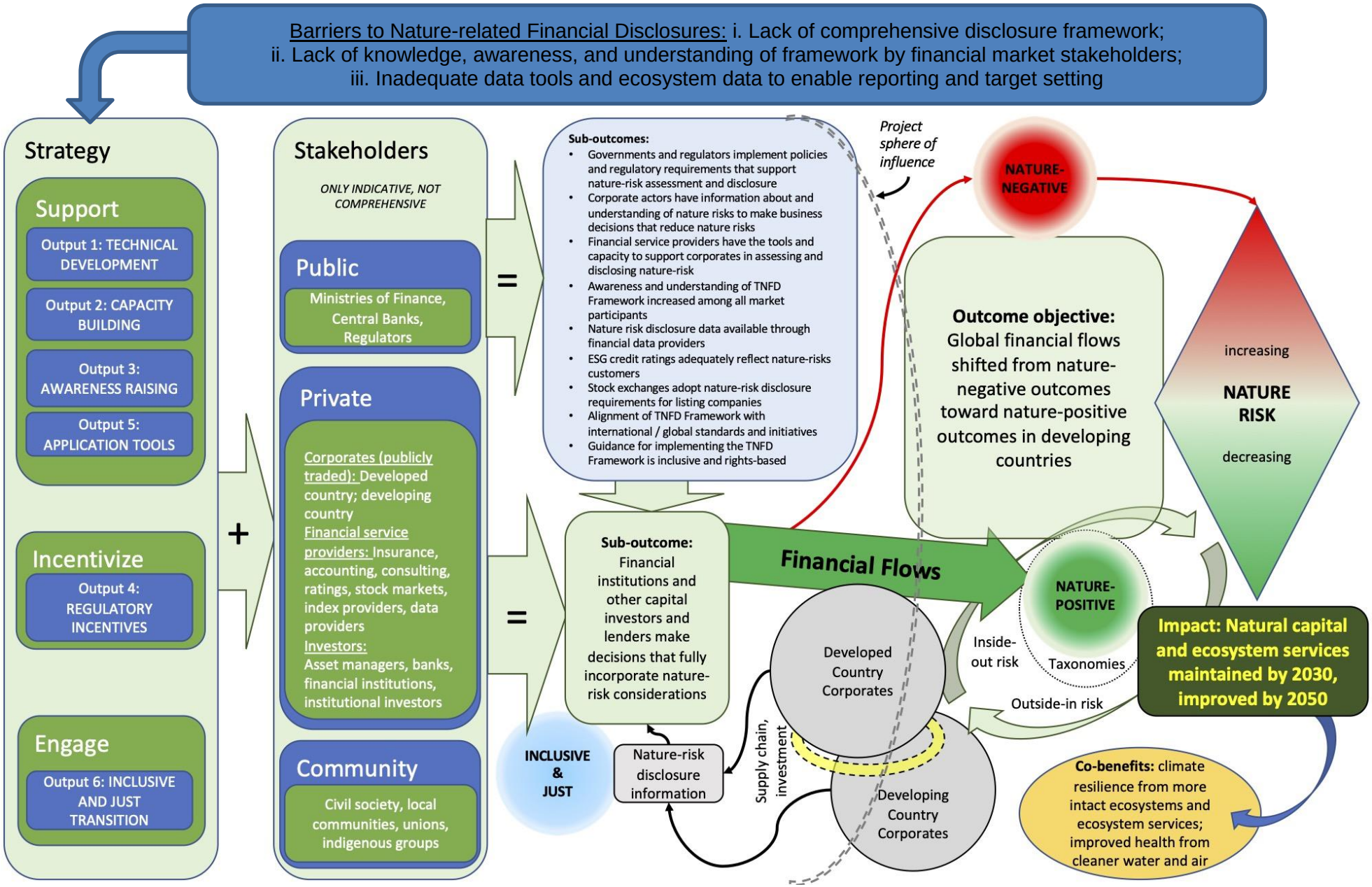
27. 2.) Incentivizing the incorporation of risk assessment and disclosure of nature-related risks by companies and financial institutions through supporting regulatory requirements and market demand for nature-risk disclosures.
28. The third leg of the stool for the project strategy is stakeholder engagement. Stakeholder engagement at all levels is critical to ensure robust development of the TNFD Framework, and to ensure a market-led approach. In addition, engaging stakeholders such as local communities, women's groups, indigenous peoples, civil society, and others will support the development and application of the TNFD Framework in an inclusive and just manner. Broad stakeholder engagement will be an overarching and cross-cutting principle across all aspects of the project. In addition, one project output (Output 6) specifically focuses on stakeholder engagement in the pilot developing countries, to ensure the TNFD Framework is inclusive and reflects a rights-based approach.
29. Outputs Leading to Sub-outcomes: To implement the "supporting" and "incentivizing" project strategy, the project design proposes a set of six outputs. These outputs, when applied to the various stakeholder types, will lead to a set of sub-outcomes that support achievement of the outcome objective. The six outputs are:

1. Technical Development (supporting; global level)
2. Capacity Building (supporting; country level)
3. Awareness Raising (supporting; global level)
4. Regulatory Incentives (incentivizing; country level)
5. Application Tools (supporting; global level)
6. Stakeholder Engagement for a Just and Inclusive Transition (cross-cutting; country level)

30. The six outputs, when applied to the various stakeholder types through specific types of engagements and project activities, will lead to a set of sub-outcomes that are necessary to help financial institutions and other capital investors and lenders to make decisions that fully incorporate nature-risk considerations.
31. There are multiple sub-outcomes that can be specified, but key sub-outcomes are summarized below:

- Governments and regulators implement policies and regulatory requirements that support nature-risk assessment and disclosure
- Corporate actors have information about and understanding of nature risks to make business decisions that reduce nature risks
- Financial service providers have the tools and capacity to support corporates in assessing and disclosing nature-risk
- Awareness and understanding of TNFD Framework increased among all market participants
- Nature risk disclosure data available through financial data providers
- ESG credit ratings adequately reflect nature-risks customers
- Stock exchanges adopt nature-risk disclosure requirements for listing companies
- Alignment of TNFD Framework with international / global standards and initiatives
- Guidance for implementing the TNFD Framework is inclusive and rights-based

32. As these sub-outcomes are achieved, financial flows will be shifted more significantly toward nature positive development outcomes and away from nature negative development outcomes. This leads to decreasing nature risk, contributing to the intended impact. In addition, co-benefits relating to climate mitigation (e.g. reduced deforestation) and climate resilience from more intact ecosystems. Other co-benefits are generated related to improved human health as a result of cleaner air and water.


Barriers to Nature-related Financial Disclosures: i. Lack of comprehensive disclosure framework;
ii. Lack of knowledge, awareness, and understanding of framework by financial market stakeholders;
iii. Inadequate data tools and ecosystem data to enable reporting and target setting
Strategy
Support
Output 1: TECHNICAL DEVELOPMENT
Output 2: CAPACITY BUILDING
Output 3: AWARENESS RAISING
Output 5: APPLICATION TOOLS
Incentivize
Output 4: REGULATORY INCENTIVES
Engage
Output 6: INCLUSIVE AND JUST TRANSITION
+
Stakeholders
ONLY INDICATIVE, NOT COMPREHENSIVE
Public
Ministries of Finance, Central Banks, Regulators
Private
Corporates (publicly traded): Developed country; developing country
Financial service providers: Insurance, accounting, consulting, ratings, stock markets, index providers, data providers
Investors:
Asset managers, banks, financial institutions, institutional investors
Community
Civil society, local communities, unions, indigenous groups
=
=
Sub-outcomes:
Governments and regulators implement policies and regulatory requirements that support nature-risk assessment and disclosure
Corporate actors have information about and understanding of nature risks to make business decisions that reduce nature risks
Financial service providers have the tools and capacity to support corporates in assessing and disclosing nature-risk
Awareness and understanding of TNFD Framework increased among all market participants
Nature risk disclosure data available through financial data providers
ESG credit ratings adequately reflect nature-risks customers
Stock exchanges adopt nature-risk disclosure requirements for listing companies
Alignment of TNFD Framework with international / global standards and initiatives
Guidance for implementing the TNFD Framework is inclusive and rights-based
Project sphere of influence
Sub-outcome:
Financial institutions and other capital investors and lenders make decisions that fully incorporate nature-risk considerations
INCLUSIVE & JUST
Nature-risk disclosure information
Financial Flows
NATURE-NEGATIVE
Outcome objective:
Global financial flows shifted from nature-negative outcomes toward nature-positive outcomes in developing countries
NATURE-POSITIVE
Taxonomies
Inside-out risk
Outside-in risk
Developed Country Corporates
Developing Country Corporates
Supply chain, investment
increasing
NATURE RISK
decreasing
Impact: Natural capital and ecosystem services maintained by 2030, improved by 2050
Co-benefits: climate resilience from more intact ecosystems and ecosystem services; improved health from cleaner water and air

Assumptions:	*- Private sector actors have self-interest in applying TNFD framework, including those with high inside-out nature-risks* *- Stakeholders have capacity to engage* *- All stakeholders support inclusive approach*	*- According to the TNFD Framework, financial institutions and other investors and lenders will prefer to shift financial flows to long-term nature positive outcomes over short-term nature-negative outcomes*[2] *- Biodiversity, natural capital, and ecosystem services data and metrics are adequate for companies to identify and assess nature risks*	*- Developed country corporates are able to assess nature-risk throughout the supply chain* *- Nature-positive taxonomies provide sufficient technical guidance to direct financial flows to benefit biodiversity, natural capital stocks, and ecosystem services.* *- Decisions about financial flows are made based on financial and sustainability criteria, not other (e.g. personal, political) factors*	*- Transition to a nature-positive global economy is feasible within the 2030-2050 timeframe* *- Key elements of biodiversity have not or do not surpass critical points beyond which recovery is no longer feasible (i.e. extinction, desertification, etc.)* *- There are not binary nature-negative trade-offs from nature-positive financial flows.* *- Human societies' concern about nature loss will continue to increase, including in developing countries.* *- Nature-positive outcomes do not compromise sustainable economic development in developing countries*

[2] According to TNFD, organizations have impacts on environmental assets and ecosystem services that may be positive or negative. Short-term impacts on nature can result in changes in the quality and resilience of environmental assets, which in turn create medium- and long-term risks for organizations, given their dependencies. In short, today's nature impacts can create tomorrow's nature-related risks and opportunities. Thus, TNFD's definition of nature-related risks includes longer-term risks presented by nature-related dependencies and nature impacts.

1.4. Links to UNDP Strategic Plan and Other Programmatic Frameworks

33. Efforts under the TNFD directly support the vision and targets of UNDP's Strategic Plan for 2022-2025. Addressing nature-related risks links with UNDP's "3 X 6 X 3 framework":

- 3 Directions of Change: development and adoption of the TNFD framework supports UNDP's efforts for Structural Transformation.
- 6 Signature Solutions: Under the Environment solution, the TNFD initiative works to put nature and the environment at the heart of national economies and planning, and help governments protect, manage and value their natural assets.
- 3 Enablers: The TNFD framework represents Strategic Innovation, and will leverage Development Financing through shifting private sector financial flows to nature-positive outcomes.

34. In this regard, the IKI-TNFD project will contribute to delivering on the UNDP Strategic Plan in regard to the following different (inter-related) outcomes:

2022-2025 Strategic Plan	Outcome	Output
Signature solution 1: Poverty and inequality *Tackling inequality of opportunities by investing in the enhanced capabilities people need to move above the poverty line and keep moving forwards.*	Outcome 6. The development and implementation of nature-risk related frameworks and guidelines is inclusive and adequately incorporate multi-stakeholder inputs and considerations	6.1. Engagement with civil society, indigenous people, local resource users and communities, and other relevant stakeholder groups, such as unions
Signature solution 2: Strengthen effective, inclusive and accountable governance *Helping countries address emerging complexities by "future-proofing" governance systems through anticipatory approaches and better management of risk.*	Outcome 4: Government policy makers and regulators are aware of and understand TNFD Framework, and take actions to consider implementing mandatory regulations requiring reporting and disclosure using the TNFD Framework in ways that provides clarity and certainty for the private sector, catalyzing incentives for market adoption and upscaling of TNFD Framework.	4.3. Build the awareness and capacity of developing country governments, central banks, financial regulators and financial supervisors
Signature solution 4: Environment. *Putting nature and the environment at the heart of national economies and planning; helping governments protect, manage and value their natural assets.*	Outcome 1. Utility of the TNFD Framework improved to support market adoption Outcome 5. Tools and methodologies are developed to support assessment of nature-risk assessment (application of LEAP approach), and defines sector transition pathways to tackle transition risks from nature-negative to nature-positive outcomes	1.2. Further Elaboration and Guidance for Priority Sectors (finance; food and beverage (agriculture); forestry and paper; extractives and minerals; and infrastructure) **3.5.** Alignment of TNFD with global sustainability standards and tools 5.2. Equip government, businesses and financial institutions to form science-based and globally consistent assessments of the state of nature at a local ecosystem level 5.3. Developing country-specific nature-positive taxonomies to support opportunities for nature-positive investment; nature-based solutions

2022-2025 Strategic Plan	Outcome	Output
Signature solution 5: gender equality *Confronting the structural obstacles to gender equality and strengthening women's economic empowerment and leadership.*	Outcome 6. The development and implementation of nature-risk related frameworks and guidelines is inclusive and adequately incorporate multi-stakeholder inputs and considerations	6.2. Guidelines on mainstreaming gender in the assessment of nature risks and opportunities

35. The TNFD initiative has multiple co-benefits for UNDP in terms of partnership building, synergy with country and regional programming, and generating synergies with ongoing programs and initiatives, such as BIOFIN.
36. The IKI-TNFD project will be integrally connected, supported by, and contribute to the UNDP NCE portfolio approach, and will make contributions to achieving development results and enable development effectiveness (innovation and KM, South-South cooperation, CSO capacity-building).
37. The IKI-TNFD project will be aligned within the UNDP NCE Ecosystems and Biodiversity Offer and contribute to a range of policy and programmatic priorities of UNDP, addressing key development challenges, promoting sustainable development, and providing a platform for innovative partnerships. In particular, the project will align with the UNDP Nature Strategy which, among other actions, aims to transform the financial and economic systems, redirect flows from nature-negative to nature-positive outcomes, and mobilize and upscale private investment toward nature-positive actions, while reducing financing of nature-negative business processes. Such objectives will be achieved particularly through Outcome 2 (building capacity for scaling-up assessment of nature-related risks and disclosures in developing markets) and Outcome 3 (raising awareness and understanding among global investors and lenders on the TNFD framework, and modify investment decisions in developing countries to take account of nature related risks and opportunities) of the project.
38. The project creates synergies with existing UNDP initiatives, such as the BIOFIN programme. BIOFIN has activities in 44 countries, including all of the top 16 countries that have been identified as potential priority countries to be supported through this project. Through its own program of work, the BIOFIN program has established strong networks and connections with key government financial representatives, such as ministries of finance and central banks.
39. Mainstreaming gender perspectives in the project's design is a means to support equality and inclusion and to mitigate gender and social risks. The IKI-TNFD project recognizes the importance of women's contributions across sectors and at all levels. The project will consistently promote approaches that will support equal and active involvement of women in the project activities. Attention on gender mainstreaming is addressed under the project's Outcome 6, Inclusive and Just Transition, which includes a specific sub-output on gender mainstreaming. This aligns with the recently launched UNDP Gender Equality strategy 2022-2025 and its signature solution on Environment, which highlights the importance of putting gender equality at the heart of caring for people and the planet – including though the promotion of gender-responsive management of natural resources.

III. RESULTS AND PARTNERSHIPS

1.5. Project Description and Expected Results

40. Given nature's complexity and heterogeneity in comparison with climate, it is recognized that full roll-out of nature-disclosure metrics and guidance for all sectors of economy at once is technically unfeasible. Prioritization of sectors, therefore, is to be considered, based on impacts and dependencies. In March 2022 TNFD launched the beta 0.1 version of the TNFD framework for piloting, testing and feedback. TNFD aims to release the final version of the TNFD Framework in September 2023. TNFD has also initiated work on specific sectors in 2022, and this work will continue in 2023 and beyond. Drawing from existing work which quantified and compared impacts and dependencies, this project in particular is proposed to assist TNFD focus on: (1) agricultural products (FB-AG) (including meat, poultry and dairy (FB-MP)), forestry management (RR-FM), infrastructure (IF), extractives (EM), and financial (FN) sectors. This prioritization is in line with priorities outlined in the above-mentioned UNEP FI study of dependences and impacts of economy on nature.

41. In addition, the TNFD is considering the potential necessity of developing ecosystem-specific guidance for implementation of the nature-risk assessment framework. The origin and types of nature risks may vary significantly by ecosystem type, and the process of assessing risks will therefore vary. The beta version of the TNFD Framework includes a component on the Fundamentals for Understanding Nature, which recognizes four main realms – Land, Freshwater, Ocean, and Atmosphere – and within these, 34 biomes are specifically identified. The project is expected to support the TNFD in 13developing further ecosystem guidance for the TNFD Framework.

42. The IKI contribution is expected to accelerate the deep dive into sectors and ecosystems, dissemination and uptake of TNFD among the major financial institutions and companies. It will add significant value for the investment in biodiversity mainstreaming actions. The IKI grant will also enable accelerated market adoption and up-scaling by financial institutions and companies in developing countries, which are least prepared to undertake such transformation. The project will also address the issues of community engagement, and furthering of regulations and standards related to nature disclosure, at national and international levels. The detailed Project Proposal submitted to IKI is available for consultation in Annex I.

43. As outlined in the project's theory of change (see previous Section 2.1), the expected **impact** of the project is that *"Natural capital and ecosystem services are maintained by 2030, and improved by 2050."* The project impact is aligned with the expected goals of the forthcoming Global Biodiversity Framework. The project outcome objective is that *"Global financial flows are shifted from nature-negative outcomes toward nature-positive outcomes in developing countries."*

44. The project is structured in six components:

I. Technical Development
II. Capacity Building
III. Awareness Raising
IV. Regulatory Incentives
V. Application Tools
VI. Inclusive and Just Transition

45. The project components include multiple sub-outputs. The sub-outputs have been disaggregated across project components into three Work Packages, to be executed by three Responsible Parties to be contracted by UNDP. Details on each Work Package are available for consultation in Annex 7. In addition, the UNDP Global DIM component includes sub-outputs to be executed directly by UNDP (including through sub-contracts to additional project partners).

46. There are multiple sub-outputs that have been already initiated by the TNFD, and IKI support will be used to further develop, strengthen, and implement these activities. For example, Output 5.1 relates to the development of the Data Catalyst, which was launched by TNFD in June 2022. The project support will be used to fully develop the potential of the Data Catalyst to support implementation of the TNFD Framework.

47. During the development of the proposed project criteria were developed to identify and prioritize countries for the focus of TNFD's supporting engagement under the proposed IKI-supported project. The criteria have been developed in relation to three overall key strategic priorities: a) Demonstrated

engagement with sustainable finance initiatives; b) Strategic importance in terms of natural capital endowment; and c) Strategic importance in terms of level of financial activity in global markets.

48. These criteria are summarized below, and the full priority list of countries is included as Annex 10 of this Prodoc:

- Demonstrated proactive engagement with sustainable financing initiatives
- Established relationships with key TNFD partners and supporters on sustainable finance (e.g. PRI, NGFS, etc.)
- Initiatives or mechanisms existing (e.g. BIOFIN, etc.) at national level that can be leveraged for TNFD upscaling and market adoption
- Significant pools of national financial capital relative to GDP
- Significant or strategic natural capital endowment
- Significant population of publicly traded companies
- Experience working with natural capital accounting at national level
- Level of information and data about existing status of nature risk financial disclosures
- ODA Eligibility

49. Based on analysis of data related to the above main criteria for prioritization, the following 17 countries have been identified as potential priority countries. It is anticipated that TNFD and project partners will focus on 10-15 of these countries during project implementation.

Asia	**Latin America**	**Africa**	**Middle-east / North Africa**
China	Argentina	Kenya	Egypt
India	Brazil	South Africa	Morocco
Indonesia	Colombia		
Malaysia	Costa Rica		
Philippines	Mexico		
Thailand	Peru		
Viet Nam			

50. One of the key tenants of the TNFD approach is that adoption of the TNFD Framework must be market-driven, and market-led. In addition, the project seeks to engage a diverse range of stakeholders, with a key focus on private sector stakeholders; yet it is not feasible to formalize cooperation agreements with the private sector of an entire country. For these reasons, the project is not confirming at this stage specifically which countries will be engaged and supported through the proposed project. The list of priority countries is an indicative list of countries that TNFD partners will seek to engage, and when it is clear that there is market demand for TNFD engagement, then any necessary formal arrangements will be put in place between UNDP and priority country government counterparts, supported through existing engagements under UNDP's BIOFIN program. At the same time, the TNFD Secretariat is already engaged with one priority country, India, and has had initial discussions with multiple other countries regarding the potential initiation of National Consultation Groups. The proposed project takes a multi-prong strategy for engaging stakeholders at the national level; National Consultation Groups (Output 2.1) are one part of the equation, but multiple other tracks of engagement will also be pursued.

Component 1: TECHNICAL DEVELOPMENT **Outcome 1:** Utility of the TNFD Framework improved to support market adoption
Output 1. TNFD Framework deepened, diversified and broadened for wider applicability
Summary: The project will support the development of additional sector specific, and/or key biome, guidance to aid the practical implementation of the disclosure recommendations and the accompanying voluntary nature-related risk and opportunity assessment process. This will **support** the lowering barriers for organizations in using the TNFD Framework and reduce transaction costs for adoption by financial sector stakeholders.

51. Description of Component 1: This component includes five sub-outputs:

1.1. Supporting guidance on primary TNFD Framework, including LEAP risk and opportunity assessment approach, and initial guidelines

1.2. Further Elaboration and Guidance for Priority Sectors

1.3. Further Elaboration and Guidance for Priority Biomes

1.4. Alignment of TNFD with global sustainability standards and tools

1.5 TNFD Global Capacity Building Resources and Knowledge Platform

52. Under Output 1.1 the project will support further development of implementation guidance on the primary TNFD Framework, including the LEAP risk and opportunity assessment approach. This will include incorporation of market feedback on the TNFD Framework, and additional guidelines for implementation of the TNFD Framework, addressing critical and complex topics such as metrics and targets. Under Output 1.2 the project will extend TNFD's work to develop sector-specific guidance. This will be done through TNFD's open innovation approach for developing TNFD guidance, through technical working groups, then engagement with wider stakeholders, then draft, then pilot, and iterate. To develop sector guidance the partners will work with industry bodies, and support piloting with relevant sector stakeholders. Feedback received during this process will be relevant for the main TNFD framework, and will help inform the sector guidance. The project will prioritize the sectors that have been identified as having the highest nature-related impacts and dependencies. The TNFD has adopted the Sustainability Standards Accounting Board (SASB) sector classification taxonomy, consistent with TCFD and the International Sustainability Standards Board (ISSB). Guidance will be developed in line with phased reporting: basic, intermediate, comprehensive. Sector guidance may be developed that is especially target for sub-sectors within each sector. Sector guidance will include considerations of aspects related to value chains, which will also be further addressed under Output 2.3. Under Output 1.3 the project will support the development of further TNFD Framework elaboration in relation to priority biomes, with biome-specific guidance, and support for adoption and implementation. Under the TNFD Framework biomes have been broken down based on the IUCN biome taxonomic approach, as shown in Figure 1 below.

Figure 1 Classification of Biomes and Environmental Assets in TNFD Framework



Figure 12: Overview of TNFD's fundamental concepts for understanding nature[22,23]

53. Under Output 1.4 the project will support TNFD's efforts to ensure that the TNFD Framework is aligned with corresponding global sustainability standards and tools. This will ensure that TNFD outputs are integrated and aligned with other initiatives and standards, such as the International Sustainability Standards Board (ISSB), and the European Financial Reporting Advisory Group (EFRAG). Engagement with

ISSB and other supranational financial regulators and standard setters will be coordinated jointly with the support of UNDP Sustainable Finance Hub (SFH). TNFD will also continue working to build on and leverage existing tools and initiatives, such as the ENCORE tool developed through the Natural Capital Finance Alliance (NCFA). The project will partner with initiatives such as the Network for Greening the Financial System, engaging Central Banks and supervisors. This will also be linked to the project's work with government partners, such as central banks and ministries of finance, under Output 4.3.

54. Under Output 1.5 the project will support and strengthen TNFD's global capacity building resources and knowledge platform. The TNFD Knowledge Bank provides one key element of supporting the dissemination of nature-positive business case studies, and promoting peer-to-peer learning. Additional resources will be invested in global learning tools, such as Massive Online Open Courses facilitated through the Learning for Nature Platform (https://www.learningfornature.org). The project will also engage in opportunities through additional partners, such as leveraging IFC's Green Banking Academy to support outreach, uptake and capacity building efforts on the TNFD Framework, the Sustainable Insurance Forum (SIF) network, and the Climate Training Alliance to consider expanding existing trainings to the area of nature disclosure. TNFD will continue to build and expand partnerships supporting knowledge and learning throughout project implementation. The TNFD Secretariat also leverages the TNFD Forum and Knowledge Bank to gather key inputs and feedback for the further development of the TNFD Framework.

Component 2: CAPACITY BUILDING **Outcome 2:** Stakeholders in developing countries have the interest and ability to support uptake of TNFD framework, including strong engagement from corporate actors in developing countries
Output 2. Build Capacity for Scaling-up Assessment of Nature-related Risks and opportunities and Disclosures in Developing Markets
Summary: The project will engage stakeholders in a set of developing countries to raise awareness and understanding of the TNFD framework, **supporting** up-scaling of market adoption in developing country financial markets.

55. Component 2 represents the bulk of the proposed project's work with private sector stakeholders to support the uptake and scaling-up of the TNFD Framework in priority developing countries. The project will aim to support stakeholders in 10-15 developing countries in their adoption and use of the TNFD Framework, including working with private sector (Component 2) and public sector stakeholders (under Component 4), as well as local communities and indigenous people's groups (under Component 6).

56. Through Output 2.1 the TNFD will work to continue scaling-up the National Consultation Group process with 10-15 additional developing countries, on a market-driven and stakeholder-driven basis. The National Consultation Group process is an industry-led stakeholder dialogue with approximately quarterly meetings, with the goal of expanding outreach and engagement on nature-related business and finance, and the TNFD framework. Initial National Consultation Groups are being initiated in Australia & New Zealand, India, Japan, the Netherlands, Switzerland and the United Kingdom. Under the IKI-funded project, the project will support TNFD in initiating National Consultation Groups in other developing countries that have been identified as priorities based on the criteria. This is likely to include China and Brazil, two of the largest and most critical developing countries in terms of both natural capital endowments and global finance. Based on the large size and complexity of these countries, it is foreseen that the project will undertake a strategic incremental focus to support stakeholders in these countries in learning about and adopting the TNFD Framework.

57. Output 2.2 focuses on building capacity of developing country corporate actors to assess and disclose nature-related risks and opportunities based on the TNFD Framework. The project will pursue multiple engagement channels with the private sector at the national level in 10-15 priority pilot countries. One key activity will include support from the World Business Council on Sustainable Development (WBCSD) to conduct preparer forums, based on their experience providing similar types of support under TCFD. The TNFD Secretariat has established a partnership with WBCSD to conduct a series of such activities, and this will be further expanded and scaled-up with support of the IKI project. The project will also leverage IFC's private sector relationships and engagement to reach corporate sector stakeholders and build their awareness and understanding of the TNFD Framework. Multiple other project partners have established networks of private sector companies that they will work with to support adoption and up-scaling of the TNFD Framework among corporate actors in developing countries. For example, WWF has a large international network of corporate partners that it will work with to support adoption of the TNFD

Framework. Global Canopy also has a network of corporate partners, particularly in the agriculture and forestry sectors, and is already working with a small number of corporate partners in Asia to pilot test the TNFD beta Framework. Other TNFD piloting partners are FSD Africa and the International Council of Mining and Metals, and the project will collaborate with them to continue up-scaling adoption of the TNFD Framework. Amongst the capacity building approaches, the project will support corporate partners to utilize and access data and tools, linked with Output 5 of this proposed project.

58. Output 2.3. will address application of the TNFD Framework in supply chains and value chains in the 10-15 priority countries. The project will support the development, testing and implementing of guidance related to assessment of nature risks and opportunities throughout the supply chain. The project will focus on sectors with specific guidance developed under Output 1.2, prioritizing sectors with the greatest impacts on nature. The project will partner with CDP, which is a civil society organization that supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. The project will also partner with IFC to engage and support private sector stakeholders throughout the supply chain in developing countries, including the possibility of a "supplier help desk" to provide support on applying the TNFD Framework. Both Global Canopy and WWF also have experience analyzing nature-dependent supply chains, and will leverage this experience and their existing partnerships to catalyze adoption of the TNFD Framework in supply chains.

59. Under Output 2.4, the project will target Financial Institutions and investors in the 10-15 priority pilot countries. The project will work through industry associations, such as FEBRABAN, the Federation of Brazilian Banks. The project will further leverage and build on existing sustainable finance initiatives, such as the NGFS, Sustainable Banking and Finance Network (SBFN), Principles for Responsible Investment (PRI), and the Natural Capital Finance Alliance (NCFA). Additional channels for engagement will include UNDP-led networks including the Sustainable Insurance Forum (SIF) and UNDP Financial Centers for Sustainability (FC4S) through support and coordination by the UNDP SFH. This project output will also include engagement with Development Finance Institutions (DFIs), building on existing work carried out by the Agence Française de Developpement (AFD). UNEP-FI has strong experience in this area, and will leverage its current initiatives and networks to support wider adoption and implementation of the TNFD Framework among developing country Financial Institutions. Global Canopy is also developing a TNFD "piloting journey" for Financial Institutions, and will build on and scale up this work. The piloting journey will be composed of four modules: Module 1) TNFD introductory module: A set of webinars introducing piloting institutions to the four TNFD pillars and the underlying LEAP framework will raise the level of understanding among pilot participants. Participants will in addition receive case studies of dummy portfolios showing how to apply the TNFD framework. Module 2) Materiality Module: Global Canopy will train pilot institutions in the use of ENCORE to identify most material nature risk exposures and translate the ENCORE generic physical and transition risks to geolocated risks for the pilot institutions. Module 3) TNFD data module: For the prioritized material risks identified by Module 2, Global Canopy will support the piloting institutions in developing a data catalogue or a data supply map showing the data sets available for the pilot Fis to monitor the most material physical and transition risks over time as well as to disclose according to the TNFD framework. Data maps will also include assessments of data costs and data readiness for data deployment to deliver TNFD disclosure including specifically for implementation of finance sector guidance. Module 4) Nature transition module. Each piloting institution will as a final assignment develop a transition plan for the most material sector or sectors. Part of this module will also be an innovation workshop on opportunities to develop transition financial products or instruments.

Component 3: AWARENESS RAISING **Outcome 3:** Global investors and lenders are aware of and understand the TNFD framework, and modify investment decisions in developing countries to take account of nature related risks and opportunities
Output 3. Drive Market Adoption by Identifying and Lowering Barriers that Impede Adoption of the TNFD Framework
Summary: The project will engage with financial institutions, investors, and corporates with high nature risk exposure in developing countries. The project will target specific financial market stakeholder types (e.g. banks, asset managers, financial service providers, corporates, etc.) in order to trigger financial market levers specific to each stakeholder type. The scope of the project does not include driving broad market adoption of the TNFD Framework by financial institutions and corporates with little nature-risk exposure in developing countries, but the project will focus on engagement with developed market

financial institutions and corporates that have significant nature-risk exposure in developing countries due to:
1. Investments in and lending to developing market corporates, or investments in and lending to developed market corporates that fall under points 2 and 3;
2. Developed market corporates which directly operate within, and have significant nature-related impacts and dependencies, in developing countries; and
3. Developed market corporates with nature-related supply-chain impacts and dependencies in developing countries.

60. Output 3.1. focuses on engagement with different types of financial institutions and investors, including asset managers, insurance companies, institutional investors, and banks. The project will build on existing initiatives such as the Principles for Responsible Banking (PRB) and Principles for Responsible Investment (PRI) (supported by UNEP-FI) and IFC's Equator Principles Association. The project will also work with industry associations, and provide guidance to financial institutions for working with smaller and subsidiary financial institutions. WWF and Global Canopy have also been actively working with financial institutions on sustainable finance initiatives, and will build on this experience to support market adoption of the TNFD Framework.
61. Under Output 3.2 the project will target engagement with and support to financial sector service providers, to ensure their support for integration of the TNFD Framework in the financial sector. This will be supported by partners' network as well as UNDP SFH andincludes specifically targeting multiple types of financial service providers, such as: ratings agencies, accounting firms, consulting firms, financial index providers, and financial data providers. Each of these stakeholders has a specific role to play in the financial sector to support the adoption and up-scaling of the TNFD Framework. For example, ratings agencies will need to update and adjust their ratings methodologies to reflect newly disclosed information related to nature-related risks and opportunities, dependencies and impacts. Accounting firms and consulting firms will be engaged to develop their capacity to support the real sector in applying the TNFD Framework.
62. Output 3.3 will strengthen the project's engagement with corporate entities that have high nature-related impacts and dependencies in developing countries. The TNFD Secretariat will continue to play an important role in strengthening and building the TNFD network and structure, including growing the reach of the TNFD Forum. The project will also strengthen TNFD's collaboration with the World Economic Forum. UNEP-FI, WWF, Global Canopy, and WBCSD also have strong experience partnering with the corporate sector on environmentally responsible business practices, and this experience will be leveraged to support adoption and up-scaling of the TNFD Framework.

Component 4: REGULATORY INCENTIVES
Outcome 4: Government policy makers and regulators are aware of and understand TNFD Framework, and take actions to consider implementing mandatory regulations requiring reporting and disclosure using the TNFD Framework in ways that provides clarity and certainty for the private sector, catalyzing incentives for market adoption and upscaling of TNFD Framework.

Output 4: Nature-risk Regulatory Landscape Developed to Reduce Uncertainty in the Market

Summary: The project will work with all relevant government stakeholders, including ministries of finance, central banks, and financial supervisors to increase their awareness and understanding of the TNFD Framework. The project will also work with them as relevant to assist them in putting in place policies and regulatory requirements that apply the TNFD Framework, in order to create more certainty for the private sector in relation to their obligations related to nature-risk assessment and disclosure. In addition, the project will support assessments of the degree of alignment of existing ESG disclosure regulation with the four pillars of the TNFD framework and the underlying LEAP approach. Part of this work will be to offer technical guidance on regulatory adjustments to ensure existing disclosure regulation achieves alignment with TNFD to avoid regulatory fragmentation. Policy measures, regulatory requirements, and market clarity (including harmonized nature-related risk disclosure requirements across jurisdictions) will all provide incentives for private sector market adoption and up-scaling of the TNFD Framework.

63. Under Output 4.1 the project will work with financial sector regulators in developed countries (e.g. US, EU, UK, Japan, and others) to promote regulatory requirements related to nature-related financial disclosures. This will not be a major focus of project activities given that the project is targeted toward

developing countries, but engaging with these regulators is a critical element of the project's strategy, given that a large majority of the world's GDP, investment flows, and market capitalization is in these countries, and therefore these financial flows have direct impacts and dependencies on natural capital in developing countries.

64. Under Output 4.2 the project will engage with developing country stock exchanges. Numerous stock exchanges have requirements related to ESG reporting for listing, including a majority of the potential 10-15 priority countries. The project will work with stock exchanges to develop and adopt additional listing requirements specifically linked with disclosures reported based on the TNFD Framework.

65. Through Output 4.3 the project will build the awareness and capacity of developing country governments and financial regulators to design and adopt relevant regulatory requirements supported market adoption of the TNFD Framework. This will include engagement with ministries of finance and central banks. The BIOFIN program has well-established cooperation with ministries of finance and central banks in numerous countries, and these working relationships will be further developed and extended to address aspects related to nature-related financial disclosures. The TNFD Secretariat will also continue to play a critical role in outreach, knowledge sharing, and the provision of guidance that public sector stakeholders can apply. In China, WWF will build on its positive experience to promote TNFD adoption, and UNDP SFH will build on its ongoing engagements with the People's Bank of China through the G20. WWF will also expand other existing partnerships, such as its collaboration with the Government of Malaysia on sustainable finance. UNEP-FI is also working with government partners on sustainable finance, particularly in Latin America, and will apply the project's support to promote TNFD adoption. UNEP-FI will support the development of a community of practice for financial regulators on nature-related risk, with a focus on peer-to-peer learning and aligned with the work of the NGFS, but will translate this to the relevant context for both larger and smaller countries in Latin America. UNEP-FI will also create a nature working group under the Financial Innovation Lab (400+ institutional members) in Brazil, with a focus on nature and nature-related risk, thereby creating a link with earlier IKI funded programs. For all the above workstreams, coordination will be enhanced with the Sustainable Finance Hub (SFH) activities, including the Integrated National Financing Framework (INFFs), G20 engagements, and UNDP Financial Centres for Sustainability (FC4S) network.

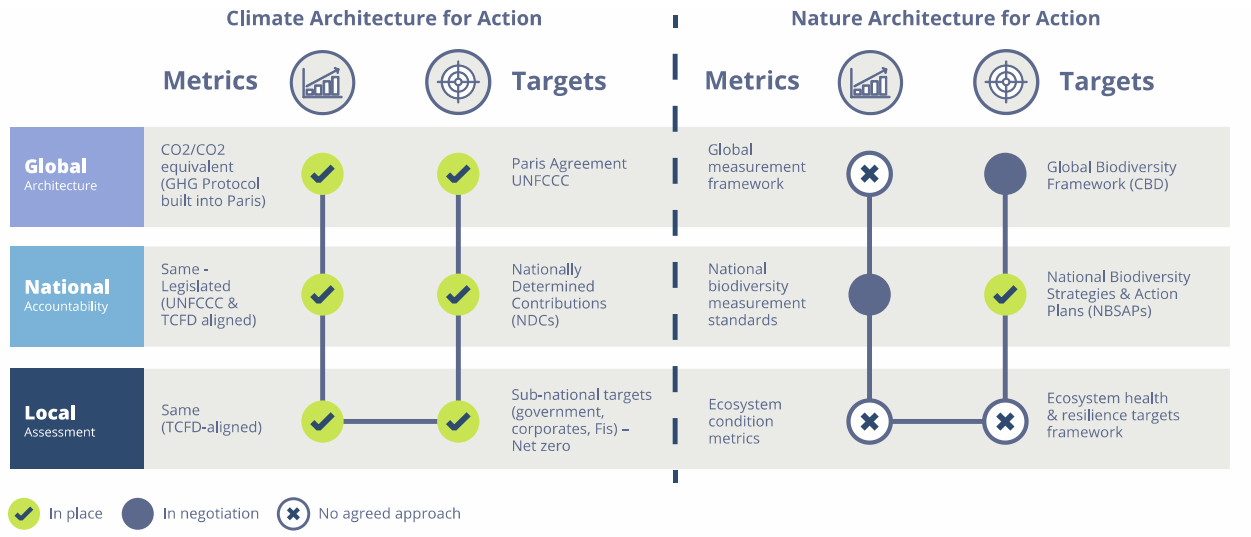
Component 5: Methodology and Application Tools **Outcome 5:** Tools and methodologies are developed to support assessment of nature-risk assessment (application of LEAP approach), and defines sector transition pathways to tackle transition risks from nature-negative to nature-positive outcomes
Output 5: Innovation and Data to Assess Nature Risks
Summary: Biodiversity data (at genetic, species, and ecosystem levels) and nature-related data is critical for financial market actors to assess and disclose their nature-risks and opportunities. The TNFD data discussion paper highlights the importance of these sources, and how they can be used to inform nature risk and opportunity assessment and disclosure. The project will focus on where TNFD / IKI can add value rather than replicate other existing efforts in all these areas. The project will identify key data gaps, and assess how to catalyze data availability that is not happening but which is needed, or accelerate what is happening but needs to happen faster.

66. Output 5.1. is envisioned as a "natural capital data catalyst". The project will strengthen financial market stakeholder access to key biodiversity / natural capital / ecosystem services data for risk analysis. This will include linking geospatial ESG analysis to TNFD risk assessment and disclosures, such as Global Canopy's work on forest data and metrics (F500), as a bridge for unlocking more accessible nature-related data. Key data platform and data provider partners will include UNEP-WCMC, IUCN, UN Biodiversity Lab, WWF-SIGHT, Global Biodiversity Information Facility, and data aggregators such as IBAT, among others.

67. Output 5.2. Decision makers in government, business and finance need high-quality comparable data in order to make well informed decisions about policy responses (government), business strategy and operations (corporates) and capital allocation (corporates and financial institutions) in response to climate change and nature loss. With respect to global action on climate change, this 'architecture for action' is fully developed and enabling action by governments, business, finance and civil society. But for coordinated global action to tackle nature loss and achieve global targets that address nature loss, the architecture for action is largely incomplete. No comparable global architecture for measurement and target- setting for nature – covering land, freshwater, oceans and atmosphere (including dimensions

beyond climate change such as air quality) – yet exists. A critical gap in this architecture for action on nature is the absence of a consistent methodological approach for assessing the condition (health and resilience) of ecosystems at a local level. Without a consistent methodological approach there is also no consistent set of metrics and data for assessing the state (or condition) of nature. This is a critical and binding barrier to initiatives such as the TNFD but also the SBTN and many other policy and market-based initiatives, including current areas of work under the G20 agenda. A global approach to local ecosystem condition assessment would also likely be of significant value to the global science community ((Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), IUCN Red List approaches and others) and global policy making, including the CBD. This component of the project would seek to address this need. By developing and recommending a globally consistent approach for assessing local ecosystem condition assessment – across terrestrial, maritime and freshwater biomes – this component of the project would help to equip government, businesses and financial institutions to form science-based and globally consistent assessments of the state of nature at a local ecosystem level. Figure 2 below highlights the key gaps between nature-related metrics and targets at the global, national, and local levels.

Figure 2 Climate vs. Nature Architecture for Action



68. Addressing this need would fill a key piece of the architecture of action to tackle nature loss. As highlighted above, at the global level, the TNFD seeks to align with the environment-related Sustainable Development Goals and the post-2020 GBF currently being negotiated through the UN CBD COP15 process. These global targets would then cascade down to the national level through the established mechanism of National Biodiversity Strategy and Action Plans (NBSAPs). Local ecosystem targets can then inform measurement and target setting by companies and financial institutions. Following this approach, the TNFD also seeks to align with the corporate target-setting approach being developed by the SBTN.

69. Numerous institutions are working to provide guidance for science-based target setting for nature by companies and cities, in parallel with the ongoing intergovernmental negotiations for a CBD post-2020 Global Biodiversity Framework (GBF). This includes progress by the Science Based Targets Network (SBTN) on science-based target setting methodologies for corporates and cities. These institutional and global targets connect through the draft targets of the GBF including, but not limited to, the proposed Target 15. Development of all aspects of this metric, targets and data architecture will also ensure the TNFD's recommendations are fully enabled to achieve the desired outcome of informing better corporate and financial institution decision making that ultimately shifts the flow of global capital to nature- positive outcomes.

70. The TNFD Secretariat will commission a network of partners to develop a globally consistent methodology for local ecosystem condition assessment, building on existing discussions with its knowledge partners and a number of existing approaches at a national level (for example the Accounting for Nature approach in Australia and the IUCN Red List for Ecosystems approach), including IPBES, IUCN and other international NGOs, SBTN, UNEP-WCMC, the Stockholm Resilience Centre and others. Once developed, this

methodology will be shared with CBD parties and others to secure government support and provide the basis for a consistent approach to be adopted by national governments in the future. Once accepted, this would set the foundations for long term capability building and data collection across ecosystems and national jurisdictions thereby providing the basis for high-quality, comparable data on the state of nature globally across different biomes and ecosystem types. This work would start with the TNFD Secretariat commissioning a baseline survey of existing approaches to ecosystem condition assessment before then 'crowding in' the relevant experts to develop and recommend a globally consistent methodological approach.

71. A key part of implementation of the TNFD Framework at the national level will be a clear and common understanding of what nature positive means in the context of specific countries. Under Output 5.3 this will be addressed through the development of country-specific nature positive taxonomies to support opportunities for nature positive investment and nature-based solutions. This may build from the EU Taxonomy that is in the process of development, but efforts will need to be made in individual countries to ensure their taxonomy corresponds with their natural capital and economic context. BIOFIN will help support this process by facilitating processes with national governmental stakeholders, and WWF and IFC have been involved with the development of nature positive taxonomies, and therefore will contribute their experience as well.

72. Output 5.4 represents a further extension of the work to be completed under Output 5.2, and will support development of tools and data to help align corporate nature risk targets with national and global targets. This relates significantly to TNFD's work on metrics and targets (see the TNFD metrics and targets discussion paper). The project will support private sector stakeholders in identifying relevant indicators, and working to align indicators with GBF post-2020 indicators (see https://www.post-2020indicators.org). This work will be supported by UNEP-WCMC, and other partners such as the SBTN.

73. Under Output 5.5 the project will support the creation of a virtual "Nature Risk Institute", including the development of methodologies and guidance on pricing nature-risk. The Nature Risk Institute will provide technical analysis and best-in-class knowledge and learning through peer-to-peer learning and both internally and externally focused lessons. The institute will focus on advanced learning on relevant topics such as:

- Scenario setting
- Policy environment
- Linkage between climate and nature
- Translation of global to local impact via sectoral initiatives
- Target setting
- Linked human rights issues

74. The risk institute will be facilitated by UNEP-FI, and linked with the TNFD knowledge platform.

Component 6: INCLUSIVE AND JUST TRANSITION **Outcome 6.** The development and implementation of nature-risk related frameworks and guidelines is inclusive and adequately incorporate multi-stakeholder inputs and considerations
Output 6. Ensure Inclusive and Rights-based Assessment of Nature Risk
Summary: This aspect of the project builds on TNFD's already strong priority on stakeholder engagement, and will extend and strengthen these efforts. An overarching and cross-cutting element of the project will be strong and broad stakeholder engagement, with a goal of building on relevant ongoing initiatives, and building political and market buy-in and support for the TNFD Framework. The project support stakeholder engagement at the national level in participating developing countries. The project will ensure that the full range of stakeholders is engaged and consulted in the market adoption and up-scaling of the TNFD Framework, including civil society, local communities and nature users, unions, women and other potential groups that may be disproportionally impacted. This will include a focus on the mainstreaming of gender equality considerations in nature-risk assessment, considering that women in rural communities have disproportionately higher nature risk and dependency. This portion of the project will also support TNFD in its consideration of the rights of IPLCs, and their vital role as knowledge holders and stewards of much of the world's natural capital assets. The project will ensure that these efforts are fully aligned with the SES requirements and as specified in the Social and Environmental Screening Procedure (SESP) and Environmental and Social Management Framework (ESMF) (see attached documents).

75. Under Output 6.1 the project will support engagement with civil society, local resource users and communities, and other relevant stakeholder groups, such as unions. The TNFD has established a partnership with IUCN engage Indigenous Peoples and Local Communities to ensure their voices and perspectives are incorporated into the new TNFD framework. Around the world, Indigenous Peoples and Local Communities play a vital role in safeguarding nature. At the same time, their communities are highly dependent on nature for their livelihoods, and as a result, Indigenous-led enterprises are often pioneers in sustainable business models. The project will work with IUCN to ensure that Indigenous Peoples and Local Communities are appropriately and comprehensively engaged in the 10-15 priority pilot countries.
76. Output 6.2. specifically supports the project's gender mainstreaming goals and objectives (although gender equity will be mainstreamed throughout all aspects of the project). The project will support the development of guidelines on mainstreaming gender in the assessment of nature risks and opportunities. Multiple partners will support this work, with UNDP playing a leading role, based on UNDP's extensive experience addressing gender mainstreaming aspects across a wide range of issues.
77. Output 6.3. will also include link with the work completed under Output 6.1., and will support the development of guidelines on integrating indigenous people's rights in nature risk and opportunity assessments. This work will also be supported by IUCN, with additional engagement for a range of partners. For example, WBCSD will contribute to ensuring that inclusive and just transition perspectives are integrated into environmentally responsible business practices, including human rights considerations, livelihoods considerations, etc. This could include developing guidance and building corporate capacity, building on WBCSD's existing work relating to global agribusiness.

1.6. Partnerships and Stakeholder Engagement

78. During the project development process a stakeholder analysis was conducted, and stakeholder engagement plan developed. The full stakeholder engagement plan is included as Annex 6. The summary of key stakeholders targeted under the project is included in Table 1 below. The engagement and participation of stakeholders in the project will be within the scope of initiatives organized by TNFD and managed by the TNFD Secretariat, in direct support of the TNFD's objectives, as supported through this project.

Table 1 Stakeholder Engagement Summary

Stakeholder Group	Interest and Influence on the project	Engagement strategy
Financial institutions (Fis)	Fis will be key to shaping the TNFD framework and recommendations, ensuring they are designed in a way that can be widely adopted and incorporated into existing risk management systems across the diversity of banks, insurers, investors and other Fis. These institutions will likely have an interest in influencing the direction the Framework takes and engage accordingly. The involvement and support of the finance sector in the Project are critical to driving the broader business sector adoption and implementing the recommendations that come out of the TNFD.	- Participation of Fis in the established process for developing TNFD guidance, through technical working groups, and specific concrete steps in the process (Outcome 1). - Fis as beneficiaries of the capacity building for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome 2). - FI as beneficiaries of the awareness raising activities and wider stakeholder engagement strategies (Outcome 3). - FI participation in the consultations for the development of regulatory landscape to reduce uncertainty of the market, engagement in market pilots in participating countries (Outcome 4). - FI participation in the consultations during the implementation of the application tools developed by the project to support nature risk assessments (Outcome 5).

Corporations (Multilateral organizations, industry groups, asset managers, institutional investors, membership groups (such as WEF, WBCSD, We Value Nature, UN PRI, NGFS, etc.), unions, platforms etc.	Corporations are central to the TNFD and should have a strong interest in it, as corporate risk reporting could be significantly impacted by the framework adopted by the TNFD and used by their investors, lenders, and insurers. They will be able to provide guidance on current corporate policies and reporting practices and the areas where they can be strengthened and supported by the TNFD. It will be important for corporates to be vocal supporters of the TNFD to help it gain broad support, and to indicate to Fis that the TNFD Framework and recommendations are realistic and achievable for the sector.	- Participation in the technical working groups and wider consultations on the supporting guidance of the primary TNFD Framework and additional guidance on LEAP Risk Assessment for the targeted sectors (Outcome 1). - Corporations will be the main beneficiaries of the capacity building activities for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome2). - Corporations as Beneficiaries of the Awareness Raising activities and wider stakeholder engagement strategies (Outcome 3). -Participation of corporate representatives in the country specific demonstration activities aiming at the implementation of the tools and methodologies to support assessment of nature risks, including human rights approaches in the disclosure of nature dependencies risk and opportunities (Outcome 5). -Participation in multi-stakeholder consultations based on inclusive gender responsive approaches (Outcome 6).
Financial service providers (e.g. rating agencies, insurance companies, accounting firms, stock exchanges, consulting firms, index providers and data providers)	Some of the world's largest ratings agencies such as S&P have stated that TCFD recommendations could make the further incorporation of climate and environmental disclosures and their associated risks into credit ratings more consistent and transparent. The TNFD will help do this for disclosures specific to nature. Having rating agencies participate in the development of the TNFD Framework will be important to ensure that the data produced will be useful for the ratings process. Market and financial data providers also have a strong interest in disclosing nature-related risk and the data produced from these disclosures, which will feed into their analyses and data services. Their participation in the TNFD is important to ensure that the data produced from the TNFD Framework is useful for the broader data service industry.	-Engagement with rating agencies and data providers will be sought as part of the market relevance testing , via targeted efforts to ensure they are updated and consulted on the progress of the TNFD additional guidance, tools and methodologies; and for testing the incorporation (reflection) of TNFD disclosures in: (i) insurance premiums, (ii) rating methodologies and analysis (iii) accounting firms'/consulting firms technical capacities to support companies to disclose nature risks (iv) stock exchange requirements for listing companies (v) nature positive and nature negative indexes to provide basis for shifting financial flow; (vi) readily available data for financial data customers etc. (Outcome 3/output 3.2). - Beneficiaries of capacity building and awareness raising events (Outcome 2 and 3). - Specific webinars aimed to obtain feedback from those developing reporting information for use within the framework.

		- Financial service providers are expected to support the uptake and implementation of TNFD.
Governments	Adopting the necessary enabling environments for the implementation of TNFD may be used by the governments as a unique opportunity to send a strong signal to the financial system to bring financial flows in line with the need for biodiversity conservation and restoration. Government donor agencies are also an essential partner in the development and resourcing of the Nature Disclosures project. Via the G20's Sustainable Finance Working Group (Led by the US and China) and the Financial Stability Board (FSB) the TNFD will work to obtain a wider political mandate to strengthen its uptake. To further support and engage governments in the phases of the TNFD Framework, methodology development, and implementation, special attention will be given to the role of governments for alignment with national reporting of Parties as required under the United Nations Convention on Biological Diversity (UN CBD).	- Participation in the development of the specific guidance with sector and biome considerations (Outcome 1). -Relevant government stakeholders, including ministries of finance, central banks, and regulators will participate in the development of regulatory incentives, catalyzing incentives for market adoption and upscaling TNFD Framework (Outcome 4). - As beneficiaries under the capacity building and awareness activities (Outcome 2 and 3). - Participation in the implementation of tools, guidance and methodologies at country level and including LEAP Assessments (Outcome 5). - Supporting TNFD in its consideration of rights-based approaches, including participation in the multi-stakeholders, inclusive, human-rights based approaches; governments' participation will be especially important during the LEAP Assessments (Outcome 5), engaging with corporations and indigenous peoples and local communities (IPLC) (as orchestrated under TNFD's current initiatives), ensuring rights based approaches to any potential conflict resolution mechanism (Outcome 6). Governments are expected to show strong interest in the project to increase their awareness and understanding of the TNFD Framework. The project will also work with them as relevant to assist them in putting in place policies and regulatory measures that apply the TNFD Framework, in order to create more certainty for the private sector in relation to their obligations related to nature-risk assessment and disclosure. Policy measures, regulatory measures, and market clarity will all provide incentives for private sector market adoption and up-scaling of the TNFD Framework.
Financial regulators / Central Banks	Financial regulators and Central Banks have a strong interest in managing the financial risks that biodiversity loss poses to the financial sector as part of their broader mandate, but until now	- Participation in the project as Beneficiaries of the Capacity building for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome 2).

	they struggle to include 'nature risk' as part of their mandate of financial and monetary stability.	-As Beneficiaries of the Awareness Raising activities and wider stakeholder engagement strategies (Outcome 3). -Participation in the consultations for the development of regulatory landscape to reduce uncertainty of the market, engagement in market pilots in participating countries (Outcome 4). - The project will engage developing country partners through existing initiatives and relationships, such as the Principles for Responsible Banking (PRB), BIOFIN, and NGFS. Building capacity related to the TNFD framework will encompass a wide variety of approaches, including leveraging existing initiatives, such as the PRI(and the associated PRI Academy), and the Sustainable Banking and Finance Network (SBFN). - Participation of key senior supervisors / central banks in various events and webinars, different working groups etc. to support the development of the regulatory enabling environment for TNFD upscale.
International organizations	International organizations can provide support, expertise, and knowledge on assessing nature-based risks in the financial system. International standards organizations (financial and non-financial) such as the Institute of Chartered Accountants in England and Wales (ICAEW), Climate Disclosure Standards Board (CDSB), Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), Sustainable Stock Exchanges Initiatives (SSEI), International Sustainability Standards Board (ISSB), European Financial Reporting Advisory Group (EFRAG) etc. can help determine gaps in current reporting, support the development of additional guidance for the targeted sectors and identify where the TNFD can help to further the consideration of natural capital risk.	- Participation in different knowledge platforms, providing feedback to help determine gaps in current reporting and where the TNFD additional guidance for targeted sectors can help to further the consideration of natural capital risk (Outcome 1) - Participation in market relevance, providing feedback (Outcome 3) - Participation in specific webinars aimed to obtain feedback from those international organizations' information for use within the framework (Outcome 3) - International standards organizations (financial and non-financial reporting) – International Organization of Securities Commissions (IOSCO), International Financial Reporting Standards (IFRS), ISSB, EFRAG, ICAEW, CDSB, SASB, GRI, etc. to help publicize the TNFD and promote take up.
NGOs and civil society organizations (CSOs) including	NGOs and CSOs have produced a range of tools, reporting frameworks, standards, and methodologies on nature-related	- Participation of NGOs / CSOs in the established process for developing TNFD additional guidance, through technical working groups, and specific concrete

human rights organizations	risks that has informed the TNFD Framework development and will continue to inform its upscaling and additional guidance for targeted sectors. This has included tools such as ENCORE, IBAT, and Impact360. To promote comparability, cooperation and strengthen the legitimacy of the TNFD, it is important to promote alignment across the various NGO-led disclosure regimes, frameworks, standards, and initiatives on nature-related risk and natural capital. Human rights and indigenous groups NGOs / CSOs have a strong interest in inclusive and rights-based nature disclosures, and will have concerns about a market-led process.	steps in the process; including ensuring human rights based approaches to nature risk assessments(Outcome 1). - NGOs / CSOs beneficiaries of the capacity building for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome 2). - NGOs / CSOs as beneficiaries of the awareness raising activities and wider stakeholder engagement strategies (Outcome 3). - NGOs / CSOs participation in the consultations for the development of regulatory landscape to reduce uncertainty of the market, engagement in market pilots in participating countries (Outcome 4). -NGOs / CSOs participation in the consultations during the implementation of the tools and platforms developed by the project to support nature risk assessments (Outcome 5). - NGOs / CSOs supporting inclusive, gender responsive local stakeholders' engagements across components; - Within the scope of initiatives undertaken by TNFD and managed by the TNFD Secretariat, human rights organizations and indigenous groups representative associations will be consulted to support engagement with local indigenous groups to ensure that indigenous peoples' rights in relation to nature risk assessment are included (Outcome 6).
Academia	Academic institutions have also led a range of important research initiatives, frameworks, and tool development that will inform the TNFD framework and recommendations, for example, the Biodiversity Impact Measurement (BIM) Tool developed by the Cambridge Institute for Sustainability Leadership (CISL). These institutions have a strong incentive to engage with the TNFD to support the uptake of their research outputs and tools and to demonstrate their policy impact. Engagement and buy-in from academic institutions is key to	Within the scope of initiatives undertaken by TNFD and managed by the TNFD Secretariat: - Academic institutions will be consulted and updated throughout the TNFD upscaling process to ensure scientific credibility of the recommendations. - Research institutes will be invited to participate in consultations during the implementation of the additional guidance, methodologies and tools developed by the project to support nature risk assessments (Outcome 1 and Outcome 5).

	ensure the TNFD process maintains scientific credibility and uses the best available science to inform its recommendations.	

79. The project political partner institutions will be determined depending on which priority countries demonstrate market interest to engage and seek support from TNFD in adoption and scaling-up of the TNFD Framework. It is anticipated that the primary political partner institutions will be the ministries of finance and central banks of countries where activities take place.
80. The project will build on the existing UNDP BIOFIN program cooperation with political partner institutions. BIOFIN is well established in multiple countries and has already been cooperating and coordinating with the respective ministries of finance and central banks in the countries where BIOFIN operates. BIOFIN has partnership agreements in place in the existing BIOFIN countries. Of the top 18 priority countries, only Kenya and Morocco are not currently BIOFIN countries, but Kenya has other existing partnerships that the project can leverage; for example, the Kenya Central Bank is a member of the Network for Greening the Financial System (NGFS), has four members engaged with UNEP FI, and is engaged in the Sustainable Stock Exchange Initiative (SSEI). Morocco is also engaged in similar initiatives.

1.7. Risks to Achievement of Project Outcomes

81. The table in Annex 3 reports the Risk Analysis for this project, and has been developed applying the standard UNDP risk assessment scale, as outlined in "Managing Risks Across UNDP Programming and Operations, Guidance Note" (September 2019).
The table in Annex 3 reports also risks that were identified through the SESP. Risks identified in the SESP are "inside-out" risks, or in other words risks from the project to external constitutions or environment. These are not risks to the project, apart from the fact that if the project is responsible for negative social or environmental impacts, it may lose stakeholders' support for the achievement of the project objective, or may contribute to environmental impacts that would be the inverse of achievement of the project objective.

1.8. Social and Environmental Safeguards

82. The project has been screened according to UNDP's Social and Environmental Safeguards standards. The approved SESP is included as Annex 4 of this Prodoc.

1.9. South-South and Triangular Cooperation

83. The project development process has identified a list of 17 priority developing countries across 4 major developing regions. Of these priority countries, it is anticipated that UNDP and project partners will carry out activities in 10-15 countries, to be further confirmed during project execution, as previously described. There will be a variety of opportunities under the project activities to support South-South and Triangular cooperation. A key part of the project's focus is capacity development of developing country government partners in relation to implementation of the nature-risk assessment framework. One important approach to strengthen these capacities will be joint learning sessions, such as regional trainings and workshops. Countries within each region will have the opportunity to learn about developing regulatory measures and policies supporting the nature-risk assessment framework from other countries with similar contexts and facing similar issues, and that have similar natural capital endowments. The TNFD Knowledge Platform, which will be supported under the project, provides another opportunity for engagement and exchange of experiences between developing countries.

1.10. Digital Solutions

84. In line with the UNDP 2021 Data Strategy, the project takes into account digital development challenges and development results. In doing so, the project incorporates digital-related output and outcomes, particularly under Component 5, Output 5 on "Innovation and Data to Assess Nature Risks".
85. Decision makers in government, business and finance need high-quality comparable data in order to make well informed decisions about policy responses (government), business strategy and operations (corporates) and capital allocation (corporates and financial institutions) in response to climate change and nature loss. No comparable global architecture for measurement and target- setting for nature – covering land, freshwater, oceans and atmosphere (including dimensions beyond climate change such as air quality) – yet exists, an digital technologies are not yet fully exploited to facilitate this development.
86. Under Output 5.1. is envisioned as a "natural capital data catalyst". The project will strengthen financial market stakeholder access to key biodiversity / natural capital / ecosystem services data for risk analysis with the creation of a catalyst platform for knowledge and data products. This will include linking geospatial ESG analysis to TNFD risk assessment and disclosures, such as Global Canopy's work on forest data and metrics (F500), as a bridge for unlocking more accessible nature-related data. Key data platform and data provider partners will include UNEP-WCMC, IUCN, UN Biodiversity Lab, WWF-SIGHT, Global Biodiversity Information Facility, and data aggregators such as IBAT, among others. Output 5.4 will support development of tools and data to help align corporate nature risk targets with national and global targets. This relates significantly to TNFD's work on metrics and targets. The project will support private sector stakeholders in identifying relevant indicators, and working to align indicators with GBF post-2020 indicators (see https://www.post-2020indicators.org). This work will be supported by UNEP-WCMC, and other partners such as the SBTN. Finally, under Output 5.5 the project will support the creation of a virtual "Nature Risk Institute", including the development of methodologies and guidance on pricing nature-risk.
87. Digital tools will be essential for the collection of data and the development of tools for data consultation, comparison and easy accessibility. This will include leveraging the mentioned data digital infrastructure of partners, and creating new ones specific for the project.

1.11. Innovation, Transformative Change, and Synergies

88. Innovation: TNFD is the world's first example of a global collaborative approach to nature-based risks led by private financial institutions and the corporate sector, along with strong participation from governments, central banks and regulators. To date efforts in this area have been facilitated by multilateral organizations, NGOs or in some cases central banks. Securing direct company contribution and leadership is a new milestone in advancing disclosure on nature-based risk. A key outcome of this project will be the first harmonized and agreed upon framework for reporting on nature-based risk that can then be used sector-wide. Adapting the TCFD approach to nature-based risk disclosure will require progressing from reporting on a relatively simple metric (i.e. GHG emissions) to a wider variety of metrics, which will include the innovative use of spatial data. New approaches will be required to develop assessment, disclosure, and target setting methodologies for this more complex topic, while ensuring an approach that remains feasible for companies and financial institutions to integrate into internal systems, facilitating global market adoption.
89. Transformative Change: TNFD's remit is highly ambitious, but remains grounded in a realistic, practical, and highly useful common framework to support the private sector in redirecting financial flows from nature negative to nature positive outcomes to halt biodiversity loss and habitat destruction and degradation, with climate-related co-benefits. TNFD will mobilize the private sector in transforming markets and economic systems required to tackle the key drivers of environmental degradation and to reverse unsustainable global trends. TNFD seeks to completely transform financial markets by catalyzing companies to specifically and transparently disclose their nature-related impacts and dependencies, and risks and opportunities. This type of disclosure information is currently unavailable for financial investment decision-making. By addressing the systemic deficiencies of the finance sector, improving the ability of financial institutions to appropriately value and take into account both the positive and negative impacts of business activities on biodiversity and ecosystem services, TNFD will influence economic activity across key economic sectors, enabling their transformative change.
90. Synergies: There are multiple threads by which the project will create synergies with other relevant projects supported through German international cooperation. A key element of this is UNDP's BIOFIN

program, which has received significant German support. BIOFIN has activities in 44 countries, including all of the top 16 countries that have been identified as potential priority countries to be supported through this proposed project. During the project development stage BIOFIN supported exploratory papers researching the current state of nature-related financial disclosures in 11 countries. Through its own program of work, the BIOFIN program has established strong networks and connections with key government financial representatives, such as ministries of finance and central banks. The proposed Nature Disclosures project will leverage the BIOFIN network to engage key stakeholders on TNFD-related initiatives and activities. For example, under Component 4 of the project, UNDP, UNEP FI, and WWF will provide support to priority country financial regulators and key government partners building on the established BIOFIN network.

91. Another opportunity for synergies is through the 30 by 30 Zero project on scaling up climate finance in the finance sector, implemented by IFC; through the 30 by 30 Zero project IFC is engaged with banks on a one-to-one basis, supporting them in determining what they need to do to build internal systems so they can scale their business in relation to climate. This includes providing hands on advisory service and working on investment rules, but also partnering with leading banks to provide demonstration for peers how climate finance can be done. It is anticipated that this model can be leveraged to support the uptake of TNFD as well, particularly under Component 3, where the project aims to support developing country financial institutions in understanding and applying the TNFD Framework to make investment decisions.

92. Beyond these two key programs, TNFD will continue to draw synergies from the TCFD experience, which is a key model of international development cooperation relevant for TNFD. The TNFD technical team has been and will continue to be in communication with the TCFD team. The TNFD Framework has been designed around TCFD's approach, in terms of the four pillars of the framework. There is also a growing understanding of the importance of the integration of climate and nature, including in terms of financial disclosures. It is anticipated that the TCFD and TNFD disclosure frameworks will continue to be more closely interlinked in terms of how the private sector and financial institutions treat the assessment and disclosure of these related risks and opportunities.

1.12. Sustainability

93. Based on the TCFD experience, by the end of the proposed project it is anticipated that the TNFD Framework will have initial market penetration, with significant progress in key sectors in assessing and disclosing nature risks. Once companies have started using and reporting on nature risks and opportunities using the TNFD Framework they should be in a position to continue doing so – particularly if the project is successful in supporting governments, regulators, and stock markets to put disclosure requirements in place. One of the key elements of the project results' sustainability and exit strategy is that the project is going to be executed by multiple partner organizations who also have their own portfolios of relevant work, who have been collaborating before the project and will continue working together after the project to support the long-term goal of operationalizing the TNFD Framework with widespread up-scaling and market adoption. A key part of the project also pertains to the production of guidance documents, case studies, online courses, and other tools that will be widely available for uptake even following project completion, via the TNFD Knowledge Platform, as well as other partner platforms.

1.13. Gender Mainstreaming

94. The project Gender Analysis and Gender Action Plan is included as Annex 5 of this document. The project recognizes the importance of women's contributions across sectors and at all levels and the need to consider systemic inequalities as they relate to nature impacts and dependencies, risks and opportunities. The gender analysis highlights that gender inequalities still persist despite international conventions aiming at achieving gender equality and having the national frameworks in place. The previous section describing the project outputs highlights the various ways in which gender mainstreaming will be an integral part of the project activities. The project's Component 6 includes a specific sub-output on gender mainstreaming. The project will consistently promote approaches that will support equal and active involvement of women in the project activities. Gender equality is not only the concern of women, but of men and boys too. This is not a challenge that the project alone can tackle, but it can make a positive contribution and exemplify the global shift toward gender equality, in line with the SDGs, UN guidelines and post 2020 GBF. Target 22 on gender equality in the GBF indeed emphasizes that women and girls

should have a role in participation, as well as equitable access and benefit sharing processes from biodiversity conservation.

95. Women play critical roles as primary land managers and resource users and they face disproportionate impacts from biodiversity loss. The project-supported outputs will include rights-based considerations, and considerations related to IPLC. The project will support equal participation of men and women in consultations, capacity building and awareness events, and will support access to equal opportunities of indigenous women, who are facing multiple layers of discrimination.

96. The project design mainstreams gender responsive approaches and creates opportunities for tackling women's needs and putting forward integrated solutions leveraging gender-environment nexus, more explicitly through the implementation of Gender Action Plan, which is explicitly aiming at creating gender justice by supporting equal access to opportunities derived from project activities. Gender considerations are also mainstreamed in the ToC, project outputs, results framework, activities, and budget. Documentation, case studies and knowledge generated by the project will be gender-sensitive and inclusive of diverse groups among contributors and audiences. The project will also gather gender-disaggregated data for evaluation purposes and use gender responsive indicators (particularly around beneficiaries) to facilitate planning, implementation and monitoring. The project stakeholder engagement plan will be aligned with the gender analysis and gender action plan and will ensure that women and other relevant marginalized groups' views will be appropriately considered.

97. The project will build on UNDP's well-developed institutional approach to gender mainstreaming, and the institutional resources and capacities supporting gender mainstreaming in project management and implementation. The project management team will include a part-time UNDP safeguards and gender mainstreaming specialist, who will be responsible for ensuring that the Gender Action Plan, and any other feasible relevant gender mainstreaming activities, are implemented. At the initiation of the project UNDP will work with all Responsible Parties and sub-contractors to ensure familiarity with and adherence to UNDP's gender mainstreaming policy.

IV. PROJECT RESULTS FRAMEWORK

98. The project Results Framework indicators and targets will be reviewed and updated at the mid-point of the project, as necessary and relevant, based on the experience gained during execution of the project to that date. Any revision or update will ensure continued alignment with SMART criteria for project indicators and targets. Any proposed revisions to the Results Framework will be subject to approval by the Project Steering Committee, including the donor.

This project will contribute to the following Sustainable Development Goals:

Goal 1: End Poverty in All Its Forms Everywhere

- *By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance*

Goal 2: Zero Hunger

- *By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment*
- *By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality*
- *By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed*
- *Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility*

Goal 5: Gender Equality

- *Adopting and strengthening sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.*
- *Putting a stop to all forms of discrimination against all women and girls globally.*
- *Listen to girls: SDGs can deliver transformative change for girls only if they have been consulted and their priorities and needs have been taken into account.*

Goal 6: Ensure availability and sustainable management of water and sanitation for all

- *By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate*

- *By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes*

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- *Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets*

Goal 12: Ensure sustainable consumption and production patterns

- *By 2030, achieve the sustainable management and efficient use of natural resources*
- *By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature*
- *Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle*
- *Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production*

Goal 13: Take urgent action to combat climate change and its impacts

- *Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries*

Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

- *By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution*
- *By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans*
- *Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels*
- *By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics*
- *By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information*
- *By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation*
- *By 2030, increase the economic benefits to Small Island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism*

- *Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries*
- *Provide access for small-scale artisanal fishers to marine resources and markets*
- *Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in UNCLOS, which provides the legal framework for the conservation and sustainable use of oceans and their resources, as recalled in paragraph 158 of The Future We Want*

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- *By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements*
- *By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally*
- *By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world*
- *Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species*
- *By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts*
- *Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems*
- *Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation*

This project will be linked to the following elements of the UNDP Strategic Plan for 2022-2025:

Efforts under the TNFD directly support the vision and targets of UNDP's Strategic Plan for 2022-2025. Addressing nature-related risks links with UNDP's "3 X 6 X 3 framework":

- *3 Directions of Change: development and adoption of the TNFD framework supports UNDP's efforts for Outcome 1, Structural Transformation.*
- *6 Signature Solutions: Under the 4.Environment solution, particularly "4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions". The TNFD initiative works to put nature and the environment at the heart of national economies and planning, and help governments and the private sector protect, manage and value their natural assets.*
- *3 Enablers: The TNFD framework represents Strategic Innovation, and will leverage Development Financing through shifting private sector financial flows to nature-positive outcomes.*

Applicable Output(s) from the UNDP Strategic Plan: Outcome 1 "Structural Transformation", Signature Solution on Environment "4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions"
Project title and Quantum Project Number: Enabling and Scaling up NFDs-UNDP-HQ-00133933

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
Project Objective: *Global financial flows shifted from nature-negative outcomes toward nature-positive outcomes in developing countries.*	1. Status of TNFD Framework development - A framework that is comprehensive in covering the financial risks arising from nature-related impacts and dependencies. The framework should be based on the best available science and evidence that reflects and supports climate-resilient nature-positive outcomes. - A framework that wins the respect and confidence of market participants because it is accessible to understand and usable to implement in line with risk management and disclosure best practice, including TCFD adoption. - A framework that is updatable and extendable over time by design to accommodate evolutions in scientific knowledge and in market practices such as reporting standards. - A framework that considers human rights-related nature risks and opportunities	Existence of Framework documentation; TNFD Secretariat stakeholder feedback End-user experience survey, or other similar feedback collection mechanism	Framework in beta development v 0.2 (as of June 2022)	First full version of framework released in September 2023 that meets end-user needs; Framework aligns with key criteria: - Comprehensively covers financial risks arising from nature-related impacts and dependencies - Based on best available science and evidence supporting climate-resilient nature-positive outcomes - Has respect and confidence of market participants - Accessible to understand - Usable to implement in line with risk management and disclosure best practice	Framework updated as necessary based on end-user feedback; Framework continues to meet key criteria: - Comprehensively covers financial risks arising from nature-related impacts and dependencies - Based on best available science and evidence supporting climate-resilient nature-positive outcomes - Has respect and confidence of market participants - Accessible to understand - Usable to implement in line with risk management and disclosure best practice - Updatable and extendable over time	- TNFD Framework development continues according to planned cycle of development - TNFD Framework will need to be updated after September 2023 release - TNFD Framework is developed in accordance with key guiding principles

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
	- A framework that is transparent and independently verifiable			- Updatable and extendable over time - Includes human rights related nature risks and opportunities - Transparent and independently verifiable	- Considers a rights-based approach in relation to nature risks and opportunities - Transparent and independently verifiable	
	2. Extent of adoption of nature-risk disclosures based on TNFD Framework in mainstream corporate financial reporting (alongside TCFD-related disclosures): Percent of global public companies in eight industries material to nature	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD recommendations	0	5% of public companies globally disclose information aligned with TNFD recommended disclosures	15% of public companies globally disclose information aligned with TNFD recommended disclosures	- Mainstream corporate financial reporting procedures are able to incorporate final TNFD Framework disclosure recommendations
	3. Number of people in project-targeted priority developing countries directly supported through networking and training, disaggregated by: - women - men - indigenous people and local communities - public officials - civil society representatives - private sector actors - private citizens	IKI standard indicator methodology and reporting template, with data aggregated and reported by project partners; TNFD Secretariat documentation and reporting records; data tracking by	0 - women - men - indigenous people and local communities - public officials - civil society representatives - private sector actors - private citizens	500, disaggregated by: - women - men - indigenous people and local communities - public officials - civil society representatives - private sector actors - private citizens	1,500, disaggregated by: - women - men - indigenous people and local communities - public officials - civil society representatives - private sector actors - private citizens	- TNFD and partner organizations are successful in outreach to a broad range of stakeholder types

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
	(IKI Standard Indicator SI 4 | Capacity People – integrate with IKI reporting template)	project partners Reported in project progress reports provided by project partners; aggregated, recorded and produced by UNDP				
	4. Leveraged finance – "Volume of private and / or public finance leveraged for biodiversity purposes" (IKI Standard Indicator): Total global, parallel financing contributed by other donors, partners, and stakeholders to support TNFD Framework adoption, disaggregated by: a. Mobilized (direct leveraging) i. Public ii. Private b. Catalyzed finance (indirect leveraging) i. Public ii. Private *(IKI Standard Indicator SI 5 | Leveraged Finance – integrate with IKI reporting template, including reporting by sector)*	IKI standard indicator methodology and reporting template; Project annual financial and progress reporting records tracked and produced by UNDP	€0, disaggregated by: a. Mobilized (direct leveraging) i. Public ii. Private b. Catalyzed finance (indirect leveraging) i. Public ii. Private	€15 m globally (on track for 1:1 co-financing), disaggregated by: a. Mobilized (direct leveraging) i. Public ii. Private b. Catalyzed finance (indirect leveraging) i. Public ii. Private	€30 m globally (1:1 co-financing), disaggregated by: a. Mobilized (direct leveraging) i. Public ii. Private b. Catalyzed finance (indirect leveraging) i. Public ii. Private	- Donors and private sector partners continue to see value in the further development and implementation of the TNFD Framework
	5. Number of organizations pledging support for TNFD recommendations, including:	TNFD annual status report: tracking	0 (not applicable until after September 2023)	- 200 Financial Institutions with >$100 tn AUM	- 1,000 Financial Institutions with >$150 tn AUM	- Stakeholders, including private sector partners,

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
	- # of Financial Institutions and their assets under management (AUM) - # of other supporters	support for TNFD	- # of Financial Institutions and their AUM - # of other supporters	- 200 other supporters	- 1,500 other supporters	continue to see value in the market adoption and up-scaling of the TNFD Framework
	6. Number of countries / jurisdictions with TNFD supporting organizations, and their combined market capitalization, disaggregated by developed vs developing jurisdictions	TNFD annual status report: implementation tracking.	0	2, disaggregated by: - # of Developing jurisdictions - # of Developed jurisdictions	8, disaggregated by: - # of Developing jurisdictions - # of Developed jurisdictions	- Jurisdictions are able to adopt TNFD supporting requirements comparable to TCFD supporting requirements
	7. TNFD Research & Engagement: - # of user and preparer interviews on challenges and uses of nature-related financial impact disclosure - # of responses to consultation on forward-looking metrics - # responses to consultation on proposed guidance on nature-related metrics, targets, and transition plans - #responses to consultations and proposals related to the rights of vulnerable groups including women and indigenous people and local communities	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD recommendations	TNFD Research & Engagement: - # of user and preparer interviews on challenges and uses of nature-related financial impact disclosure (not relevant until after final Framework release in September 2023) - # of responses to consultation on forward-looking metrics (not yet tracked) - # responses to consultation on proposed guidance on nature-related metrics, targets, and transition	TNFD Research & Engagement: - 20 user and preparer interviews on challenges and uses of nature-related financial impact disclosure - >100 responses to consultation on forward-looking metrics - >100 responses to consultation on proposed guidance on nature-related metrics, targets, and transition plans - >100 responses to consultations and proposals related to the rights of vulnerable groups including women and indigenous people	TNFD Research & Engagement: - 50 user and preparer interviews on challenges and uses of nature-related financial impact disclosure - >200 responses to consultation on forward-looking metrics - >200 responses to consultation on proposed guidance on nature-related metrics, targets, and transition plans - >200 responses to consultations and proposals related to the rights of vulnerable groups including women and indigenous people	- TNFD continues to receive comprehensive feedback and input from a wide range of stakeholders

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
			plans (not yet tracked) - #responses to consultations and proposals related to the rights of vulnerable groups including women and indigenous people and local communities (not yet tracked)	and local communities	and local communities	
	8. Percentage of public companies disclosing in alignment with TNFD recommended disclosures in developed and developing jurisdictions (based on location of headquarters): - % disclosing at least 1 recommended disclosure - % disclosing at least 3 or more disclosures	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD recommendations	0 (as of June 2022)	- 5% disclosing at least 1 recommended disclosure - 2% disclosing at least 3 or more disclosures	- 15% disclosing at least 1 recommended disclosure - 5% disclosing at least 3 or more disclosures	- Publicly traded companies begin applying the TNFD Framework and disclosing recommended disclosures
Output 1: Deepen, Diversify and Broaden the TNFD Framework for Wider Applicability	9. Availability of guidance for companies to adopt and implement main TNFD recommendations and risk assessment framework	TNFD Secretariat documentation; availability of guidance on TNFD website Project annual progress reporting records tracked and	Guidance in development; guidance produced based on beta release v 0.2 (June 2022)	Guidance produced supporting implementation of final TNFD Framework v 1.0 (September 2023)	Full suite of necessary guidance (no further guidance needs) for full implementation of TNFD Framework per Framework development as of December 31, 2027	- TNFD is able to develop and provide relevant guidance for each of the four pillars of the TNFD Framework - Additional aspects of the Framework may necessitate further guidance

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
		produced by UNDP				
	10. Availability of guidance covering human-rights, gender responsive and climate-related issues to apply TNFD recommendations and risk assessment framework for at least five priority sectors	TNFD Secretariat documentation; availability of guidance on TNFD website Project annual progress reporting records tracked and produced by UNDP	No sector-based guidance supporting TNFD Framework beta release v 0.2 (June 2022)	Initial specific sector-related guidance for 5 priority sectors supporting final version of TNFD Framework release v 1.0	Full suite of additional guidance incorporating social and human-rights considerations for full implementation of TNFD Framework for at least 5 priority sectors, per Framework development as of December 31, 2027	- TNFD proceeds with development of specific sector-related guidance as foreseen - TNFD is able to provide sector-related guidance relating to priority sectors
	11. Availability of guidance for companies to apply TNFD recommendations for priority ecosystem types	TNFD Secretariat documentation; availability of guidance on TNFD website Project annual progress reporting records tracked and produced by UNDP	No ecosystem-based guidance supporting TNFD Framework beta release v 0.2 (June 2022)	Initial specific biome - related guidance for 5 priority biomes supporting final version of TNFD Framework release v 1.0	Full suite of necessary human-rights and gender responsive, climate-integrated, ecosystem-based guidance for full implementation of TNFD Framework for 10 priority ecosystems, per Framework development as of December 31, 2027	- TNFD proceeds with development of ecosystem-based guidance as foreseen - TNFD is able to provide ecosystem-based guidance for priority biomes
	12. Annual Visitors to the TNFD Knowledge Hub and TNFD Framework website (website unique visitors)	TNFD website analytics, reported in TNFD annual status report	TNFD global website where the Knowledge Bank tab exists, www.tnfd.global, total users as of 28 July 2022 is 233,254. Framework online	Knowledge Hub: 300,000 TNFD Framework: 50,000 unique visitors	Knowledge Hub: 400,000 unique visitors / year TNFD Framework: 250,000 unique visitors / year	- TNFD Knowledge Hub serves as a valuable knowledge resources for TNFD end-users, partners, and stakeholders

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
		Project annual progress reporting records tracked and produced by UNDP	platform, www.framework.tnfd.global, number of total users as of 28 July 2022 is 18,475.			
Output 2: Build Capacity for Scaling-up Assessment of Nature-related Risks and Disclosures in Developing Markets	13. % market capitalization of publicly listed companies that are material to nature in priority developing countries, excluding China, that are applying the TNFD Framework and disclosing nature-risks (in alignment with at least 1 TNFD recommendation), disaggregated by sector, as well as private companies that are material to nature in a given jurisdiction	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD recommendations	0, disaggregated by sector	10% of market capitalization in priority developing countries, disaggregated by sector	30% of market capitalization in priority developing countries, disaggregated by sector	- Publicly listed companies in developing countries develop the capacity to apply the TNFD Framework - Project partners successfully support developing country corporate stakeholders - Larger publicly listed companies are more likely than smaller publicly listed companies to apply the TNFD Framework within the first five years of the project
	14. % of publicly listed companies that are material to nature in priority developing countries, excluding China, that are applying the TNFD Framework and disclosing nature-risks (average percentage of disclosure across the recommended disclosures), disaggregated by sector, as well as private companies that are	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD	0, disaggregated by sector	10% of companies (average percentage of disclosure across the recommended disclosures), disaggregated by sector	20% (average percentage of disclosure across the recommended disclosures), disaggregated by sector	- Publicly listed companies in developing countries develop the capacity to apply the TNFD Framework - Project partners successfully support developing country corporate stakeholders

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
	material to nature in a given jurisdiction	recommendations				
	15. % of companies disclosing nature risks that include Scope 3 (value chain) disclosures in 5 priority sectors in priority countries disclosing nature risks, and/or are covered by nature-risk disclosures among corporates that utilize their products or services, disaggregated by sector	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD recommendations	0, disaggregated by sector	1%, disaggregated by sector	5%, disaggregated by sector	- TNFD and its partners are able to develop and provide guidance to corporates regarding Scope 3 disclosures
	16. $ AUM in developing country financial institutions that have assessed and disclosed nature risk in their portfolio	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD recommendations	$0	$100 billion USD AUM	>$1 trillion USD AUM	- 10% of PRI signatories in developing countries (as of April 2022) will apply the TNFD Framework by the end of the project
Output 3: Drive Market Adoption by Identifying and Lowering Barriers that Impede Adoption of the TNFD Framework	17. $ AUM in developed country financial institutions that have assessed and disclosed nature risk in their portfolio	TNFD annual status report: TNFD annual review of public financial disclosures to assess alignment with TNFD recommendations	$0	$500 billion USD AUM	>$10 trillion USD AUM	- 10% of PRI signatories in developed countries (as of April 2022) will apply the TNFD Framework by the end of the project
	18. # of developed country financial sector service provider	TNFD Forum membership	Baseline TBC: 1	5	15	- The project will be effective in reaching

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
	that are public TNFD Framework supporters and which have participated in capacity development activities, disaggregated by: - ratings agencies - consulting firms - accounting firms - index providers - financial data providers	analysis and tracking of engaged organizations, reported in TNFD annual status report	- ratings agencies: 0 - consulting firms: 0 - accounting firms: 0 - index providers: 0 - financial data providers: 1	- ratings agencies: 1 - consulting firms: 1 - accounting firms: 1 - index providers: 1 - financial data providers: 1	- ratings agencies: 3 - consulting firms: 3 - accounting firms: 4 - index providers: 2 - financial data providers: 3	key financial service provider stakeholders
	19. Degree of incorporation of TNFD recommendations and nature-risk assessment in the ratings methodologies of Moody's, Fitch, S&P global ratings agencies (as well as others)	TNFD Secretariat and project partner communications with ratings agencies	Nature-related financial disclosure information not included in ratings analysis	Ratings agencies are incorporating nature-related disclosures in their ratings methodologies	Ratings agencies are incorporating nature-related disclosures in their ratings	- Ratings agencies are willing to modify ratings methodologies to incorporate nature-related financial disclosures
	20. Status and availability of financial indices for financial institutions based on: - Firms assessing and disclosing nature risk - Firms with nature-positive market opportunities - Firms with high negative nature-risk exposure	TNFD Secretariat and project partner communications with index providers	No financial indices produced based on nature-related financial disclosures, or taking nature-related financial disclosures into account	1 financial index produced taking nature-related financial disclosures into account	Financial indices produced taking nature-related financial disclosures into account based on: - Firms assessing and disclosing nature risk - Firms with nature-positive market opportunities - Firms with high negative nature-risk exposure	- Financial indexing firms are willing to develop and publish indexes related to nature-related financial disclosures
Output 4: Nature-risk Regulatory Landscape Developed to Reduce Uncertainty in the Market	21. # of stock exchanges with listing requirements related to TNFD recommendations	TNFD Secretariat and project partner communications with stock exchanges	0	2	8	- Stock exchanges in developing countries are willing to develop and require listing requirements related to nature-related financial disclosures

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
	22. Number of developed / developing countries / jurisdictions (e.g. Hong Kong; EU) with TNFD-aligned official reporting requirements	TNFD annual status report: tracking support for TNFD	0	2	8	- Financial jurisdiction regulators are willing to adopt TNFD-aligned reporting requirements similar to requirements adopted in relation to TCFD
Output 5: Innovation and Data to Assess Nature Risks and Mitigate Transition Risk	23. Existence of data catalyst platform for knowledge and data products to support companies LEAP approach to nature-risk and opportunity assessment and disclosure	TNFD documentation; existence and functionality of data catalyst platform Project annual progress reporting records tracked and produced by UNDP	No data catalyst platform	Data catalyst platform established	Data catalyst platform facilitates access to spatial and other nature-related data access for organizations conducting nature-risk and opportunity assessments	- Relevant mechanism can be developed and data aggregated in order to provide useful data to the private sector for nature-related financial disclosures - Significant data sharing issues are not encountered
	24. Status and availability of nature-positive (with consideration of social dimensions) investment taxonomies to guide investors	TNFD documentation; existence and utility of taxonomies Project annual progress reporting records tracked and produced by UNDP	Limited early development of nature positive (with consideration of social dimensions) investment taxonomies to guide investors	Nature positive (with consideration of social dimensions) investment taxonomies to guide investors under development in at least 3 priority countries	Nature positive (with consideration of social dimensions) investment taxonomies to guide investors completed in at least 3 priority countries, and under development in at least 5 additional priority countries	- Priority country governments are interested and willing to develop nature-positive investment taxonomies

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
	25. Status and availability of guidance on nature-positive metrics and targets	TNFD documentation; existence of metrics and targets guidance Project annual progress reporting records tracked and produced by UNDP	Preliminary guidance available	Advanced guidance available	Comprehensive guidance finalized, and updated as necessary and relevant	- TNFD is able to develop science-based guidance with global policy relevance
	26. Global => National => Local Metrics and Targets Framework and common methodological approach in place to facilitate alignment of corporate metrics and targets with the CBD Global Biodiversity Framework metrics and targets, and National Biodiversity Strategy and Action Plan (NBSAP) metrics and targets	TNFD documentation; CBD documentation Independent mid-term review and terminal evaluation	Linkage between global, national and local metrics and targets missing key elements including common methodology for local ecosystem level condition (state of nature) assessment	Framework for linkage between global and national metrics and targets developed, including draft common methodology for local ecosystem-level condition (state of nature) assessment	Global biodiversity metrics and targets aligned with national and local biodiversity metrics and targets, aligned with corporate TNFD-aligned nature risk and opportunity assessment metrics and targets	- TNFD is able to develop science-based guidance with global policy relevance
Output 6: Ensure Inclusive and Rights-based Assessment of Nature Risk	27. Extent to which TNFD guidance reflects societal considerations including rights-based considerations	TNFD documentation; Independent mid-term review and terminal evaluation	Guidance under development	TNFD guidance includes advice on stakeholder engagement approach and expectations to adequately incorporate gender, human rights and IPLC perspectives.	TNFD guidance includes advice on stakeholder engagement approach and expectations to adequately incorporate gender, human rights and IPLC perspectives.	- TNFD is able to effectively and meaningfully engage diverse stakeholder groups in short time periods - Diverse stakeholder groups are able to provide feedback and input to the development of the TNFD Framework in short time periods

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE (Value & Year)	TARGETS		ASSUMPTIONS, DATA COLLECTION METHODS & RISKS
				MID-TERM TARGET (Year 3)	TARGET AT COMPLETION (Year 6)	
Cross-cutting: Gender mainstreaming during implementation	28. Consistency of project gender mainstreaming approach with project plans	Independent mid-term review and terminal evaluation	Project gender action plan in place	Project implemented in line with gender action plan	At least 90% of targets of the Gender Action Plan delivered.	- Project Gender Action Plan implemented

V. TOTAL BUDGET AND WORKPLAN

Total budget and Workplan in USD

Quantum Proposal or Award ID:	147209	**Quantum Primary Output Project ID:**	133933
Quantum Proposal or Award Title as in Quantum:	Enabling and Scaling up Nature-related Financial Disclosures		
Quantum Business Unit	UNDP1		
Quantum Primary Output Project Title as in Quantum:	Enabling and Scaling up Nature-related Financial Disclosures		
UNDP-GEF PIMS No.	6652		
Implementing Partner	UNDP NCE/BPPS		

Quantum Implementing Agent (Responsible Party[2], IP or UNDP)	Quantum Fund ID	Donor Name	Quantum Budgetary Account Code[3]	QUANTUM Budget Account Description[3]	Amount Year 2023 (USD)	Amount Year 2024 (USD)	Amount Year 2025 (USD)	Amount Year 2026 (USD)	Amount Year 2027 (USD)	Amount Year 2028 (USD)	Total (USD)	*See Budget Note:*
Party 1	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	124,095	124,095	124,095	124,095	124,095	124,095	744,570	*1*
UNDP NCE/BPPS			72100	Contractual Services-Companies	51,706	51,705	-	-	-	-	103,411	*2*
				sub-total Party 1	**175,801**	**175,800**	**124,095**	**124,095**	**124,095**	**124,095**	**847,981**	
Party 2 GFI on behalf of TNFD Secretariat	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	435,195	435,195	435,195	435,195	435,195	435,195	2,611,170	*3*

				sub-total Party 2	**435,195**	**435,195**	**435,195**	**435,195**	**435,195**	**435,195**	**2,611,170**	
Party 3 Global Canopy	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	116,339	116,339	116,339	116,339	116,339	116,339	698,034	*4*
				sub-total Party 3	**116,339**	**116,339**	**116,339**	**116,339**	**116,339**	**116,339**	**698,034**	
				Total Outcome 1	**727,335**	**727,334**	**675,629**	**675,629**	**675,629**	**675,629**	**4,157,185**	
Party 1 UNDP NCE/BPPS	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	88,418	88,418	88,418	88,418	88,418	88,418	530,508	*5*
			72100	Contractual Services-Companies	370,562	370,562	370,562	370,562	370,562	370,562	2,223,372	*6*
				sub-total Party 1	**458,980**	**458,980**	**458,980**	**458,980**	**458,980**	**458,980**	**2,753,880**	
Party 2 GFI on behalf of TNFD Secretariat	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	72100	Contractual Services-Companies	86,177	86,177	86,177	86,177	86,177	86,177	517,062	*7*
			75700	Training, Workshops and Confer	155,119	155,119	155,119	155,119	155,119	155,119	930,714	*8*
				sub-total Party 2	**241,296**	**241,296**	**241,296**	**241,296**	**241,296**	**241,296**	**1,447,776**	
Party 3 Global Canopy	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	120,648	120,648	120,648	120,648	120,648	120,648	723,888	*9*
				sub-total Party 3	**120,648**	**120,648**	**120,648**	**120,648**	**120,648**	**120,648**	**723,888**	
				Total Outcome 2	**820,924**	**820,924**	**820,924**	**820,924**	**820,924**	**820,924**	**4,925,544**	
Party 1 UNDP NCE/BPPS	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	142,192	142,192	142,192	142,192	142,192	142,192	853,152	*10*
			72100	Contractual Services-Companies	163,737	163,737	163,737	163,737	163,737	163,737	982,422	*11*
				sub-total Party 1	**305,929**	**305,929**	**305,929**	**305,929**	**305,929**	**305,929**	**1,835,574**	
Party 2 GFI on behalf of TNFD Secretariat	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	129,266	129,266	129,266	129,266	129,266	129,266	775,596	*12*
			72100	Contractual Services-Companies	77,559	77,559					155,118	*13*
				sub-total Party 2	**206,825**	**206,825**	**129,266**	**129,266**	**129,266**	**129,266**	**930,714**	
Party 3 UNEP FI	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	155,119	155,119	155,119	155,119	155,119	155,119	930,714	*14*

				sub-total Party 3	**155,119**	**155,119**	**155,119**	**155,119**	**155,119**	**155,119**	**930,714**	
Party 4 Global Canopy	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	112,030	112,030	112,030	112,030	112,030	112,030	672,180	*15*
				sub-total Party 4	**112,030**	**112,030**	**112,030**	**112,030**	**112,030**	**112,030**	**672,180**	
				Total Outcome 3	**779,903**	**779,903**	**702,344**	**702,344**	**702,344**	**702,344**	**4,369,182**	
Party 1 UNDP NCE/BPPS	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	72100	Contractual Services-Companies	112,030	112,030	112,030	112,030	112,030	112,030	672,180	*16*
				sub-total Party 1	**112,030**	**112,030**	**112,030**	**112,030**	**112,030**	**112,030**	**672,180**	
Party 2 GFI on behalf of TNFD Secretariat	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	103,413	103,413	103,413	103,413	103,413	103,413	620,478	*17*
				sub-total Party 2	**103,413**	**103,413**	**103,413**	**103,413**	**103,413**	**103,413**	**620,478**	
Party 3 UNEP FI	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	134,436	134,436	134,436	134,436	134,436	134,436	806,616	*18*
				sub-total Party 3	**134,436**	**134,436**	**134,436**	**134,436**	**134,436**	**134,436**	**806,616**	
				Total Outcome 4	**349,879**	**349,879**	**349,879**	**349,879**	**349,879**	**349,879**	**2,099,274**	
Party 1 UNDP NCE/BPPS	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	72100	Contractual Services-Companies	611,858	611,858	611,858	611,858	611,858	611,858	3,671,148	*19*
				sub-total Party 1	**611,858**	**611,858**	**611,858**	**611,858**	**611,858**	**611,858**	**3,671,148**	
Party 2 GFI on behalf of TNFD Secretariat	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	72100	Contractual Services-Companies	430,886	430,886	430,886	430,886	430,886	430,886	2,585,316	*20*
				sub-total Party 2	**430,886**	**430,886**	**430,886**	**430,886**	**430,886**	**430,886**	**2,585,316**	
Party 3 UNEP FI	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	103,413	103,413	103,413	103,413	103,413	103,413	620,478	*21*
				sub-total Party 3	**103,413**	**103,413**	**103,413**	**103,413**	**103,413**	**103,413**	**620,478**	
Party 4 Global Canopy	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	34,471	34,471	34,471	34,471	34,471	34,471	206,826	*22*
				sub-total Party 4	**34,471**	**34,471**	**34,471**	**34,471**	**34,471**	**34,471**	**206,826**	
				Total Outcome 5	**1,180,628**	**1,180,628**	**1,180,628**	**1,180,628**	**1,180,628**	**1,180,628**	**7,083,768**	

Party 1 UNDP NCE/BPPS	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	103,413	103,413	103,413	103,413			413,652	*23*
			72100	Contractual Services-Companies	103,413	103,413	103,413				310,239	*24*
				sub-total Party 1	**206,826**	**206,826**	**206,826**	**103,413**	-	-	**723,891**	
				Total Outcome 6	**206,826**	**206,826**	**206,826**	**103,413**	-	-	**723,891**	
Party 1 UNDP NCE/BPPS	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	459,755	459,755	459,755	459,755	459,755	459,755	2,758,530	*25*
			61300	Salary & Post Adj Cst-IP Staff	120,648	120,648	120,648	120,648	120,648	120,648	723,888	*26*
			71600	Travel	20,683	20,683	20,683	20,683	20,683	20,683	124,098	*27*
			72500	Supplies	1,034	1,034	1,034	1,034	1,034	1,034	6,204	*28*
			74100	Professional Services	15,512	15,512	15,512	15,512	15,512	15,512	93,072	*29*
			64397/74596	Direct Project Costs	74,112	74,112	74,112	74,112	74,112	74,112	444,672	*30*
				sub-total Party 1	**691,744**	**691,744**	**691,744**	**691,744**	**691,744**	**691,744**	**4,150,464**	
Party 2 GFI on behalf of TNFD Secretariat	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	71400	Contractual Services - Individ	118,063	118,063	118,063	118,063	118,063	118,063	708,378	*31*
				sub-total Party 2	**118,063**	**118,063**	**118,063**	**118,063**	**118,063**	**118,063**	**708,378**	
Party 3 UNEP FI	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	72100	Contractual Services-Companies	17,235	17,235	17,235	17,235	17,235	17,235	103,410	*32*
				sub-total Party 3	**17,235**	**17,235**	**17,235**	**17,235**	**17,235**	**17,235**	**103,410**	
Party 4 Global Canopy	**28709 0**	**FED MINISTRY FOR THE ENVIRO-BMU**	72100	Contractual Services-Companies	8,618	8,618	8,618	8,618	8,618	8,618	51,708	*33*
				sub-total Party 4	**8,618**	**8,618**	**8,618**	**8,618**	**8,618**	**8,618**	**51,708**	
				Total GPM / TSU	**835,660**	**835,660**	**835,660**	**835,660**	**835,660**	**835,660**	**5,013,960**	
SUB-TOTAL IKI					**4,901,155**	**4,901,154**	**4,771,890**	**4,668,477**	**4,565,064**	**4,565,064**	**28,372,804**	
Indirect TTF Cost (UNDP 8% GMS)					**2,199,007**						**2,199,007**	
UNDP Total											**30,571,811**	
UN Fee (1%)					**296,866**						**296,866**	
PROJECT TOTAL					**7,397,027**	**4,901,154**	**4,771,890**	**4,668,477**	**4,565,064**	**4,565,064**	**30,868,676**	

Budget notes:

1. Knowledge management secondment from UNDP 6 years (potentially to be moved under Global Canopy work package and hired by GP)*
2. 1-2 MOOCs on the Learning for Nature Platform
3. Technical development of the TNFD Framework
4. Global Canopy for support on sector guidance implementation support, priority biomes, and alignment with global standards ($550,000), and Support for TNFD Knowledge Forum ($125,000)
5. Senior Nature Economist
*6. UNDP transaction planning, country-level coordination work through BIOFIN programmes**, plus potential subcontracting of WWF and orgs for additional support*
7. Sub-contracts to partners for piloting and engagement with DFIs
8. National Consultative Group process for 14 countries @$50,000 ea, plus $200,000 for China
9. Extension of piloting activities, and engagement with developing country financial institutions
10. UNDP secondment of stakeholder engagement support to TNFD Sec
11. Sub-contracts to WWF and WBCSD
12. Engagement with various types of stakeholders in developing countries
13. Sub-contract on extractives
14. Engagement with various stakeholders
15. Engagement with various types of stakeholders in developing countries, including piloting
*16. Country-level work through BIOFIN programmes**, and subcontract to WWF for facilitation and engagement with developing country pilot country government stakeholders*
17. Engagement with developing country pilot country government stakeholders ($400,000), and engagement with developed country regulators ($200,000)
18. Engagement with stock exchanges ($280,000), and developing country pilot country government stakeholders ($500,000)
*19. Country-level work through BIOFIN programmes**, and subcontracts to WWF, and other orgs*
20. Contracted by TNFD Sec - Stocktaking, of existing experience, plus common global framework development - Possible sub-contracts - IPBES, Stockholm Resilience Center, UNEP-WCMC
21. Alignment of global-corporate targets (with CBD GBF), and Nature Risk Institute
22. Global Canopy technical team suporting TNFD Secretariat on Data and on the Data Catalyst
23. Guidelines by UNDP (Output 6.2); Sub-contract for engagement of local communities by IUCN (Output 6.1)
24. Subcontracts to WBSCD and IUCN on engagement of indigenous peoples (output 6.3)
25. Various UNDP management and support personnel including: Global Project Coordinator (100%), two Global Project Assistants (50% each), Project due diligence and safeguards support specialist (if required), Monitoring and Evaluation, and additional $50K sub-contract with WWF for communications
26. Operations Specialist (P3 FTA 50% of existing staff)
27. GPM / TSU Travel
28. Supplies @$1000/year
29. Audits @15,000/year
30. DPC
31. Publications, graphic design, etc., plus translation
32. Publications, graphic design, etc.
33. Publications, graphic design, etc.

** These activities are tentatively planned for execution through BIOFIN country presence, however more granular planning of budgets will be developed through Annual Workplans at the point when the Project Steering Committee agrees on engagement with concrete countries. Since BIOFIN is a programme of UNDP, it is reflected as UNDP NCE in the TBWP.

VI. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

1.14. Implementation Arrangements

99. Implementing Partner: The Implementing Partner is the entity to which the UNDP Administrator has entrusted the overall responsibility for 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.

100. This project will be executed in the Direct Implementation Modality (DIM), and the overall Implementing Partner is UNDP itself, with implementation functions represented by the NCE Operation Unit.

101. The Implementing Partner is responsible for executing this project. Specific tasks include:

- Project planning, coordination, 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. The Implementing Partner will strive to ensure project-level M&E is undertaken by national institutes as relevant, and is aligned with national systems so that the data used and generated by the project supports national systems.
- Overseeing the management of project risks as included in this project document and new risks that may emerge during project implementation.
- Procurement of goods and services, including human resources.
- Financial management, including overseeing financial expenditures against project budgets.
- Approving and signing the multiyear workplan (available for consultation in Annex 8).
- Approving and signing the combined delivery report at the end of the year; and,
- Signing the financial report or the funding authorization and certificate of expenditures.

102. UNDP's executive role in the project is performed by the UNDP's Bureau on Program and Policy Support (BPPS) operational / execution team (outside NCE).

103. Given the specific nature of the project objective, UNDP will coordinate closely with the TNFD (as represented by the TNFD Secretariat through its Executive Director, Technical Director, and other staff) to ensure all aspects of project implementation are closely aligned with and fully supportive of the TNFD's own workplan.

104. UNDP's oversight and quality assurance function is performed by UNDP Sustainable Finance Hub (SFH), which assumes full responsibility and accountability for oversight and quality assurance of this Project and ensures its timely implementation in compliance with UNDP's Programme and Operations Policies and Procedures (POPP), its Financial Regulations and Rules and Internal Control Framework. A UNDP SFH representative will assume the assurance role and will present assurance findings to the PSC, and therefore attends PSC meetings as a non-voting member. UNDP's implementation oversight role in the project – as represented in the PSC and via the project assurance function – is performed by UNDP/SFH Senior Sustainable Finance Expert.

105. Figure 3 below provides a summary overview diagram of the project execution structure, which is further described below.

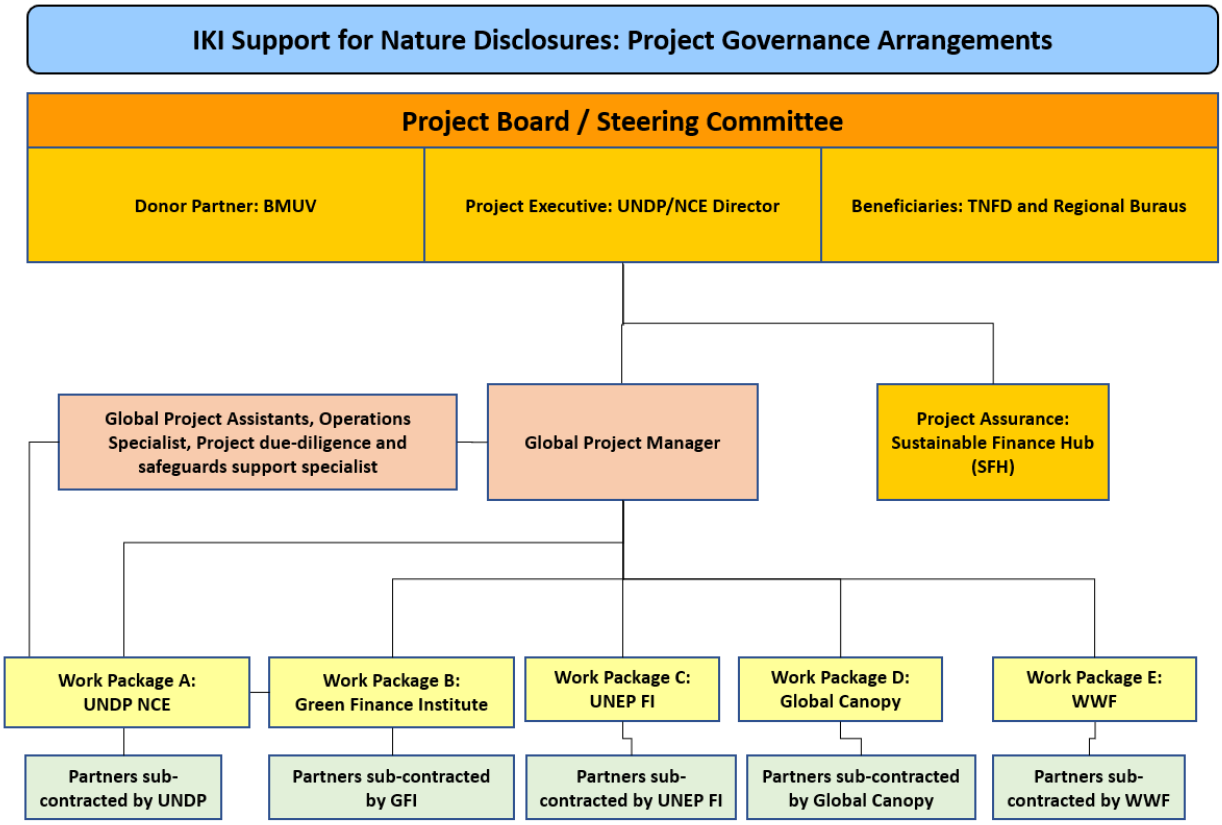
106. UNDP will directly execute activities listed under Work Package A. For execution of other Work Packages, UNDP will contract a limited number of "Responsible Parties" to execute various project work packages, based on the technical comparative advantages of the Responsible Parties. Based on analysis and partnership discussions during the project preparation phase, consortium partners have agreed that there will be four designated Responsible Parties that will take on responsibility for the execution of project activities:

- Work Package B: Responsible Party: Green Finance Institute (as custodian of TNFD Secretariat)
- Work Package C: Responsible Party: UNEP FI
- Work Package D: Responsible Party: Global Canopy
- Work Package E: Responsible Party: WWF

107. The project Responsible Parties may also sub-contract various organizations, companies, or other entities to execute project activities on their behalf.

108. At country level the project activities are likely to be delivered though one of the two different means: i) Track 1: UNDP BIOFIN: BIOFIN has activities in 44 countries, including all of the top 16 countries that have been identified as potential priority countries to be supported through this project. Should execution activities be required at country level by UNDP, these will be implemented through the UNDP BIOFIN programme. The involved Country Office will receive a Letter of Authorization for the delegation of the spending authority to the office as per the approved Annual Work Plan and in line with UNDP rules, regulations, policies, and procedures. Ii) Track 2: Responsible Parties (RPs): The project will be carried out through four work packages, to be executed by UNDP under the global DIM approach, plus designated Responsible Parties: the GFI (as custodian for the TNFD Secretariat), UNEP FI, Global Canopy and WWF. RPs will be responsible for a variety of country-level activities, but not all RPs will necessarily be engaged with all pilot countries. For example, if an RP has an existing relevant stakeholder relationship or initiative in one of the priority countries, they may take the lead on activities in that country.
109. All country-level activities will always be implemented also in consultation with the TNFD secretariat and local stakeholders.

Figure 3 TNFD Project Execution Arrangements



1.15. UNDP Financial and Management Execution Support

110. Financial and Management Execution support will be performed by the UNDP NCE Operations Unit.
111. For UNDP, financial transactions will be recorded and monitored in Quantum (replacing ATLAS Enterprise Resource Planning System).
112. The following roles are envisioned as supporting the financial management and execution of the project:

a. Global Project Manager: the Global Project Manager (PM) is responsible for the overall day-to-day management of the project and for coordinating with the Responsible Parties for the project Work Packages. Further details on the roles and responsibilities of the PM are provided in section 1.16.
b. Global Project Assistants: GPAs will provide regular financial, admin and technical support to the PM.

c. Operations Specialist: the operations specialist will be responsible for financial management, including overseeing financial expenditures against project budgets.
d. Project due diligence and safeguards support specialist: this role is expected to be hired only in the occasion of a specific need for additional safeguard and due diligence support in a given phase of the project implementation, using the existing BPPS SES roster.

113. The preliminary budget for UNDP execution support over the 6-years project timeline is reported in the table below. It will be monitored constantly and revised accordingly as needed, ahead of annual work plans approvals and in the middle of the year, to ensure that it is sufficient to cover UNDP execution support.

Preliminary budget for UNDP Financial and Management Execution Support[3]	
Global Project Manager (100%)	€859,000
Operation Specialist (P3 FTA 50%)	€700,000
Two Global Project Assistants (50% each)	€540,000
Project due diligence and safeguards support specialist (if needed)	€120,000
Monitoring and Evaluation	€190,000
Project audits	€90,000
DPC	€430,000

114. DPC funds can be redistributed to pay for execution support based on demands for UNDP services, including HR and procurement services. DPC budget will also monitored regularly and revised as needed.

115. Should execution activities be required at country level by UNDP, these will be implemented through the UNDP BIOFIN programme. The involved Country Office will receive a Letter of Authorization for the delegation of the spending authority to the office as per the approved Annual Work Plan and in line with UNDP rules, regulations, policies, and procedures.

1.16. Project Steering Committee (PSC)

116. The Terms of Reference of the Steering Committee are attached as Annex 2 to this Prodoc. In accordance with UNDP's Programme and Operations Policies and Procedures (POPP) requirements, the PSC will oversee the project, and provide strategic and operational recommendations to execution of the project. A representative of the donor will be invited to attend the PSC. The PSC will be comprised of:

- *UNDP BPPS, represented by UNDP NCE Director,* or his/her alternate, representing UNDP on the PSC (executive function).
- *BMUV donor representative,* providing substantive and strategic guidance to the project, including review and assessment of country prioritization and progress pertaining to the global programme.
- *Beneficiary:* represented by the TNFD Executive Director, and the four UNDP Regional Team Leaders.
- *Representative(s) of Project Responsible Parties and Partners (as observers) including:* UNEP FI, Global Canopy, and WWF
- *Global Project Manager* (as an observer on the PSC)
- *Project Assurance:* represented by SFH Senior Sustainable Finance Expert (as observer)

117. Additional information about the roles and responsibilities of the PSC, as outlined in the PSC TORs, are included in Annex 2.

118. **Project Assurance:** Project assurance is the responsibility of each PSC member; however, UNDP has a distinct assurance role for all UNDP projects in carrying out objective and independent project oversight and monitoring functions. UNDP performs quality assurance and supports the PSC (and Project Management Unit) by carrying out objective and independent project oversight and monitoring functions, including compliance with the risk management and social and environmental standards of UNDP. The PSC

[3] Reflected in Total Budget and Workplan budget notes n. 25, 26, 29, 30.

cannot delegate any of its quality assurance responsibilities to the Project Manager. Within UNDP project assurance is placed independent of project execution (BPPS execution team for executive role, while NCE for quality assurance).

1.17. Project Management

119. Project Management: The Project Manager (PM) is the senior most representative of the Project Management Unit (PMU) and is responsible for the overall day-to-day management of the project, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. He/she has a double reporting line: (1) UNDP, (2) TNFD Executive Director or delegate, and will be located at the TNFD Secretariat for maximum synergy with TNFD programs and activities, while ensuring full compliance of project execution with UNDP POPP. The project manager typically presents key deliverables and documents to the PSC for their review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk registers.

120. A designated representative of the PMU is expected to attend all PSC meetings and support PSC processes as a non-voting representative.

121. The project management role includes leading the implementation of project activities, as well as responsibility for the production of approved project outputs. The Project Manager will assume the global responsibilities of the Nature Disclosures project and will be responsible for coordinating with the Responsible Parties for all of the project Work Packages. As necessary, additional staff, consultants, interns or volunteers may be considered for integration into the staffing plan (at the country and/or global level) depending on resources and project demands.

The project annual work plans, aligned with the TNFD annual technical plan, will be scoped by the TNFD, as represented by the TNFD Secretariat Executive Director, Technical Director, and other staff, to ensure maximum alignment with the TNFD's own workplan. The draft annual workplan will be developed by the TNFD Secretariat and in close coordination with all project Responsible Parties. Annual Workplan should be aligned with the seven Principles of the TNFD.[4] The Nature Disclosures project will seek to leverage existing UNDP programs and projects that have engaged in issues relating to sustainable finance and biodiversity conservation finance. The BIOFIN program will support UNDP-executed project activities at the national level in priority countries engaged directly in project activities. For example, under Outcome 4 of the project, UNDP will provide support to priority country financial regulators and key government partners building on the established BIOFIN network. The BIOFIN program has well-established cooperation with ministries of finance and central banks in numerous countries, and these working relationships will be further developed and extended to address aspects related to nature-related financial disclosures. Under Outcome 5, the project will support the development of country-specific nature positive taxonomies to support opportunities for nature positive investment and nature-based solutions. BIOFIN will help support this process by facilitating processes with national governmental stakeholders. Additional coordination is planned with the UNDP Sustainable Finance Hub. For example, under Output 4.3 on regulatory Incentives, it is planned to enhance coordination at country level with existing SFH activities including the Integrated National Financing Framework (INFFs), G20 engagements, and UNDP Financial Centres for Sustainability (FC4S) network. Engagements wish the SFH are planned for coordination purpose and not for the execution of project activities.

1.18. Cost Efficiency and Effectiveness

122. Portfolio management: The project will be implemented within the wider context of Ecosystems and Biodiversity – NCE portfolio. The project will utilize implementation with current activities building on and scaling up previous achievements, including the previous support provided to TNFD market adoption under the SIDA Programme on Environment and Climate Change. This will improve cost effectiveness by leveraging activities and partnerships already built under the SIDA programme, including already established relationships with Responsible Parties, as Global Canopy and IUCN.

123. To further ensure cost efficiency, UNDP shall utilize its existing human resource capacity in operations unit including financial and procurement staff to support the implementation of the Programme. In addition, the existing capacity of the UNDP Global Policy Network will be leveraged as needed, for example through on-demand technical support from NCE Technical Advisors, or by leveraging existing resources in the UNDP GPN EXpRes Roster. This might include support in areas of analysis,

[4] https://tnfd.global/the-tnfd-principles/

trainings, workshops, monitoring and evaluation. The GPN capacity will also be leveraged to support complex studies ensuring timely and efficient delivery of these activities under the UNDP dedicated work package.

124. Joint operations: UNDP is implementing related project(s) in partnership with some of the Responsible Parties. Where possible the project will undertake joint implementation, monitoring and procurement for the purposes of cost effectiveness.

1.19. Private Sector Due Diligence

125. TNFD has been devised as an industry-led initiative because anything that is not industry-led will not be accepted by the private sector, and will not meet the needs of the private sector. With the objective of shifting private sector financial flows, it must be accepted that the private sector must take the lead. Demands or approaches developed or pushed from outside the private sector have not led to large-scale changes. In contrast, TCFD, which is industry led, does work, which provides an important lesson and example. While TNFD is industry led, it is an open public consultation process, which seeks inputs from all stakeholders, and any organization or other entity can provide input to the process. It is to note that being a member of, or participating in, the Taskforce does not involve entering a contractual partnership or other formal relationship with TNFD, nor does engagement or participation in the piloting of the TNFD beta framework or application of the framework mean TNFD endorses the member or participant's business activities or conduct.

126. Considering that the project involves direct cooperation with the private sector, it is important to consider UNDP's approach to private sector due diligence in the context of this project. In line with UNDP POPP[5], the private sector due diligence is triggered when a partnership agreement is expected to be formalized as MoUs, CSAs, RP agreements, contribution agreement either directly between UNDP and Private Sector Organization or indirectly when UNDP signs an Responsible Party Agreement with an organization which in turn, in order to implement UNDP Responsible Party Agreement TORs, signs an agreement with a private sector entity, since the Responsible Party is expected to follow UNDP rules.

127. To this point, partnership agreements signed by UNDP in its work to support TNFD have been exclusively with CSOs (Global Canopy, IUCN) and UN organizations (UNEP FI). It is anticipated that this will remain the case during the implementation of this project. There are three Responsible Parties foreseen in the project management arrangements, and each is a CSO or UN organization: GFI, Global Canopy, and UNEP FI.

128. Each such Responsible Party Agreement between UNDP and CSOs and UNEP always have budgets attached to them, and UNDP verifies that there are no subcontracts with the private sector included in the budget of the Responsible Party Agreement or any other forms of agreement which involves use of UNDP funds for the benefit of any private sector representative or any other forms of engagement that qualifies for Due Diligence. In some cases, Responsible Parties may engage with private sector in three types of activities (1) general webinars, (2) surveys or (3) data gathering. In such cases UNDP is guided by the BERA rules on Due Diligence: "If the private sector entity is a general participant in a UNDP event, i.e., not a partner, no risk assessment needs to be done."

129. Going forward in cooperation with TNFD, UNDP will continue to rely on the above modality of engagement through Responsible Parties, as general webinars and capacity building meetings, data exchange and surveys are the key forms of how UNDP and expected Responsible Parties are going to relate to the private sector. In the event, that the Responsible Parties might need to engage a subcontractor from the private sector beyond the general webinars, survey or data exchange, this will be clarified at the time of developing a TBWP for the Responsible Party Agreement, and if subcontracting to the private sector is involved, or an MOU is involved between the Responsible Party and the private sector, the Due Diligence will be triggered and executed in line with POPP prior to concluding the Responsible Party Agreement. At this stage it is impossible to name concrete private sector organizations who might be subcontracted by Responsible Parties (if at all).

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5 https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Public/UNDP%20Policy%20for%20Due%20Diligence%20and%20Partnerships%20with%20the%20Private%20Sector%20(2013).pdf

VII. MONITORING AND EVALUATION (M&E)

1.20. Monitoring & Evaluation

130. 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 BPPS/NCE Office is responsible for ensuring full compliance with all UNDP project M&E requirements including project monitoring, UNDP quality assurance requirements, quarterly risk management, and evaluation requirements.

131. In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Table 3: Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Project Inception	Familiarize partners with the detailed project strategy and show any changes that may have taken place in the overall context since the project idea was initially conceptualized that may influence its strategy and implementation. Plan and schedule Project Board meetings and finalize the first-year annual work plan. Confirm the TOR of the Project Board.	Within 3 months of first disbursement	Partners are familiarized with the project structure and workplan is updated.	NA	$10,000
Annual Project Results Monitoring	Regular progress reports will be monitored as part of the UNDP Results Based Management framework. Project level monitoring and reporting will be coordinated by UNDP with the project Responsible Parties, based on the requirements outlined in the Responsible Party agreements. This will include, at a minimum, reporting on progress toward the project results indicators and targets, as outlined in the project Results Framework. The Results Framework includes a requirement to report on two IKI Standard Indicators, which must be done using the IKI Standard Indicator Report. The baseline version of this Standard Indicator Report is attached as Annex 9 to this project document.	For four years, following the first year	Slower than expected progress will be addressed by project management.	RPs	$10,000/year ($40,000 total)
Monitor and Manage Risk	Based on the initial risk analysis, attached in Annex 3, the UNDP risk log will be regularly verified and updated as required. Risks will be monitored in accordance with the most recent guidance to the UNDP Programme and Operations Policies and Procedures (POPP) platform, including social and environmental safeguards, recorded in PIMS+. Risks will be considered critical when the impact and probability are considered 'substantial' and/or 'high', and escalated to UNDP senior management and/or Project Board as required.	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.	NA	NA
Progress Report	A progress report will be presented annually to the Project Board and key	Annually	Areas of strength and	NA	NA

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
	stakeholders, consisting of progress data showing the results achieved against pre-defined targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period. The Project Board will regularly review progress and plans for global activities and partnership.		weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Project Completion Report	This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's results.	During the last 3 months of implementation	Document completion of the project and key recommendations.	NA	NA

Table 4: Evaluation Plan

Evaluation Title	Purpose	Partners (if joint)	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-term Review (if necessary)	A Mid-Term Evaluation will be carried out by IKI, as required, with technical and financial support provided by IKI separate from the project budget. UNDP BPPS/NCE and the UNDP Independent Evaluation Office (IEO) will coordinate closely with IKI to ensure that the IKI mid-term evaluation is aligned with UNDP evaluation requirements and purposes, in order to avoid duplicative mid-term evaluations conducted by UNDP and by IKI.	IKI	At the project mid-point (approximately Q2 2025)	IKI	$60,000 Source: IKI (external to project budget)
Terminal Evaluation	An independent Terminal Evaluation (TE) will take place upon completion of all major project outputs and activities. The terms of reference, the evaluation process and the final TE report will follow the standard templates and guidance available on the UNDP Evaluation Resource Center. The TE should be completed 3 months before the estimated operational closure date, set from the signature of the ProDoc and according to the duration of the project. Provisions should be taken to complete the TE in due time to avoid delay in project closure. Therefore, TE must start no later than 6 months to the expected date of completion of the TE (or 9 months prior to the estimated operational closure date). The evaluation will be 'independent, impartial and rigorous'. The evaluators that UNDP will hire to undertake the assignment will be independent from organizations that were involved in designing, executing or advising on the project to be evaluated. Equally, the evaluators should not	UNDP Independent Evaluation Office	Initiated 6-9 months prior to the operational closure date	UNDP BPPS/NCE Office	$70,000

	be in a position where there may be the possibility of future contracts regarding the project being evaluated. The TE will focus on the delivery of the project's results as initially planned, and as corrected after the mid-term review (MTR, if any such correction took place). The TE will look at impact and sustainability of results, including the contribution to capacity development, poverty reduction and the achievement of the emerging post-2020 Global Biodiversity Framework (2022-2050). The Terms of Reference for the evaluation will be prepared by the project manager based on guidance from the UNDP Independent Evaluation Office (IEO). The Terminal Evaluation will provide recommendations for follow-up activities requiring a management response to be uploaded to the UNDP IEO web portal.				

132. Inception Workshop and Report: A project inception workshop will be held within 60 days from the first disbursement date, with the aim to:

a. Familiarize partners with the detailed project strategy and discuss any changes that may have taken place in the overall context since the project idea was initially conceptualized that may influence its strategy and implementation.
b. Discuss the roles and responsibilities of the project team and Responsible Parties, including reporting lines, stakeholder engagement strategies and conflict resolution mechanisms.
c. Review the results framework and monitoring plan.
d. Discuss reporting, monitoring and evaluation roles and responsibilities and finalize the M&E budget;
e. Identify national/regional institutes to be involved in project-level M&E, and discuss the roles of other stakeholders in project-level M&E;
f. Update and review responsibilities for monitoring project strategies, including the risk log; SESP report, Social and Environmental Management Framework and other safeguard requirements; project grievance mechanisms; gender strategy; stakeholder engagement strategy, knowledge management strategy, and other relevant management strategies.
g. Review financial reporting procedures and budget monitoring and other mandatory requirements and agree on the arrangements for the annual audit.
h. Plan and schedule Project Board meetings and finalize the first-year annual work plan. Confirm the TOR of the Project Board.
i. Formally launch the Project.

133. Reporting to IKI: The UNDP project team will ensure adequate information on project progress toward results is provided to the donor, IKI, through the following reporting mechanisms:

- A biannual project update, in a format to be determined by UNDP.
- An annual Funding Window report summarizing programmatic activities and results, lessons learned and challenges, an overview of donors, a breakdown by sub-window, key programme areas, and geographic locations, as well as provisional financial data.
- An annual "Interim Report" consisting of:
- A status report covering the project's results, combined for all contributing partners; and
- A certified financial statem ent (proof of use of funds).
- Reports will be submitted electronically (as MS Word, Excel compatible file and PDF document), quoting the project number in the subject line, to the IKI Secretariat by April 30th, covering the period to December 31st of the previous year: iki-secretariat@z-u-g.org. Reports will be submitted based on IKI-provided reporting templates, or in standard UNDP reporting templates.
- A project Final Report will be submitted within six months of project completion, also consisting of a status report and a financial report, in either IKI or UNDP templates and formats. A printed copy

and an electronic version of each document must be submitted. For electronic submission the financial report must be presented in an Excel file; a PDF is not acceptable.

1.21. Learning and Knowledge Sharing

134. The project's approach to knowledge management (KM) will be in line with UNDP's recently launched (May 2022) knowledge management strategy, "Reimagining Knowledge Management: Strategy and Framework for Action 2022-2025". Day-to-day coordination of the KM Strategy is done through a core knowledge team anchored in in the UNDP BPPS to ensure streamlined operations. This core team comprises the personnel designated by lead units responsible for each key objective. The core team coordinates actions across objectives, defines implementation targets and time- lines, monitors the KM Strategy, and provides results reporting and regular updates to the Global Policy Network Governance Board. The core team meets quarterly or as required. Each objective will be pursued by teams composed of technical managers from units with direct responsibility for specific actions that either flow directly from the KM Strategy or other flanking corporate efforts. Technical managers are responsible for day-to-day progress on key deliverables, based on the accountabilities established in the implementation plan.

135. The contact persons for knowledge management within the project will be the UNDP Project Technical Coordinator and the project UNDP communications focal point. These roles will be filled once the project begins implementation. UNDP will work with the project Responsible Parties to ensure that a knowledge management focal point is identified in each of the Responsible Party partner organizations. The UNDP project implementation monitoring and reporting procedures will include a focus on knowledge management, and project results will be communicated using standard UNDP project reporting procedures. Target groups for communicating project results include BMUV / Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH, project partners, and other IKI-supported project implementing organization. Considering that 12 of the top 15 identified priority countries include IKI Interface Projects, the Nature Disclosures project will work to establish communications with those Interface Projects once TNFD activities are active in those countries. This communication may be facilitated through the UNDP BIOFIN programme, which has an established local presence in the priority countries.

136. The proposed project has multiple elements that relate to knowledge management, and a key lever for achieving expected project results is the dissemination of knowledge, good practices and approaches, tools, and data with stakeholders (primarily the private sector) on good practices and lessons for adopting and applying the TNFD Framework, including the LEAP Approach for risk assessment. One key tool that will be utilized is the TNFD Knowledge Bank, which supports the portion of TNFD's mission relating to disseminating knowledge and best practice as TNFD works to build momentum towards longer-term market adoption of a risk management and disclosure framework for nature-related risks. To that end, the TNFD Knowledge Bank features a selection of research reports and market insights. Another key element of this within the project is the TNFD Forum (https://tnfd.global/about/the-tnfd-forum/), which is a global multi-disciplinary consultative group of institutions that currently has over 500 members. TNFD also currently publishes an e-newsletter. In addition, the main project partners all have their own websites where they will be communicating key elements of the project and project results. For example, UNDP will utilize the Learning for Nature platform (https://www.learningfornature.org/en/). UNEP FI's website (https://www.unepfi.org) includes numerous resources for sharing and disseminating knowledge, includes information on news, events, training, and tools.

137. The Project Board may decide to consider the adoption of an annual communication and advocacy plan to capture impact stories, articulate messaging tailored to different audience groups and garner support from partners and the general public.

VIII. LEGAL CONTEXT

138. The project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the "Project Document" instrument referred to in: (i) the respective signed SBAAs for the specific countries; or (ii) in the Supplemental Provisions to the Project Document attached to the Project Document in cases where the

recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."
139. UNDP will implement the project in accordance with its financial regulations, rules, practices and procedures. 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.
140. The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

IX. RISK MANAGEMENT

141. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
142. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism, that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via https://www.un.org/securitycouncil/content/un-sc-consolidated-list. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
143. 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).
144. 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.
145. 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.
146. 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.
147. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor, and sub-recipient:

a. 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:
    i. 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;
    ii. 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.
b. 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.

c. Each responsible party, subcontractor and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
(a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

(b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:
(i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;

(ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;

(iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;

(iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

(v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.

g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, 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, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

h. 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 (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) 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.
i. 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.
j. 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, corruption other financial irregularities 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 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.
k. 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 corruption, other financial irregularities 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.

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, corruption or other financial irregularities, 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.

l. 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.
m. 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.

n. Each responsible party, subcontractor and sub-recipient shall ensure that all of 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.

X. ANNEXES

1.22. Annex 1: IKI Project Proposal (in IKI template)

See attached document.

1.23. Annex 2: Project Steering Committee TORs

Project Steering Committee Terms of Reference

Background and Context

UNDP directly supports the Taskforce on Nature-related Financial Disclosures (TNFD). The Taskforce is Co-Chaired by Elizabeth Maruma Mrema, Deputy Executive Director of the United Nations Environment Programme (UNEP), , and David Craig, former CEO of Refinitiv and Group Leader of Data & Analytics Division at London Stock Exchange Group (LSEG). To date, the Taskforce consists of 34 senior executives from financial institutions, corporates and market service providers.

UNDP is the IP for the IKI-funded project in support of market adoption and up-scaling of the TNFD Framework (November 2022-October 2027). The project objective is that *"Global financial flows are shifted from nature-negative outcomes toward nature-positive outcomes in developing countries"*. The IKI funding complements other support to TNFD to provide a framework to report and act on nature-related risks, and help support the enabling conditions for a shift in financial flows away from nature- negative and toward nature-positive impacts.

The project will support further development of the TNFD Framework in close coordination with the TNFD Secretariat. The IKI project workplan will be adapted in accordance with the TNFD work plan which was updated following the start of the full Taskforce in October 2021. The core of the 5-year vision is one of the widespread international adoptions of a substantive, versatile and practicable TNFD Framework that enables the business community – and as appropriate the public sector – to assess, publicly report on, and act in response to its determination of nature-related risks such that associated financing decisions are substantially aligned to nature positive goals. The TNFD Work Plan includes detail on how the TNFD Framework will be developed with the best available scientific and technical input, piloted broadly with institutions globally in priority sub-sectors, consulted widely with all interested stakeholders, and eventually launched for wide adoption in the market from September 2023 onwards.

As part of the IKI project, a **Project Steering Committee (PSC)** will provide overall strategic and management direction for the project, advise on, and help resolve any internal project conflicts, and review and approve project planning and execution undertaken by the Project Management Unit (PMU) and project partners. The IKI project PSC is not part of the formal TNFD Alliance, and any issue that may arise will be managed at the project level. UNDP and key project partners (UNEP FI, WWF, Global Canopy) are members of the TNFD Stewardship Council, and the PSC will include representation from the TNFD Secretariat. To avoid any conflict with the other governance entities, the PSC focuses its role of advising the PMU on elements needed for successful project execution such as the review and approval of project work planning, including the Annual Work Plans (AWPs), semi-annual project reports and key project outputs when relevant.

The PSC will be composed of the founding parties directly involved in the process of establishing the TNFD (see proposed composition below) and will oversee the IKI project implementation. The "beneficiary" role will be represented by the TNFD Executive Director on behalf of the TNFD itself, as well as by the NCE Regional Advisors for the four regions. UNDP BPPS, represented by NCE Director, will chair the PSC. The PSC, with the membership and roles detailed below, itself has no oversight on the non-IKI funded elements of the TNFD governance structure except as it relates to leveraged co-financing for the IKI-supported Nature Disclosures project.

2. Main Objectives and Functions for the Nature Disclosures PSC

The PSC is active throughout the project period (72 months) and ensures IKI support remains aligned with the decision-making process for the development, market adoption and up-scaling of the TNFD Framework, as well as with IKI eligibility criteria, until the project's completion.

1. PSC members will represent their institutions and the work led by their institutions that falls under the project. They will remain up to date on progress, results and challenges encountered by the executing team, as well as other related work that could influence the project;
2. The PSC will provide strategic guidance to the IP for successful project execution and be responsible for providing input into the project work planning, approving AWPs, reviewing and approving project reports and key project outputs when relevant, and make informed decisions regarding planning and development of actions during the project;
3. The PSC will have virtual meetings on a yearly basis, twice in the first year, timed to approve the AWP and make necessary adjustments in the inception phase;
4. The PSC will discuss adaptive management needs and propose measures as needed based on project progress reports. The PMU will provide no objection to adaptive management decisions;
5. The PMU will coordinate with the Chair to set the date of meetings, agenda, and invitation to the members of the PSC.

The two main (mandatory) roles of the PSC are as follows:

1) **High-level oversight of the execution of the project by the Implementing Partner** (as explained in the "Provide Oversight" section of the POPP). This is the primary function of the PSC and includes annual (and as-needed) assessments of any major risks to the project, and decisions/agreements on any management actions or remedial measures to address them effectively. The PSC reviews evidence of project performance based on monitoring, evaluation and reporting, including progress reports, evaluations, risk logs and the combined delivery report. The PSC is responsible for taking corrective action as needed to ensure the project achieves the desired results.
2) **Approval of strategic project execution decisions of the Implementing Partner** with a view to assess and manage risks, monitor and ensure the overall achievement of projected results and impacts and ensure long term sustainability of project execution decisions of the Implementing Partner (as explained in the "Manage Change" section of the POPP).

Requirements to serve on the PSC:

- ✓ Agree to the Terms of Reference of the PSC and the rules on protocols, quorum and minuting.
- ✓ Meet at least once per year.
- ✓ Disclose any conflict of interest in performing the functions of a PSC member and take all measures to avoid any real or perceived conflicts of interest. This disclosure must be documented and kept on record by UNDP.
- ✓ Discharge the functions of the PSC in accordance with UNDP policies and procedures.
- ✓ Ensure highest levels of transparency and ensure PSC meeting minutes are recorded and shared with project stakeholders.

Responsibilities of the PSC:

- ✓ Consensus decision making:
    - The PSC provides overall guidance and direction to the project, ensuring it remains within any specified constraints, and providing overall oversight of the project implementation.
    - Review project performance based on monitoring, evaluation and reporting, including progress reports, risk logs and the combined delivery report;
    - The PSC is responsible for making management decisions by consensus.
    - In order to ensure UNDP's ultimate accountability, PSC decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.

- In case consensus cannot be reached within the PSC, the UNDP representative on the PSC will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.

✓ Oversee project execution:
- Agree on project manager's tolerances as required, within the parameters outlined in the project document, and provide direction and advice for exceptional situations when the project manager's tolerances are exceeded.
- Appraise annual work plans prepared by the Implementing Partner for the Project; review combined delivery reports prior to certification by the implementing partner.
- Address any high-level project issues as raised by the project manager and project assurance;
- Advise on major and minor amendments to the project within the parameters set by UNDP and the donor and refer such proposed major and minor amendments to the UNDP BPPS NCE Executive Coordinator (and the BMUV, as required by BMUV policies);
- Provide high-level direction and recommendations to the project management unit to ensure that the agreed deliverables are produced satisfactorily and according to plans.
- Track and monitor co-financed activities and realization of co-financing amounts of this project.
- Approve the Inception Report, annual project implementation reports, mid-term review and terminal evaluation reports.
- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project.

✓ Risk Management:
- Provide guidance on evolving or materialized project risks and agree on possible mitigation and management actions to address specific risks.
- Review and update the project risk register and associated management plans based on the information prepared by the Implementing Partner. This includes risks related that can be directly managed by this project, as well as contextual risks that may affect project delivery or continued UNDP compliance and reputation but are outside of the control of the project. For example, social and environmental risks associated with co-financed activities or activities taking place in the project's area of influence that have implications for the project.
- Address project-level grievances.

✓ Coordination:
- Ensure coordination between various donor and government-funded projects and programs.
- Ensure coordination with various government agencies and their participation in project activities.

3. Proposed Composition of the IKI Nature Disclosures PSC

The IKI Nature Disclosures PSC will be composed of one representative from UNDP BPPS as the executing agency and one representative of the TNFD Secretariat, representing the beneficiary of the project. One representative from the donor (BMUV) will be included, and a representative from ZUG may attend as an observer. In addition, a representative from each of the four founding partners who contributed to the establishment of the TNFD and are now represented in the Stewardship Council will also sit on the PSC as observers. Other key project partners (sub-contractors) will join the meeting as resources, providing advice as requested: WBCSD and IUCN. The PMU members will also attend as resource persons and observers. A project assurance representative from UNDP NCE will also attend as an observer. Each organization represented is allowed to invite other colleagues to join at the approval of the PSC Chair. The composition of the Nature Disclosures PSC will be modified if representatives change function.

Proposed Composition of the PSC

PSC Role	Organization
Chair	UNDP BPPS (NCE Director)
Beneficiary	TNFD Executive Director
Beneficiary	NCE Regional Team Leaders
Donor	BMU
Observer	UNDP SFH (Senior Sustainable Finance Expert – Project Assurance)
Observer	Global Project Manager
Observer	GFI
Observer	UNEP FI
Observer	Global Canopy
Observer	WWF International
Observer	ZUG

4. Meeting Frequency for the PSC

The PSC will have two meetings in the first year of project execution – in March 2023 and in September 2023. The PSC will meet once for the subsequent years. The meetings will be scheduled and facilitated by the PMU together with the PSC Chair.

5. Operational Guidelines

- Agenda and meeting materials are to be shared with all PSC members seven calendar days prior to the meeting date. Minutes of all meetings are to be taken of the proceedings of the PSC by the PMU and shared with all PSC members no later than 14 calendar days after the meeting is held.
- Amendments to the PSC TOR: any changes to the TOR, including its membership, must be approved by the PSC.
- Given the low meeting frequency all members are expected to join each meeting. In the case of absence, there must be at least 2 out of 3 voting members attending as a quorum for making decisions. For the participation of the four Regional Bureaus, at least 2 out of 4 NCE Regional Team Leaders members should be attending as quorum for making decisions.
- The PSC exercises an email non-objection process if and when needed.

1.24. Annex 3: Risk Analysis

#	Description	Cause	Impact	Risk Category and Sub-category	Impact, Likelihood & Risk Level	Risk Valid From/To	Risk Owner	Risk Treatment
1	There is a risk that companies with the greatest nature impacts and dependencies will be laggards in assessing and reporting their nature risks and opportunities.	As a result of lack of incentives for voluntary self-disclosure.	If those companies do not voluntarily provide nature-risk disclosures, financial institutions will not have the necessary data and nature-risk information necessary to justify shifting financial flows away from those companies and sectors that have the greatest negative nature risks.	**3. OPERATIONAL (3.4. Reporting and communication) - UNDP Risk Appetite: EXPLORATORY TO OPEN**	I = 3 L = 2 Risk Level = Moderate	From: 01-Oct-23 To: 01-Jan-29	TNFD Project Manager	The project has been designed to target the economic sectors (Output 1.2) that do have the greatest nature-related impacts and dependencies, and the project will work to both support companies in assessing and disclosing their nature risks and opportunities, and to create incentives for companies to do so. The project is also working closely with the financial sector, in order to support financial institutions in shifting their investment flows; as arbiters of capital, financial institutions have the ability to put pressure on the corporate sector to assess and disclose their nature risks. The risks associated with this assumption may also be partially mitigated by the fact that companies that do not voluntarily disclose nature risks will be "self-identified" as those that have the greatest negative impacts on nature, and therefore financial flows may shift away from those companies and sectors even if they do not disclose nature risks. The TNFD Framework is also designed to include a focus on "opportunities" to support companies is seeing nature-related financial disclosures not as a threat to their business practices, but as a means to strengthening and improving their business for the future.
2	There is a risk that project stakeholders do not have the capacity to engage on the topic of nature risks. Understanding and assessing nature risk is a new and complex topic for even the largest companies, and large segments of the global economy may not be able to internally address this issue	As a result of lack of internal capacity of labor source, knowledge or other resources.	A majority of Global 2000 / Global Fortune 500 companies may not be engaged in proactively addressing nature-risks, and some may not have the capacity to engage on the topic of nature risk. At the same time, an even larger share of economic activity is carried out by small and medium enterprises,	**7. STRATEGIC (7.8. Innovating, piloting, experimenting) - UNDP Risk Appetite: OPEN TO SEEKING**	I = 4 L = 3 Risk Level = Substantial	From: 01-Oct-23 To: 01-Jan-29	TNFD Project Manager	A key part of the project strategy is intended to mitigate this risk by providing a wide range of activities to support companies in assessing and disclosing their nature risks and opportunities (Output 1.5; Components 2, 3 and 5). The project will be working to provide multiple types of capacity development support, including support for piloting use of the TNFD Framework, knowledge platforms, peer-to-peer learning, and data access. The project will also take an iterative approach, working and partnering with the private sector to continuously identify parts of the TNFD Framework or the practical application of the Framework that prove to be problematic for companies,

			which are also expected to have limited capacity to engage on nature-risks.					and developing guidance and specific support modules to enhance companies' abilities to utilize the framework.
3	There is a risk that the project's inclusive approach of engaging a wide range of stakeholders, including IPLC, will face ambivalence or even resistance by other stakeholders. There is a further risk that, considering the wide range of diverse stakeholders and the geographic scope of the project, the project's approach to engaging IPLC will not prove to be sufficient to gain meaningful engagement from this class of stakeholders. Also, even if IPLC stakeholders are meaningfully engaged, the market may be unwilling or unable to integrate all of their inputs into the TNFD Framework or its implementation.	Meaningful partnership between IPLC and the private sector remains a nascent and potentially fraught area of work in relation to nature.	Some stakeholders, including IPLC, are not fully engaged, or their engagement is not meaningful, or not properly integrated by the market.	**4. ORGANIZATIONAL (4.1. Governance) - UNDP Risk Appetite: EXPLORATORY TO OPEN**	I = 3 L = 2 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	The project management unit and the project implementation partners will carefully monitor this risk, and adapt project activities and approaches as necessary to respond to any perceived weaknesses. UNDP and the project implementation team have extensive history and experience effectively engaging local communities, indigenous peoples, and civil society organizations. (Multiple key project partners are themselves civil society organizations.) The project's Component 6 is specifically intended to provide an opportunity for effective and meaningful engagement of IPLC, civil society, and other relevant local stakeholders. The project will specifically develop guidance for the private sector on engaging diverse stakeholders in relation to assessing nature risks and opportunities.
4	There is an operational risk that the partners will not be able to efficiently address the complexity of the project and the level of coordination required.	This is a large and complex project involving a large number of execution partners.	This can lead to delays or unexpectedly high transaction costs.	**3. OPERATIONAL (3.8. Capacities of the partners) - UNDP Risk Appetite: EXPLORATORY TO OPEN**	I = 3 L = 1 Risk Level = Low	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	The project management and implementation structure is designed to facilitate clear spheres of operation for the project execution partners, as well as clear lines of communication and coordination. The partners involved have extensive history collaborating and working together effectively. For example, the key partners of UNDP, UNEP FI, Global Canopy and WWF were the founding partners of the TNFD. UNDP also has previous direct working relationships with each of these partners. The partners have also all been consulted during the project

								development process, in order to develop a clear understanding of respective roles and responsibilities. This risk will be continuously monitoring by UNDP during the project implementation process, with adaptive measures developed if necessary.
5	Given the large number of Responsible Parties involved in the project, there is fraud risk by implementing partners.	This can be caused by lack of coordination between UNDP and implementing partners, inadequate monitoring and oversight, or inadequate partners capacity assessment.	This can lead to the missed delivery of project outputs or the loss of resources.	**2. FINANCIAL (2.3. Corruption and fraud) - UNDP Risk Appetite: MINIMAL TO CAUTIOUS**	I = 1 L = 1 Risk Level = Low	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	Well-defined roles and responsibilities have been identified under the project to ensure UNDP coordination with implementing partners. The Responsible Party (RP) selection and project implementation POPP of UNDP have been duly followed and PACT and Harmonized Approach to Cash Transfers (HACT) assessments have been completed successfully on RPs. In addition, in line with RP policy, regular assurance activities through spot-checks will be organized on RPs during each year of the project implementation. Lastly, it is to note that UNDP has already worked with some of the RPs under this project (Global Canopy, IUCN, WWF), which have demonstrated a strong delivery track record.
6	There is a risk on Oversight and Monitoring over the different countries involved in the project.	Due to the high visibility and multiple countries that the project is covering.	This can lead to the unproper monitoring of project activities and thus delay in project delivery.	**4. ORGANIZATIONAL (4.5. Monitoring and oversight) - UNDP Risk Appetite: EXPLORATORY TO OPEN**	I = 1 L = 1 Risk Level = Low	From: 01-Oct-23 To: 01-Jan-29	TNFD Project Manager	To promote oversight over all project activities, the Global project Manager will have a double reporting line to both UNDP and TNFD, allowing increased control over project activities. Project-level monitoring and oversight will be undertaken in compliance with UNDP requirements as outlined in the UNDP POPP and UNDP Evaluation Policy. Project level monitoring and reporting will be coordinated by UNDP with the project Responsible Parties, based on the requirements outlined in the Responsible Party agreements. This will include, at a minimum, reporting on progress toward the project results indicators and targets, as outlined in the project Results Framework.
7	For country-level activities, there is a risk that a change in the political environment might drive a seatback in the willingness to adopt the TNFD framework.	Politics and the environmental, social and governance (ESG) agenda are inextricably intertwined, and by extension work related to TNFD. If there's	This can lead to delay in project delivery at country level.	**7. STRATEGIC (7.6. Change/turnover in government) - UNDP Risk Appetite: OPEN TO SEEKING**	I = 3 L = 2 Risk Level = Moderate	From: 01-Oct-23 To: 01-Jan-29	TNFD Project Manager	The project manager, UNDP and responsible parties will monitor this risk a country level ensuring that it does not impact project activities. The existing engagement at country level through the UNDP BIOFIN team will be able to facilitate communications with national government. In addition, it is to note that the TNFD Framework has been already endorsed by the G7 and G20, thus launching a strong political signal which can be leveraged for project implementation. The Project Component 4 is also specifically addressing regulatory incentives, raising

		a political shift to new political environment, the gain made under ESG agenda can face a set-back.						awareness among government policy makers and regulators of the understanding of the TNFD Framework, and take actions to consider implementing mandatory regulations requiring reporting and disclosure using the TNFD Framework in ways that provides clarity and certainty for the private sector, catalyzing incentives for market adoption and upscaling of TNFD Framework.
Risks identified through the SESP		The below risks were identified through the SESP. Risks identified in the SESP are "inside-out" risks, or in other words risks from the project to external constitutions or environment. These are not risks to the project, apart from the fact that if the project is responsible for negative social or environmental impacts, it may lose stakeholders' support for the achievement of the project objective, or may contribute to environmental impacts that would be the inverse of achievement of the project objective.						
6	Women, youth, indigenous people and local communities (IPLC) might not be involved in various project activities and therefore not engaged in, supportive of, or benefitting from the project activities.	As a result of lack of inclusion of IPLCs in the project strategy and activities.	Project-born additional TNFD guidance and tools for the targeted sectors and specific biomes may not fully incorporate and reflect the views of women, youth and IPLC, and therefore may not ensure guaranteeing their rights and facilitating equitable opportunities for their involvement and benefit.	**1. SOCIAL AND ENVIRONMENTAL (1.9. Indigenous peoples) - UNDP Risk Appetite: CAUTIOUS**	I = 3 L =3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	The risk is managed through the project's strategy, which has embedded participatory approaches, balanced representations and meaningful participation of women, youth and IPLC, ensuring therefore equal opportunities to benefit from project activities especially the design and implementation of LEAP Risk assessments, and capacity development activities. Furthermore, ESMF includes recommendations for meaningful engagement of indigenous groups (please see ESMF Annex/Section 9.5). The Project Results Framework is also including several indicators that are reflecting rights based and gender considerations (Indicator 1; Indicator 11; Indicator 16; Indicator 28; Indicators 32-37). The Project Coordinator and SES/DD Specialist will ensure that stakeholders are adequately consulted, and included in the project activities, and that rights-based considerations are integrated in the training modules / presentations / handouts / information materials. In addition, the project management is supported by Responsible Parties (RPs) whose capacities to mitigate this risk have been assessed during the preparatory stage (using UNDP PCAT). The RP arrangements do properly address the risk discussed here. With respect to gender, a Gender Action Plan was developed, with specific activities aimed at mainstreaming gender across the project's outputs. The gender related tasks and responsibilities are embedded within the Safeguards (SES)/DD Specialist's function. Generally the

								project will strive to offer equal opportunities for women and girls to participate in and benefit from the project activities. The project will work closely with all stakeholders to ensure that there is adequate consultation and participation. Engagement of vulnerable groups and other key community is detailed in the Comprehensive Stakeholder Engagement Plan and Gender Plan in line with current UNDP SES guidance.
7	There is a risk that TNFD Sectorial guidance, in particular the additional guidance on LEAP Risk Assessment, will not capture rights-based considerations around disclosure of land/natural resources use, land use rights, land bank data, inadvertently	As a result of lack of inclusion of a mitigation strategy around rights-based considerations around disclosure of land/natural resources use.	This can potentially perpetuate local disputes that are based on land/nature resources rights issues.	**1. SOCIAL AND ENVIRONMENTAL (1.4. Biodiversity conservation and sustainable natural resource management) - UNDP Risk Appetite: CAUTIOUS**	I = 3 L =3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	This risk is managed through the project strategy (especially under Outcome 6) and through Stakeholders Engagement Plan. During the development of the additional guidance on TNFD for each sector and specific biomes, the project will apply key social and environmental principles in order to identify, prevent and/or mitigate the potential negative impacts related to any environmental or social risk, including especially land tenure and rights issues. The project's safeguards expert will assist with a cascading logic analysis that seeks to anticipate potential adverse downstream social and environmental risks and impacts that may inadvertently flow from the project-supported Additional TNFD Guidance. Risk management measures will be identified, designed and mainstreamed within the TNFD additional Guidance. The project will also support consultations with all the key stakeholders on the proposed additional TNFD Guidance. Further elaboration of participative local dialogue as a mean of mitigating this risk can be found in the Stakeholders Engagement Plan. Under Outcome 6 the project is capturing all the participative local dialogues which are, in fact, cross-cutting, and will ensure that the additional TNFD Guidance and Tools supported by the project include rights-based considerations especially guaranteeing the collective land tenure rights of the indigenous people and local communities (please see ESMF Annex/Section 9.5). The project team and Responsible Parties (RP) in charge with country-based activities will ensure that all the stakeholders and local communities and indigenous

								people will be aware of the existence of grievance and redress mechanisms and these details will be circulated widely: - The UNDP Social and Environmental Compliance SECU https://www.undp.org/accountability/audit/secu-srm/social-and-environmental-compliance-review - The UNDP Stakeholder Response Mechanism (https://www.undp.org/accountability/audit/secu-srm/stakeholder-response-mechanism) that will address - UNDP Grievance and Redress is further aligned with the IKI ICM- Independent Compliant Mechanism Standards (https://www.international-climate-initiative.com/en/about-iki/values-responsibility/independent-complaint-mechanism/) and contact details related to both mechanisms will be provided and circulated with the stakeholders (further elaborated under ESMF and Stakeholders Engagement Plan). The Project Board will ensure the implementation of any resolution in case of complaints that may be filed with SECU and resolved through UNDP SRM.
8	There is a risk that the project-supported TNFD additional guidance, assessments, methodologies, tools, information materials for targeted sectors and for specific biomes, will not include transparency and accountability considerations .	As a result of lack of guidelines and approaches to ensure transparency and accountability.	This may lead to unreliable and unverifiable nature related disclosures, that fail to include meaningful participation of IPLC.	**1. SOCIAL AND ENVIRONMENTAL (1.3. Grievances (Accountability to stakeholders)) - UNDP Risk Appetite: CAUTIOUS**	I = 3 L =3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	The risk is managed through the Project's Strategy; Stakeholders Engagement Plan and the UNDP SECU and SRM procedures. Project Strategy: - Under Outcome 1/Output 1, the project will ensure that a step-by-step guidance is designed and included within the additional TNFD Guidance in order to facilitate transparency and inclusiveness and will propose means to make the reporting open and public, and independently auditable. - Under Project Outcome 3/Output 3, the project will deliver guidance and awareness on the means for a robust and transparent reporting mechanism, that can be audited independently and open to public. - Under Outcome 6 the project is capturing essentially the entire cross-cutting participative approaches that supports transparency and accountability.

								- Project Results Framework contains specific reference to the transparency and accountability of the TNFD framework (Project Objective Indicators 1 and Project indicator 37) - The project will use the Comprehensive Stakeholder Engagement Plan to mitigate this risk. Grievance Redress Mechanism: The project team and Responsible Parties (RP) in charge with country-based activities will ensure that all the stakeholders and local communities and indigenous people will be aware of the existence of grievance and redress mechanisms and these details will be circulated widely: - The UNDP Social and Environmental Compliance SECU https://www.undp.org/accountability/audit/secu-srm/social-and-environmental-compliance-review - The UNDP Stakeholder Response Mechanism (https://www.undp.org/accountability/audit/secu-srm/stakeholder-response-mechanism) that will address Grievance and Redress is further aligned with the IKI ICM- Independent Compliant Mechanism Standards (https://www.international-climate-initiative.com/en/about-iki/values-responsibility/independent-complaint-mechanism/) and contact details related to both mechanisms will be provided and circulated with the stakeholders (further elaborated under ESMF and Stakeholders Engagement Plan). The Project Board will ensure the implementation of any resolution in case of complaints filed with SECU and resolved through UNDP SRM.
9	The duty-bearers (government agencies, financial regulators, financial institutions etc.) and private sector companies do not have the capacity to meet their obligations in the project.	As a result of the complexity of methodologies and data required which may initially discourage	This could hamper the wider uptake of the TNFD framework and shift towards nature positive financing flows.	**3. OPERATIONAL (3.8. Capacities of the partners) - UNDP Risk Appetite: EXPLORATORY TO OPEN**	I = 3 L =3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	This risk is mitigated through the project strategy. Part from the comprehensive capacity building and knowledge management approaches that will build/strengthen technical capacities, the project strategy will promote: - a flexible approach to nature related disclosure (as explained above) - an incentive mechanism that will incentivize the risk assessment and disclosure of nature related risks through regularity requirements; boost market

		nature related disclosures						demand for nature-risk disclosures and also reward and acknowledge the reporting entities. The project supported additional TNFD/LEAP Assessment Project Guidance and Tools may include a flexible approach (3 stage approach) to implementing TNFD: starting with a first (basic) stage and evolving to more comprehensive assessments. This approach, could be more widely accepted by reporting entities as it allows the company to adopt its own pace of reporting in several stages, according to existing capacities and resources. Linked to the above, the project may follow the example set by UNEP FI/UNDP to incentivize reporting entities by an Acknowledge & Incentivize Mechanism. The project and the government partners could establish possibilities to include official recognition of reporting entities' stages across their portfolio and peer groups comparison (Source: UNEP FI/UNDP Report under the link below, Section III, page 22) (https://g20sfwg.org/wp-content/uploads/2021/08/2021-UNEP-UNDP.-Reporting-on-Nature-related-Risks-Impacts-Dependencies.pdf)
10	Voluntary adoption of TNFD by local businesses in developing countries may affect access and use of resources by indigenous communities, local communities, including the rural poor and women.	As a result of unclear our uncompleted guidance on right-based approaches.	Reduced access and use of resources by indigenous communities, local communities, including the rural poor and women.	**1. SOCIAL AND ENVIRONMENTAL (1.4. Biodiversity conservation and sustainable natural resource management) - UNDP Risk Appetite: CAUTIOUS**	I=3 L=3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	The project will ensure that all the project-born TNFD Additional Guidance and Tools will include a rights-based approach and provisions for compensatory measures for potentially economically displaced people that could support their transition towards nature-compliant practices. The risk is further mitigated through the Stakeholders Engagement Plan . The project will also facilitate access: - to UNDP SECU https://www.undp.org/accountability/audit/secu-srm/social-and-environmental-compliance-review and UNDP SES Standards/Stakeholders response Mechanism https://info.undp.org/sites/bpps/SES_Toolkit/SitePages/Response%20Mechanisms.aspx#:~:text=%E2%80%

								8BProject%2Dlevel%20grievance%20redress,at%20no%20cost%20and%20without - and IKI Complaint Mechanism (https://www.international-climate-initiative.com/en/about-iki/values-responsibility/independent-complaint-mechanism)
11	The project-developed additional Sectorial Guidance, Tools, Assessments, Methodologies and the TNFD capacity building events may promote inadequate conservation measures.	As a result of lack of quality technical assistance.	Inadequate conservation measures could have a negative impact on the natural resources and critical biodiversity habitats and species.	**1. SOCIAL AND ENVIRONMENTAL (1.4. Biodiversity conservation and sustainable natural resource management) - UNDP Risk Appetite: CAUTIOUS**	I=3 L=3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	This risk is managed through the project strategy (mobilizing high quality technical assistance and diverse partnerships) and Targeted Assessments. Project strategy: - The Project will apply key social and environmental principles (similar to SESA) during the development of the additional TNFD Guidance to ensure that a rights-based approach will anchor the additional sectorial guidance for TNFD implementation for specific sectors and specific biomes (Outcome 1) ; - In addition the project's technical experts and technical knowledge partners may conduct (if deemed necessary) Targeted or Focused Social and/or Environmental Assessments (focused on potential issues/risks that may need further investigation) that will be part of the overall support to the envisaged Methodologies and Approaches for the National Ecosystem Assessments (under Outcome 5) such that the mitigation measures of potential risks will be included in said Methodologies and Approaches. These National Ecosystem Assessments will contribute to the identification of indicators that will link private sector targets with NBSAPs and post 2020. - The technical themes and issues tackled under the envisaged capacity building activities, will be designed by technical experts with solid experience and with the support of the project technical and knowledge partners. In addition, the project will generate a lot of technical knowledge products that will support the promotion of adequate nature positive solutions. The delivery of these capacity building events will be done by specialized institutions or NGOs , to ensure clarity and ecological

								integrity of the proposed technical solutions. The capacity building events will include final evaluation exercises (evaluation forms distributed to participants) expected to indicate the success rate of the technical information's uptake. Technical topics will address nature-climate links and nature-social links in a participatory manner and delivered in an accessible and user-friendly format.
12	The expected impacts resulting from the implementation of the project-supported TNFD / LEAP Risk Assessment and Tools as well as capacity building measures may be sensitive to changing climate conditions in the future.	As a result of changing climate conditions in the future.	Climate impacts delay or interfere with the implementation of the TNFD / LEAP Risk Assessment and Tools.	**1. SOCIAL AND ENVIRONMENTAL (1.5. Climate change and disaster risks) - UNDP Risk Appetite: CAUTIOUS**	I=3 L=3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	This risk is managed through the Project Strategy (including climate sensitive indicators under the Project Results Framework). The project will support additional TNFD Guidance and Tools for several targeted high risk sector and for specific biomes, destined for the corporate and financial institutions, to support their nature related risks assessments and opportunity assessments and incorporate climate sensitive nature positive solutions and human rights sensitive approaches into their enterprise strategies. In a similar vein, the capacity development and awareness events will deliver/promote, and educate on, climate-resilient tools and assessments and Nature-based solutions to climate change. The interface of Nature disclosure Framework with climate impacts has been studied in parallel to this project development by one of the Working Groups of TNFD and its outcomes are instrumental in proposing measures to account for or mitigate climate impacts in the design of project activities, both at the global and local levels.
13	The project may inadvertently contribute to potential perpetuation of discriminations against women.	As a result of a lack of mainstreaming a gender perspective in project design.	Increased perpetuation of discriminations against women, including indigenous women.	**1. SOCIAL AND ENVIRONMENTAL (1.2. Gender equality and women's empowerment) - UNDP Risk**	I=3 L=3 Risk Level = Moderate	From: 01-Jan-23 To: 01-Jan-29	TNFD Project Manager	The management of this risk will be done through the implementation of the Gender Action Plan (GAP) and will be monitored by the SES/DD Specialists and with PMU support. The project design has consistently mainstreamed gender responsive approaches and has created opportunities for tackling women's needs and putting forward integrated solutions leveraging gender-environment nexus. Gender considerations are mainstreamed in the Theory of Change, project outputs, results framework, activities, and

				Appetite: CAUTIOUS				budget. Documentation, case studies and knowledge generated by the project will be gender-sensitive and inclusive of diverse groups among contributors and audiences. The project will also gather gender-disaggregated data for evaluation purposes and use gender responsive indicators (particularly around beneficiaries) to facilitate planning, implementation and monitoring.
14	Project activities involving local/field interventions and close engagement with local communities may inadvertently contribute to the spread of COVID-19.	As a result of lack of safety and preventive measures to contain COVID-19.	Spread of COVID-19 among individuals involved in project activities and beneficiaries.	**8. SAFETY AND SECURITY (8.6. Natural hazards) - UNDP Risk Appetite: CAUTIOUS**	I=3 L=3 Moderate	From: 01-Jan-23 To: 01-Jan-29Click or tap to enter a date.	TNFD Project Manager	The risk will be mitigated through screening (UNDP SESP) and through consistent implementation of adequate safeguards such as: (i) clear procedures in place in case of COVID19 reinstatement of restrictions, approved during project inception (ii) use of protective equipment, maintaining social distancing and using remote methods of engagement whenever possible (iii) if adequate safeguards cannot be put in place, activities that entail close local communities engagement will be put on hold if necessary, and work programme/budget will be revised as needed. Wherever possible on-line meeting platforms will be used and travel decreased. All project meetings will be organized mindful of government regulations and healthy standards and other appropriate safeguards (including those of UNDSS). Wherever possible on-line meeting platforms will be used and travel decreased. All project meetings will be organized mindful of government regulations and health standards and other appropriate safeguards (including those of UNDSS).
15	Country-based project activities that are not currently defined (such as potential support to piloting TNFD application) may lead to various social and environmental risks.	As a result of lack of SES/DD procedures.	Additional social and environmental risks might incur in the following years of project implementation.	**1. SOCIAL AND ENVIRONMENTAL (1.12. Stakeholder engagement) - UNDP Risk Appetite: CAUTIOUS**	I=3 L=3 Risk Level = Moderate	From: 01-Jan-24 To: 01-Jan-29	TNFD Project Manager	The risk is mitigated through the ESMF. For example, in case the project will support country-based activities and engage with private companies for piloting TNFD Framework Implementation the following steps are required: - Select the company or financial institution that the project will support using UNDP Due Diligence for Private Sector. - Start with the use of UNDP SESP and Exclusionary List for site screening and for selecting the appropriate

								locations and scoping the assignment (esp. linked to the first stage of LEAP Assessments). - Use the SESP protocols to accompany the LEAP Risk Assessment (esp. for companies belonging to high risk sectors). - Apply Targeted Assessment as needed (if indicated by screening) - Deploy the Process Framework in case the locations are chosen within Protected Areas in respective countries (if validated by the screening). - Ensure that the supported TNFD reporting is adhering to UNDP transparency and accountability standards and importantly, it is open to public and independently verifiable. For the country-based activities that will involve a close engagement with indigenous people the SES/DD Specialists will ensure that the RPs will hire trained personnel to facilitate liaison with local indigenous groups aligned with the recommendations of CBD with regard to the engagement with the indigenous communities (e.g. guidelines and tools under CBD Art. 8j) and aligned with the post 2020 Global Biodiversity Framework especially Goals 20 and 21. (please also see ESMF Annex/Section 9.5).

1.25. Annex 4: Social and Environmental Screening

Social and Environmental Screening Template (2021 SESP Template, Version 1)

The completed template, which constitutes the Social and Environmental Screening Report, must be included as an annex to the Project Document at the design stage. Note: this template will be converted into an online tool. The online version will guide users through the process and will embed relevant guidance.

Project Information

Project Information	
1. Project Title	**Enabling and Scaling Up Nature-related Financial Disclosures**
2. Project Number (i.e. Quantum project ID, PIMS+)	PIMS 6652
3. Location (Global/Region/Country)	Global
4. Project stage (Design or Implementation)	SESP
5. Date	May 2022

Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?
Briefly describe in the space below how the project mainstreams the human rights-based approach
In line with UNDP's human-rights based approach, the project empowers rights holders such as SMEs, smallholders, CSOs and communities to ensure just, inclusive and equitable nature-related risk assessments in economic production and trade activities. The project is compliant with UNDP's commitment to a human-rights based approach and universal respect for, and observance of, human rights and fundamental freedoms. The project will adhere to UNDP SES standards and requirements. These UNDP safeguards standards are aligned with IKI Safeguards standards which uses the IFC Performance Standards on Environmental and Social Sustainability[6]. The project does this by supporting sustainable use of natural resources, without disruption of access by local and indigenous communities. Principles of participation, inclusion and non-discrimination of local and indigenous communities will be respected when designing action to promote more sustainable use of nature under the project, which is particularly relevant in the design of awareness raising and capacity building activities for the uptake of nature risk disclosure framework. These activities will include criteria to advance wide participation of women, youth, indigenous people and local communities (IPLC).

[6] IKI Safeguards Standards

The project envisages partnerships among NGOs, local communities and private sector players in developing countries, and will, in the long term, set the basis for more resilient business processes without disruption of natural ecosystems' capacities, ultimately benefitting some of the poorest and most vulnerable communities by reducing impacts on their food base, water and climate adaptation capacities. The project's activities are aligned and linked to facilitate an enabling business environment that provides for effective land, water, and biodiversity resources management.

More specifically, the project will carry out the following activities that support UNDP's human rights-based approach:

- In the implementation of local awareness raising and capacity building activities, the principles of **participation and inclusion** will be applied. Local communities, indigenous groups and CSOs will be consulted in the further development and implementation of the TNFD framework (through the Community Consultations Framework), as well as at the time of planning the details of country-based activities under annual workplans (through a dedicated screening procedure for in-country activities). The project timeline and engagement mechanisms will clearly stipulate at what point local stakeholder consultations take place for which activities and how project activities are going to proceed depending on the result of local consultations.
- The project supported design and implementation of the additional TNFD/LEAP Risk Assessment and Tools (for all high-risk sectors) will be based on key social and environmental principles to ensure a rights-based approach. Upon the identification of the specific country-based activities, the **UNDP SESP** screening tools will be applied by the Responsible Parties in charge of country-based activities (as elaborated in the ESMF). The project will hire technical experts including trained professionals (or an international NGO) with appropriate expertise and experience in conducting culturally appropriate engagement with IPLC)
- Accountability is ensured by the project's rights-based and multi-stakeholders participatory approaches, wide technical and knowledge partnerships and networks facilitating public access to cutting edge technical information and technology. Through these tools, the project fully considers and embeds the links between **nature-climate and nature-social issues,** especially with regard to **land tenure rights; at the same time the** project will develop additional guidance for sectoral TNFD reporting to be **publicly open and independently verifiable**.
- The project will facilitate **Grievance Redress Mechanism** Apart from that, the project will ensure creation of awareness about the existence of both IKI Complaint mechanisms and UNDP SECU and SRM Stakeholder Response mechanism. During the project inception phase, and during the awareness raising and capacity building activities the project will specifically communicate to stakeholders via Community Engagement Network (and other appropriate occasions) the specific mechanism and means for raising concerns or grievances to UNDP, to IKI or to government representatives when activities may adversely affect them.
- The project design will support the **equality aspect** of human rights particularly through supporting women empowerment, as further described in the following question of this SESP.

Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment

During the project preparation phase, a gender analysis has been conducted, and the gender related actions are anchored by best approaches to women empowerment and equal access to opportunities. The project will ensure that gender and rights-based considerations will be mainstreamed in the additional guidance and tools developed for high risk sectors under Outcome 1. Furthermore, the project will apply key social and environmental principles (based on SESA approach) for the design of the Additional Guidance for the TNFD / LEAP Risk Assessment for each targeted sector. Furthermore, the project-supported capacity building events (under Outcome 2) will ensure that activities are gender responsive and ensure women's empowerment. Planning of and implementation of capacity building activity at the local level will be supported by local CSOs ensuring close consultations to identify gender mainstreaming opportunities. The project team and partners are committed to setting and delivering on local targets such as ensuring that at least 30% of entrepreneurs / local SMEs are represented by women. Under Outcome 6 the project is capturing a number of right-based and gender related activities which are in fact cross-cutting, and will be implemented across outcomes and components. The guidelines on mainstreaming gender in nature risk assessments will be key in implementing country-based activities (Output 6.2).

Briefly describe in the space below how the project mainstreams sustainability and resilience

The project relies on multi-stakeholder processes (such as Community Engagement Network) to engage key local stakeholders (SMEs, communities, and CSOs), build local stakeholder trust and motivation, and incentivize core actors to run economic enterprises with higher targets for sustainability and resilience, in line with TNFD principles. Design and implementation of local capacity building recognizes the need for integrated and participatory approaches and emphasizes diversity and adaptive learning.

Briefly describe in the space below how the project strengthens accountability to stakeholders

The project intends to promote accountability of local project stakeholders. Specifically:

a) TNFD Framework itself is an accountability tool as it presupposes accountable disclosure of impacts and dependences of businesses on nature, and its promotion is the sole purpose of the project, hence by its goal the project intends to raise the level of accountability of enterprises and businesses towards society at large. The Framework will be supported by Community Engagement Network to ensure that its principles and metrics are triggering social risks.

b) The project intends to solicit accountable local stakeholders through consultations and agreement on local capacity building activities, such as support to local SMEs and entrepreneurs. This may include engagement of associations of entrepreneurs / SMEs, local trade unions and other players who have an accountable representation function at the local level. Social risk screening of country-based activities will take place prior to the commencement.

c) The project document includes provisions to ensure that equal access to information making possible accountable decisions by local stakeholders.

d) Accountability is ensured by the project's rights-based and multi-stakeholders participation approaches during the design of the additional guidance on TNFD/LEAP Risk Assessment for high risk sectors (Outcome 1 and 6) and implementation of tools for nature disclosures (Output 5). Through these tools, the project fully considers and embeds the links between **nature-climate and nature-social issues,** especially with regard to **land tenure rights;** at the same time the project will develop the additional guidance and will implement demonstration activities on the ground so that it can facilitate transparent disclosures, which are **publicly open and independently verifiable**.

e) The project will facilitate stakeholders access to UNDP accountability mechanisms (SECU and SRM) ensuring the creation of awareness about the existence of both IKI Complaint mechanisms (https://www.international-climate-initiative.com/en/about-iki/values-responsibility/independent-complaint-mechanism/#:~:text=The%20mechanism%20is%20intended%20to,their%20complaints%20and%20seek%20redress.) and UNDP Stakeholder Response mechanism(https://www.undp.org/accountability/audit/secu-srm/stakeholder-response-mechanism).

The project will ensure that all the stakeholders can communicate their concerns and have access to complaints redress mechanisms as part of the Community Engagement Network and during local capacity building at the ground level. Open and transparent consultations during the formation and existence of the Community Engagement Network will ensure that cases where there is a risk of impact on local or indigenous communities (such as economic displacement or change of mode of economic resource use as a result of project intervention) due process will be deployed, in an inclusive and participative manner.

Any local group under potential negative impact will be supported by project experts, local governing bodies, community leaders or local NGOs in order to ensure inclusiveness. The project will ensure that in all interactions with local stakeholders (consultations, meetings, web sites) information is available on how to access complaints processes. The Project's ESMF is elaborating on the proposed ground risk screening procedures, to ensure that stakeholders are engaged and informed about all activities. This set of measures will ensure that all local communities are informed of project-level grievance entry points, minimizing risks of retaliation and reprisal against people who may seek information on project activities or express concerns and/or access project level grievances.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? *Note: Complete SESP Attachment 1 before responding to Question 2.*	**QUESTION 3: What is the level of significance of the potential social and environmental risks?** *Note: Respond to Questions 4 and 5below before proceeding to Question 5*			**QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High**
Risk Description ***(broken down by event, cause, impact)***	***Impact and Likelihood (1-5)***	***Significance (Low, Moderate Substantial High)***	***Comments (optional)***	***Description of assessment and management measures for risks rated as Moderate, Substantial or High***
Risk 1: Women, youth, indigenous people and local communities (IPLC) might not be involved in various project activities and therefore not engaged in, supportive of, or benefitting from the project activities. Project-born additional TNFD guidance and tools for the targeted sectors and specific biomes may not fully incorporate and reflect the views of women, youth and IPLC, and therefore may not ensure guaranteeing their rights and facilitating equitable opportunities for their involvement and benefit. *SES Principle 2 Human Rights* *P2, P3, P5* *SES Principle 3 Gender* *P10, P11,* *SES Principle 5 Accountability* *P13, P14*	I = 3 L =3	**Moderate**	Under **Outcome 1/Output 1** the project aims at developing additional guidance & tools to facilitate a wider uptake of TNFD. Of particular importance will have the development of additional sectoral guidance on LEAP Risk Assessment implementation for the targeted high risk sectors (e.g. agriculture, timber, extractive sectors). Therefore, meaningful participation especially of these vulnerable groups in the LEAP risk assessments design and/or potential implementation is of outmost importance. Land tenure issues in particular are extremely sensitive as	**The risk is managed through the project's strategy**, which has embedded participatory approaches, balanced representations and meaningful participation of women, youth and IPLC, ensuring therefore equal opportunities to benefit from project activities especially the design and implementation of LEAP Risk assessments, and capacity development activities. Furthermore, ESMF includes recommendations for meaningful engagement of indigenous groups (**please see ESMF Annex/Section 9.5)**. The **Project Results Framework** is also including several indicators that are reflecting rights based and gender considerations (Indicator 1; Indicator 11; Indicator 16; Indicator 28; Indicators 32-37). The Project Coordinator and SES/DD Specialist will ensure that stakeholders are adequately consulted, and included in the project activities, and that rights-based considerations are integrated in the training modules / presentations / handouts / information materials.

			they're at the heart of many disputes. Similarly, under **Outcome 2** the capacity building activities must include the participation of women, youth and indigenous people and local communities in order to ensure that the project offers equal opportunities to strengthen capacities and facilitate participation of these vulnerable groups more effectively in decision making processes, especially with respect to their rights over lands, territories and resources. Under **Outcome** 3 the project will organize ample awareness raising events to educate and increase knowledge of all the stakeholders on mainstreaming rights-based considerations within nature-related disclosures and the importance of alignment with the post 2020 Global Biodiversity Framework esp. Targets 20 and 21. More importantly, the project includes right-based considerations in all	In addition, the project management is supported by Responsible Parties (RPs) whose capacities to mitigate this risk have been assessed during the preparatory stage (using **UNDP PCAT**). The RP arrangements do properly address the risk discussed here. With respect to gender, a **Gender Action Plan** was developed, with specific activities aimed at mainstreaming gender across the project's outputs. The gender related tasks and responsibilities are embedded within the Safeguards (SES)/DD Specialist's function. Generally the project will strive to offer equal opportunities for women and girls to participate in and benefit from the project activities. The project will work closely with all stakeholders to ensure that there is adequate consultation and participation. Engagement of vulnerable groups and other key community is detailed in the **Comprehensive Stakeholder Engagement Plan** and **Gender Plan** in line with current **UNDP SES** guidance.

			its activities, and deploys inclusive participatory processes- all of these being captured under **Outcome 6**, although these are, in fact, cross-cutting.	
Risk 2: There is a risk that TNFD Sectorial guidance, in particular the additional guidance on LEAP Risk Assessment, will not capture rights-based considerations around disclosure of land/natural resources use, land use rights, land bank data, inadvertently potentially perpetuating local disputes that are based on **land/nature resources rights issues**. *SES Principle 2 Human Rights* *P1, P2, P3, P5,P7* *SES Principle 3 Gender* *P10, P11,* *SES Principle 5 Accountability* *P13, P14,P15*	I = 3 L =3	**Moderate**	Closely linked with the item above, this particular risk is referring exclusively at the risk of potential **weak human rights approach** captured under the project-born additional sectoral guidance. Promoting a human rights approach and in particular mainstreaming provisions that would guarantee the indigenous group's collective land tenure rights (and other rights such as user rights; usufruct rights) must be taken into consideration under each stages of the LEAP Risk Assessment design and implementation, especially considering that the project will target high risk sectors.	This risk is managed through **the project strategy (especially under Outcome 6) and** through **Stakeholders Engagement Plan.** During the development of the additional guidance on TNFD for each sector and specific biomes, the project will apply **key social and environmental principles** in order to identify, prevent and/or mitigate the potential negative impacts related to any environmental or social risk, including especially land tenure and rights issues. The project's safeguards expert will assist with a cascading logic analysis that seeks to anticipate potential adverse downstream social and environmental risks and impacts that may inadvertently flow from the project-supported Additional TNFD Guidance. Risk management measures will be identified, designed and mainstreamed within the TNFD additional Guidance. The project will also support consultations with all the key stakeholders on the proposed additional TNFD Guidance. Further elaboration of participative local dialogue as a mean of mitigating this risk can be found in the **Stakeholders Engagement Plan.** Under **Outcome 6** the project is capturing all the participative local dialogues which are, in fact, cross-cutting, and will ensure that the additional

				TNFD Guidance and Tools supported by the project include rights-based considerations especially guaranteeing the collective land tenure rights of the indigenous people and local communities (**please see ESMF Annex/Section 9.5)**. The project team and Responsible Parties (RP) in charge with country-based activities will ensure that all the stakeholders and local communities and indigenous people will be aware of the existence of grievance and redress mechanisms and these details will be circulated widely: - **The UNDP Social and Environmental Compliance SECU** https://www.undp.org/accountability/audit/secu-srm/social-and-environmental-compliance-review - The **UNDP Stakeholder Response Mechanism** (https://www.undp.org/accountability/audit/secu-srm/stakeholder-response-mechanism) that will address - UNDP Grievance and Redress is further aligned with the IKI ICM- Independent Compliant Mechanism Standards (https://www.international-climate-initiative.com/en/about-iki/values-responsibility/independent-complaint-mechanism/) and contact details related to both mechanisms will be provided and circulated with the stakeholders (further elaborated under ESMF and Stakeholders Engagement Plan). **The Project Board will ensure the implementation of any resolution in case of complaints that may**

				be filed with SECU and resolved through UNDP SRM.
Risk 3: There is a risk that the project-supported TNFD additional guidance, assessments, methodologies, tools, information materials for targeted sectors and for specific biomes, will not include transparency and accountability considerations which may lead to unreliable and unverifiable nature related disclosures, that fail to include meaningful participation of IPLC. *SES Principle 5 Accountability* *P13, P14, P15*	I = 3 L =3	**Moderate**	The project-supported additional guidance on TNFD implementation tailored for the targeted sectors/specific biomes may not include sufficient information on transparency and accountability of disclosures to enable full IPLC participation. The project-supported consultations, trainings, awareness events etc. may fail to fully include IPLC in a meaningful way. The capacity building modules may not educate sufficiently well on the requirements and options available for independently verifiable and transparent disclosures.	The risk is managed through the **Project's Strategy; Stakeholders Engagement Plan** and the **UNDP SECU and SRM** procedures. **Project Strategy:** - Under **Outcome 1/Output 1,** the project will ensure that a step-by-step guidance is designed and included within the additional TNFD Guidance in order to **facilitate transparency** and **inclusiveness** and will propose means to make the **reporting open and public, and independently auditable.** - Under **Project Outcome 3/Output 3**, the project will **deliver guidance and awareness** on the means for a robust and transparent reporting mechanism, that can be audited independently and open to public. - Under **Outcome 6** the project is capturing essentially the entire cross-cutting participative approaches that supports transparency and accountability. - **Project Results Framework** contains specific reference to the transparency and accountability of the TNFD framework (Project Objective **Indicators 1 and Project indicator 37**)

				- The project will use the **Comprehensive Stakeholder Engagement Plan** to mitigate this risk. **Grievance Redress Mechanism:** The project team and Responsible Parties (RP) in charge with country-based activities will ensure that all the stakeholders and local communities and indigenous people will be aware of the existence of grievance and redress mechanisms and these details will be circulated widely: - **The UNDP Social and Environmental Compliance SECU** https://www.undp.org/accountability/audit/secu-srm/social-and-environmental-compliance-review - The **UNDP Stakeholder Response Mechanism** (https://www.undp.org/accountability/audit/secu-srm/stakeholder-response-mechanism) that will address Grievance and Redress is further aligned with the IKI ICM- Independent Compliant Mechanism Standards (https://www.international-climate-initiative.com/en/about-iki/values-responsibility/independent-complaint-mechanism/) and contact details related to both mechanisms will be provided and circulated with the stakeholders (further elaborated under ESMF and Stakeholders Engagement Plan). **The Project Board will ensure the implementation of any resolution in case of complaints filed with SECU and resolved through UNDP SRM.**

Risk 4: The duty-bearers (government agencies, financial regulators, financial institutions etc.) and private sector companies do not have the capacity to meet their obligations in the project, due to the complexity of methodologies and data required which may initially discourage nature related disclosures and could hamper the wider uptake of the TNFD framework and shift towards nature positive financing flows. *SES Principle 2 Human Rights, P2, P3*	I = 3 L =3	**Moderate**	Nature related disclosures requirements may be perceived as confusing or discouraging and may require significant technical and human resources that many government agencies and /or companies may not possess. TNFD is considering a staged approach to nature related disclosures that is deemed to be most effective for a wider uptake.	This risk is mitigated through **the project strategy**. Part from the comprehensive capacity building and knowledge management approaches that will build/strengthen technical capacities, the project strategy will promote: - a **flexible approach to nature related disclosure** (as explained above) - an **incentive mechanism** that will incentivize the risk assessment and disclosure of nature related risks through regularity requirements; boost market demand for nature-risk disclosures and also reward and acknowledge the reporting entities. The project supported additional TNFD/LEAP Assessment Project Guidance and Tools may include **a flexible approach (3 stage approach) to implementing TNFD:** starting with a first (basic) stage and evolving to more comprehensive assessments. This approach, could be more widely accepted by reporting entities as it allows the company to adopt its own pace of reporting in several stages, according to existing capacities and resources. Linked to the above, the project may follow the example set by UNEP FI/UNDP to incentivize reporting entities by an Acknowledge & Incentivize Mechanism. The project and the government partners could establish possibilities to include **official recognition of reporting entities'** stages across their portfolio and peer groups comparison (**Source**: UNEP FI/UNDP Report under the link below, Section III, page 22)

				(https://g20sfwg.org/wp-content/uploads/2021/08/2021-UNEP-UNDP.-Reporting-on-Nature-related-Risks-Impacts-Dependencies.pdf)
Risk 5. Voluntary adoption of TNFD by local businesses in developing countries may affect access and use of resources by indigenous communities, local communities, including the rural poor and women. *SES Principle 2, Human Rights, P5, P6.P7* *SES Principle 3, Gender, P10* *SES Principle 3, Gender, P11* *Principle 5, Accountability, P13* *Principle 5, Accountability, P14* *Standard 5. Displacement, 5.2 and 5.4* *Standard 6. Indigenous peoples, 6.1; 6.2; 6.3; 6.4; 6.5; 6.7*	I=3 L=3	**Moderate**	At the local level, embracement of the disclosure framework aims to improve the quality and sustainability of natural resource base of local communities. This may require businesses to undertake certain measures that currently negatively affect nature, this may lead to wider spread of environmental certification of products, exclusion of subcontracts with those who conduct illegal activities leading to deforestation or other forms of ecosystem degradation. This means that certain groups can potentially be affected and local livelihoods negatively impacted. However, experience shows that commodity certification schemes can, in fact, suffer from accountability and compliance problems with	The project will ensure that all the project-born TNFD Additional Guidance and Tools will include a rights-based approach and provisions for **compensatory measures for potentially economically displaced people** that could support their transition towards nature-compliant practices. The risk is further mitigated through the **Stakeholders Engagement Plan** . The project will also **facilitate access**: - to UNDP SECU https://www.undp.org/accountability/audit/secu-srm/social-and-environmental-compliance-review and UNDP SES Standards/Stakeholders response Mechanism https://info.undp.org/sites/bpps/SES_Toolkit/SitePages/Response%20Mechanisms.aspx#:~:text=%E2%80%8BProject%2Dlevel%20grievance%20redress,at%20no%20cost%20and%20without - and IKI Complaint Mechanism (https://www.international-climate-initiative.com/en/about-iki/values-responsibility/independent-complaint-mechanism)

			land rights and FPIC standards. As sustainability standards and certification schemes are becoming more and more the norm, the important lessons learnt are indicating that governance of such schemes must be **inclusive of rights-holder groups** and the application of such scheme would require the application of human rights based approaches and truly independent verification and grievance mechanisms.	
Risk 6. The project-developed additional Sectorial Guidance, Tools, Assessments, Methodologies and the TNFD capacity building events may promote inadequate conservation measures that could have a negative impact on the natural resources and critical biodiversity habitats and species. *SES Standard 1 Biodiversity and NRM, 1.1; 1.2; 1.3; 1.4; 1.5; 1.6; 1.7; 1.8; 1.9; 1.10; 1.11; 1.12; 1.13; 1.14.* *SES Standard 8; 8.6* *Standard 2; 2.3* *Standard 3; 3.6*	I=3 L=3	**Moderate**		This risk is managed through the **project strategy (mobilizing high quality technical assistance and diverse partnerships) and Targeted Assessments**. Project strategy: - The Project will apply key social and environmental principles (similar to SESA) during the development of the additional TNFD Guidance to ensure that a rights-based approach will anchor the additional sectorial guidance for TNFD implementation for specific sectors and specific biomes (Outcome 1) ; - In addition the project's technical experts and technical knowledge partners may conduct (if deemed necessary) **Targeted or Focused Social and/or Environmental**

SES Standard 8 Pollution Prevention and Resource Efficiency 8.6				**Assessments (focused on potential issues/risks that may need further investigation)** that will be part of the overall support to the envisaged Methodologies and Approaches for the National Ecosystem Assessments (under Outcome 5) such that the mitigation measures of potential risks will be included in said Methodologies and Approaches. These National Ecosystem Assessments will contribute to the identification of indicators that will link private sector targets with NBSAPs and post 2020. - The technical themes and issues tackled under the envisaged capacity building activities, will be designed by technical experts with solid experience and with the support of the project technical and knowledge partners. In addition, the project will generate a lot of technical knowledge products that will support the promotion of adequate nature positive solutions. The delivery of these capacity building events will be done by specialized institutions or NGOs , to ensure clarity and ecological integrity of the proposed technical solutions. The capacity building events will include final evaluation exercises (evaluation forms distributed to participants) expected to indicate the success rate of the technical information's uptake. Technical topics will address **nature-climate links and nature-social links** in a participatory manner and delivered in an accessible and user-friendly format.

Risk 7. The expected impacts resulting from the implementation of the project-supported TNFD / LEAP Risk Assessment and Tools as well as capacity building measures may be sensitive to changing climate conditions in the future. *SES Standard 2 Climate Change Vulnerability, 2.1; 2.2; 2.3*	I=3 L=3	**Moderate**		This risk is managed through the **Project Strategy (including climate sensitive indicators under the Project Results Framework).** The project will support additional TNFD Guidance and Tools for several targeted high risk sector and for specific biomes, destined for the corporate and financial institutions, to support their nature related risks assessments and opportunity assessments and incorporate climate sensitive nature positive solutions and human rights sensitive approaches into their enterprise strategies. In a similar vein, the capacity development and awareness events will deliver/promote, and educate on, climate-resilient tools and assessments and Nature-based solutions to climate change. The interface of Nature disclosure Framework with climate impacts has been studied in parallel to this project development by one of the Working Groups of TNFD and its outcomes are instrumental in proposing measures to account for or mitigate climate impacts in the design of project activities, both at the global and local levels.
Risk 8. The project may inadvertently contribute to potential perpetuation of discriminations against women. *SES Principle 3, Gender, P10*	I=3 L=3	**Moderate**	The Project could potentially perpetuate discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities.	The management of this risk will be done through the implementation of the **Gender Action Plan (GAP)** and will be monitored by the SES/DD Specialists and with PMU support. The project design has consistently mainstreamed gender responsive approaches and has created opportunities for tackling women's needs and

			There are three main action channels for leveraging the gender-environment nexus that the project will strive to be aligned with: (i) enhancing more mechanisms at all levels for assessing the impact of environmental policies on women; (ii) advancing gender-responsive programming and policies to achieve sustainable development; and (iii) engaging women more in environmental decision making.	putting forward integrated solutions leveraging gender-environment nexus. Gender considerations are mainstreamed in the Theory of Change, project outputs, results framework, activities, and budget. Documentation, case studies and knowledge generated by the project will be gender-sensitive and inclusive of diverse groups among contributors and audiences. The project will also gather gender-disaggregated data for evaluation purposes and use gender responsive indicators (particularly around beneficiaries) to facilitate planning, implementation and monitoring.
Risk 9: Project activities involving local/field interventions and close engagement with local communities may inadvertently contribute to the spread of COVID-19. *Standard 3 Community Health, Safety and Security, 3.4*	I=3 L=3	**Moderate**		The risk will be mitigated through screening (UNDP SESP) and through consistent implementation of **adequate safeguards** such as: (i) clear procedures in place in case of COVID19 reinstatement of restrictions, approved during project inception (ii) use of protective equipment, maintaining social distancing and using remote methods of engagement whenever possible (iii) if adequate safeguards cannot be put in place, activities that entail close local communities engagement will be put on hold if necessary, and work programme/budget will be revised as needed. Wherever possible on-line meeting platforms will be used and travel decreased. All project meetings will be organized mindful of government regulations and healthy standards and other appropriate safeguards (including those of UNDSS).

				Wherever possible on-line meeting platforms will be used and travel decreased. All project meetings will be organized mindful of government regulations and health standards and other appropriate safeguards (including those of UNDSS).
Risk 10. Country-based project activities that are **not currently defined (**such as potential support to piloting TNFD application) may lead to various social and environmental risks.	I=3 L=3	**Moderate**		**The risk is mitigated through the ESMF.** **For example, in case the project will support country-based activities and engage with private companies for piloting TNFD Framework Implementation** the following steps are required: - Select the company or financial institution that the project will support using **UNDP Due Diligence for Private Sector**. - Start with the use of **UNDP SESP and Exclusionary List** for site screening and for selecting the appropriate locations and scoping the assignment (esp. linked to the first stage of LEAP Assessments). - **Use the SESP protocols** to accompany the LEAP Risk Assessment (esp. for companies belonging to high risk sectors). - **Apply Targeted Assessment** as needed (if indicated by screening) - **Deploy the Process Framework** in case the locations are choosen within Protected Areas in respective countries (if validated by the screening). - Ensure that the supported **TNFD reporting** is adhering to UNDP transparency and accountability standards and importantly, it is open to public and independently verifiable.

				For the country-based activities that will involve a close engagement with indigenous people the SES/DD Specialists will ensure that the RPs will hire **trained personnel to facilitate liaison with local indigenous groups** aligned with the recommendations of CBD with regard to the engagement with the indigenous communities (e.g. guidelines and tools under CBD Art. 8j) and aligned with the post 2020 Global Biodiversity Framework especially Goals 20 and 21. (**please also see ESMF Annex/Section 9.5)**.	
[add additional rows as needed]						
	QUESTION 4: What is the overall project risk categorization?					
	Low Risk	☐				
	Moderate Risk	x				
	Substantial Risk	☐				
	High Risk	☐				
	QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)					
	Question only required for Moderate, Substantial and High Risk projects					
	Is assessment required? (check if "yes")	**X**			***Status? (completed, planned)***	
	if yes, indicate overall type and status		**x**	Targeted assessment(s)	Completed during Project Preparation Phase: Gender Analysis and Stakeholder Analysis	

			x	Targeted or Focused Assessment(s)	As needed, during the Project Implementation Phase.
			x		
	Are management plans required? (check if "yes)	**X**			
	If yes, indicate overall type		**x**	Screening and Targeted Assessment (e.g. Gender Action Plan, Livelihoods Action Plan; Cultural Heritage Action Plan etc.	Completed during PPG: Gender Action Plan, Stakeholder Engagement Plan Planned during implementation: as needed per site-specific screening and assessment
			x	ESMF (Environmental and Social Management Framework)	Completed during the Project Preparation Phase
	Based on identified <u>risks</u>, which Principles/Project-level Standards triggered?		**Comments (not required)**		
	Overarching Principle: Leave No One Behind				
	Human Rights	**X**			

	Gender Equality and Women's Empowerment	**X**	
	Accountability	**X**	
	1. Biodiversity Conservation and Sustainable Natural Resource Management	**X**	
	2. Climate Change and Disaster Risks	**X**	
	3. Community Health, Safety and Security	**X**	
	4. Cultural Heritage		
	5. Displacement and Resettlement	**X**	
	6. Indigenous Peoples	**X**	
	7. Labour and Working Conditions		
	8. Pollution Prevention and Resource Efficiency	**X**	

Final Sign Off

Final Screening at the design-stage is not complete until the following signatures are included

Signature	***Date***	***Description***
QA Assessor		UNDP staff member responsible for the project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
QA Approver		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.
PAC Chair		UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks		
INSTRUCTIONS: The risk screening checklist will assist in answering Questions 2-6 of the Screening Template. Answers to the checklist questions help to (1) identify potential risks, (2) determine the overall risk categorization of the project, and (3) determine required level of assessment and management measures. Refer to the SES toolkit for further guidance on addressing screening questions.		
Overarching Principle: Leave No One Behind **Human Rights**		**Answer (Yes/No)**
P.1	Have local communities or individuals raised human rights concerns regarding the project (e.g. during the stakeholder engagement process, grievance processes, public statements)?	*Yes*
P.2	Is there a risk that duty-bearers (e.g. government agencies) do not have the capacity to meet their obligations in the project?	*Yes*
P.3	Is there a risk that rights-holders (e.g. project-affected persons) do not have the capacity to claim their rights?	*Yes*
Would the project potentially involve or lead to:		
P.4	adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
P.5	inequitable or discriminatory impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups, including persons with disabilities? [7]	Yes
P.6	restrictions in availability, quality of and/or access to resources or basic services, in particular to marginalized individuals or groups, including persons with disabilities?	Yes
P.7	exacerbation of conflicts among and/or the risk of violence to project-affected communities and individuals?	Yes
Gender Equality and Women's Empowerment		
P.8	Have women's groups/leaders raised gender equality concerns regarding the project, (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
Would the project potentially involve or lead to:		
P.9	adverse impacts on gender equality and/or the situation of women and girls?	*No*
P.10	reproducing discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	Yes
P.11	limitations on women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? *For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being*	Yes
P.12	exacerbation of risks of gender-based violence? *For example, through the influx of workers to a community, changes in community and household power dynamics, increased exposure to unsafe public places and/or transport, etc*.	No
Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below		
Accountability		
Would the project potentially involve or lead to:		
P.13	exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	Yes
P.14	grievances or objections from potentially affected stakeholders?	Yes

[7] Prohibited grounds of discrimination include race, ethnicity, sex, age, language, disability, sexual orientation, gender identity, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender and transsexual people.

P.15	risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the project?	Yes
Project-Level Standards		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
Would the project potentially involve or lead to:		
1.1	adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? *For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes*	Yes
1.2	activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	Yes
1.3	changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	Yes
1.4	risks to endangered species (e.g. reduction, encroachment on habitat)?	Yes
1.5	exacerbation of illegal wildlife trade?	Yes
1.6	introduction of invasive alien species?	Yes
1.7	adverse impacts on soils?	Yes
1.8	harvesting of natural forests, plantation development, or reforestation?	Yes
1.9	significant agricultural production?	Yes
1.10	animal husbandry or harvesting of fish populations or other aquatic species?	Yes
1.11	significant extraction, diversion or containment of surface or ground water? *For example, construction of dams, reservoirs, river basin developments, groundwater extraction*	Yes
1.12	handling or utilization of genetically modified organisms/living modified organisms?[8]	Yes
1.13	utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)[9]	Yes
1.14	adverse transboundary or global environmental concerns?	Yes
Standard 2: Climate Change and Disaster Risks		
Would the project potentially involve or lead to:		
2.1	areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	Yes
2.2	outputs and outcomes sensitive or vulnerable to potential impacts of climate change or disasters? *For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes*	Yes
2.3	increases in vulnerability to climate change impacts or disaster risks now or in the future (also known as maladaptive or negative coping practices)? *For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding*	Yes
2.4	increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	No
Standard 3: Community Health, Safety and Security		
Would the project potentially involve or lead to:		
3.1	construction and/or infrastructure development (e.g. roads, buildings, dams)?	No
3.2	air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No
3.3	harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No

[8] See the Convention on Biological Diversity and its Cartagena Protocol on Biosafety.

[9] See the Convention on Biological Diversity and its Nagoya Protocol on access and benefit sharing from use of genetic resources.

3.4	risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	Yes
3.5	transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.6	adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	Yes
3.7	influx of project workers to project areas?	No
3.8	engagement of security personnel to protect facilities and property or to support project activities?	No
Standard 4: Cultural Heritage		
Would the project potentially involve or lead to:		
4.1	activities adjacent to or within a Cultural Heritage site?	No
4.2	significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No
4.3	adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.4	alterations to landscapes and natural features with cultural significance?	No
4.5	utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
Would the project potentially involve or lead to:		
5.1	temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No
5.2	economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	Yes
5.3	risk of forced evictions?[10]	No
5.4	impacts on or changes to land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	Yes
Standard 6: Indigenous Peoples		
Would the project potentially involve or lead to:		
6.1	areas where indigenous peoples are present (including project area of influence)?	Yes
6.2	activities located on lands and territories claimed by indigenous peoples?	Yes
6.3	impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? *If the answer to screening question 6.3 is "yes", then the potential risk impacts are considered significant and the project would be categorized as either Substantial Risk or High Risk*	No
6.4	the absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	Yes
6.5	the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	Yes
6.6	forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? *Consider, and where appropriate ensure, consistency with the answers under Standard 5 above*	No
6.7	adverse impacts on the development priorities of indigenous peoples as defined by them?	Yes

[10] Forced eviction is defined here as the permanent or temporary removal against their will of individuals, families or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Forced evictions constitute gross violations of a range of internationally recognized human rights.

6.8	risks to the physical and cultural survival of indigenous peoples?	No
6.9	impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? *Consider, and where appropriate ensure, consistency with the answers under Standard 4 above.*	No
Standard 7: Labour and Working Conditions		
Would the project potentially involve or lead to: (note: applies to project and contractor workers)		
7.1	working conditions that do not meet national labour laws and international commitments?	No
7.2	working conditions that may deny freedom of association and collective bargaining?	No
7.3	use of child labour?	No
7.4	use of forced labour?	No
7.5	discriminatory working conditions and/or lack of equal opportunity?	No
7.6	occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the project life-cycle?	No
Standard 8: Pollution Prevention and Resource Efficiency		
Would the project potentially involve or lead to:		
8.1	the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
8.2	the generation of waste (both hazardous and non-hazardous)?	No
8.3	the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	No
8.4	the use of chemicals or materials subject to international bans or phase-outs? *For example, DDT, PCBs and other chemicals listed in international conventions such as the Montreal Protocol, Minamata Convention, Basel Convention, Rotterdam Convention, Stockholm Convention*	No
8.5	the application of pesticides that may have a negative effect on the environment or human health?	No
8.6	significant consumption of raw materials, energy, and/or water?	Yes

1.26. Annex 5: Gender Analysis and Gender Action Plan

Gender Analysis

The **post 2020 Global Biodiversity Framework (GBF)** under the **UN Convention on Biological Diversity (CBD)** and the **2030 Sustainable Development Goals (SDG) Agenda** are mutually supportive and reinforcing. Nature is key to human wellbeing, especially for the 70% of the humanity who lives on less than 10$ a day. Forests sustain 1.6 billion livelihoods, oceans sustain 1.7 billion livelihoods, and agriculture sustain 2.5 billion livelihoods. In all, more than 5.8 billion people (3 out of 4 people on earth) directly depend on nature for their livelihoods. Yet, 30% of global forests are degraded, 35% are fragmented and 20% are already cleared. 90% of all fisheries are fully exploited, over-exploited or have collapse altogether. A third of agricultural land on earth is degraded, more so in Sub-Saharan Africa where poverty is highest.

Women make up the majority of the world's poor and are more dependent than men on natural resources for their livelihoods and survival. Women play a critical role in managing natural resources on family and community levels and are most affected by environmental degradation. In communities around the world, women manage water, sources for fuel and food, as well as forests and agriculture land. Women produce 60-80% of food in developing countries, while inheritance laws and local customs often prevent them from owning or leasing land and securing loans or insurances. Women are also more vulnerable because thy have less access to education and information that would allow them to manage nature and climate related- risks to agriculture, livestock, livelihoods.

For example in **India**, gender inequality has been a crucial issue for so long, many women have considerably less access than men to critical information on weather alerts and cropping patterns, affecting their capacity to respond effectively to climate variability. In **Indonesia**, the gender inequality index is among the highest in ASEAN countries, only **Cambodia**, **Laos** and **Myanmar** rank lower and as such, women- especially from marginalized communities lack access to land, credits and information and technology to cope and prepare for climate change and disaster risks.

Women need to be equally and actively involved in processes to conserve and sustainable use biodiversity because they play critical roles as primary land managers and resources users and they face disproportionate impacts from biodiversity loss and gender blind conservation measures. Emerging evidence also suggests that when women hold secure rights to land, efforts to protect biodiversity and build climate resilience are more successful. But women are radically under-represented in decision-making spaces related to conservation, climate action, land governance, and land administration at all levels in least-developed countries. Many gender initiatives to address inequality have looked at the issue from an economic and social angle, focusing on discrimination, education, labor and health policies. Much less focus has been placed on the environmental and natural resource dimensions and the differential impacts of environmental degradation on women and the effects of gender inequality on environmental outcomes, as well as their specific behaviors and preferences, women's knowledge and contributions.

The **Global Gender Gap Report 2021** identified economic participation and opportunity as the second largest gaps, and estimates that it will take another 267.6 years to close, political empowerment being the largest of the four gaps tracked. Women's contributions to society are not only monetary but also non-monetary but the scarcity of available data makes it difficult to fully comprehend the involvement of women in informal sectors where their work is often underpaid and unrecognized. Just as gender norms shape behaviors and preferences related to the natural environment, they also influence how women and men acquire and develop different knowledge about plant and animal species, their uses and their management, resulting in important and sometimes complementary distinctions between women's and men's agroecological knowledge. Hence the outmost importance of gender responsive nature risks assessments and disclosures of nature dependencies.

The UN CBD COP 14 adopted a **Decision[11] (CBD/COP/DEC/14/34)** which explicitly states that the post 2020 Global Biodiversity Framework should be gender-responsive by systematically integrating gender perspective and ensuring appropriate representation, particularly for women and girls and submissions received from the States highlight that addressing gender equality and the role of women is relevant for achieving diverse global biodiversity outcomes. The mandate and submissions to the post 2020 process highlight the importance of a gender perspective to the implementation of the Convention, and the need for biodiversity conservation, policies, frameworks and processes to reflect women's contributions and strengthen their capacity as agents of change. Women continue to be underrepresented in decision -making processes related to biodiversity and natural resource management and have much less access, ownership and control of land and natural resources and associated benefits, as compared with men.

The United Nations Convention on Biological Diversity (CBD) and the post 2015 Global Biodiversity Framework will serve as the overarching framework to lead humanity towards "living in harmony with nature" by 2050. The post-2020 global biodiversity framework builds on the **Strategic Plan for Biodiversity 2011-2020** and sets out an ambitious plan to implement broad-based action to bring about a transformation in society's relationship with biodiversity, ensuring that by 2050 the shared vision of 'living in harmony with nature' is fulfilled.

The Framework comprises 21 targets and 10 milestones proposed for 2030, *en route* to "living in harmony with nature" by 2050. Target 15 of the framework asks all businesses to assess and report on their dependencies and impacts on biodiversity, reducing their negative impacts at least by half. The G7 finance ministers have endorsed the launch of the Taskforce on the Nature-related Financial Disclosures (TNFD) which has triggered many big financial services and investor companies to strengthen the reporting on biodiversity similar to climate mandated by Taskforce for Climate related Financial Disclosure (TCFD).

But are companies and financial institutions and regulators ready for nature disclosure? The question bears a significant importance in relation with disclosing gender sensitive nature dependencies. A recent assessment conducted by **UNEP and WCMC with inputs from UNEP FI and UNDP**[12] has analyzed the current extent to which nature-related risks are integrated within the corporate market and provided insights to improve the first version of the beta framework of the TNFD in a manner that considers the level of maturity of various companies in identifying nature-related risks and opportunities. Some of the main findings of these assessments are putting an emphasis on the importance and the need of social and gender dimension in particular of the nature disclosures:

- Companies have expressed the need for an integrated approach to nature-related risk management and disclosure, with social and gender dimensions also captured;
- Companies have acknowledged the need to identify and highlight the opportunities arising form addressing gender inequity and the solutions to address environmental decline. Investments with an ESG lens were estimated at 40 trillion USD in 2020, but only 17-20 billion USD of investments had a gender lens (IISD 2021). As companies increasingly look for nature-related opportunities, co-benefits for women and girls can and should be maximized to improve societal and economic resilience, as well as risks related to gender inequalities, including gender-based violence, taken into consideration;
- The potential for nature-related disclosure to integrate social dimensions was also acknowledged. Research from **World Wildlife Fund (WWF), UNEP and UNDP** focuses on generating an improved understanding of the connection of environmental crises and gender equity for financial institutions, through the institutionalization of gender equity as a core principle of ESG and enhanced disclosure. Nature-related disclosure could therefore capture

[11] https://www.cbd.int/doc/decisions/cop-14/cop-14-dec-34-en.pdf

[12] https://www.unepfi.org/wordpress/wp-content/uploads/2022/04/Are-you-ready-for-nature-related-disclosure.pdf

how companies contribute towards gender equality, in line with global goals such as Sustainable Development Goal (SDG) 5: Achieve gender equality and empower all women and girls;

- Research from UNEP has demonstrated that, although environmental decline affects everyone, its "burden weighs most heavily on the poor and vulnerable, where women are often overrepresented" **(UN Environment Programme (UNEP) 2021).** Gender has been recognized as a key consideration in achieving global environmental goals, with a rights-based approach and gender equality necessary to secure progress towards environmental sustainability **(WEF 2020**). In addition to being disproportionately affected by environmental decline, women are also poorly represented within corporate decision-making processes, making up only 29% of senior positions across the corporate sector (**Grant** Thornton **2019**). The gender gap in participation and leadership in those processes must be addressed to make institutions and policies more representative. With its focus on governance, strategy, risk management, and metrics and targets, the TNFD disclosure framework lends itself particularly well to the integration of gender equity considerations across corporate practices and decision-making processes.
- Increasing prevalence of gender-based violence linked to environmental degradation and resource scarcity. Research from IUCN[13] confirms that patterns of gender-based abuse are observed across environmental contexts. Gender inequality is pervasive across access to and control of natural resources; environmental pressure and threats; and environmental action to defend and conserve ecosystems and resources. Indigenous communities and in particular indigenous women, who are often at the frontlines of nature conservation and the protection of their resources and rights from extractive projects and corporate interests, face intersecting and reinforcing forms of gender-based and other violence **(IUCN, 2020)**

Note on women participation on corporate boards:

Indian academic researchers have studied the effect of women's participation on corporate boards reporting on climate change under Carbon Disclosure Project (CDP) by large Indian companies (link). The study concluded that there is a significant positive relationship between the percentage of women directors on boards and climate change disclosures to CDP.

Gender and Indigenous People

In November 2021, the Association of Indigenous Women of The Archipelago PEREMPUAN AMAN[14] presented a report on Gender-Based Violence in Natural Resource Management in Indonesia. The report was produced on the basis of data collected in 21 Indigenous communities and details the situation of Indigenous women in Indonesia, including their occupations, participation in customary decision-making, and access to natural resources. The reports emphasizes that while the role of women in sustainable resource management is very high, their **participation in customary decision-making remains low**. As a result, they remain vulnerable to discriminatory practices and violence. Researchers behind the report hope that it could be used to encourage changes in development policy in Indonesia so that it takes into account the interests and needs of Indigenous People in general and Indigenous women in particular[15].

The discrimination of women within the indigenous world is not limited to Indonesia. In general, women face multiple layers of discrimination. The issues of Indigenous women are not only about discrimination due to the general discrimination against Indigenous People but also based on their gender. The situation is becoming even more acute on the issues of land rights. Some

[13] https://portals.iucn.org/library/node/48969

[14] https://perempuan.aman.or.id/en/

[15] https://perempuan.aman.or.id/workshop-konsultasi-hasil-riset-pemantauan-kekerasan-berbasis-gender-perempuan-aman/

indigenous communities have changed their own customary laws to remove their discriminatory aspects against women but the changes are happening at a very slow rate. According to the ***Cultural Survival*** the indigenous women are becoming more aware of their rights both as women and as a member of Indigenous Community but the progress can be sustained only with continuous advocacy and focus on rights-based approaches.

Indigenous women face significant challenges to the full enjoyment of their human rights. Indigenous women experience multiple form of discrimination, often lacks access to education, health care and ancestral lands, face disproportionately high rates of poverty and are subject to violence, such as domestic violence and sexual abuse, including in the context of trafficking and armed conflict. As the United Nations Permanent Forum on Indigenous Issues (UNPFII) has stated, globalization presents additional challenges in many parts of the world. Indigenous women's roles have eroded due the compounding factors of loss of natural resources and depletion of the ecosystems, their transformation into cash economies, changes in local, social and decision-making structures, and their lack of political status within States.

Gender mainstreaming, a strategy to reduce disparities between men and women, involves ensuring that gender perspectives and attention to the goal of gender equality are central to all activities. Gender equality is not only the concern of women, but of men and boys too. This was highlighted by Ole Henrik Magga, former Chairperson of the UNPFII, who, when speaking at the high level panel at the third session of the Permanent Forum, stated[16]: "*So often it seems to me that an important role of indigenous peoples in the global debates of our times is to remind us all of what we may have forgotten, (that) indigenous cultures rely on gender complementarity – a symbiosis, which values both women's business and men's business — a complementarity that ensures both mutual respect and balance".*

Mainstreaming a gender perspective in development initiatives can make a real difference. For instance, indigenous men's and women's situations can be better understood through the analysis of **gender disaggregated data** (qualitative and quantitative). Based on their needs assessment and their development priorities, various programs such as awareness raising, social mobilization, organization building, training, saving and credit schemes, income generation, functional literacy and cultural revitalization, will be prepared and implemented with their full participation

Mainstreaming a **gender perspective to indigenous peoples' issues** will have several practical implications. They can be summarized as follows:

- The role of indigenous women as custodians of culture, language and beliefs will be strengthened and their status will be respected by society. They will be able to strengthen their roles in the protection of the environment and biodiversity.
- With the raising of multiple consciousnesses among indigenous women, differences in experiencing gender between indigenous women and women of dominant groups in many respects will be eventually narrowed. Oppressions and discriminations based on sex, race, caste or ethnicity, class and sexual orientation will be reduced. This will also enhance the image of indigenous peoples.
- The capacity of indigenous women to participate in policy formation will be enhanced.
- The economic, political, cultural, educational and health status of indigenous women will be improved. The elevated status of indigenous women will also contribute to improvements in the life conditions of indigenous peoples.
- The claims of indigenous peoples for land rights, the right to natural resources and right to self-determination, consultation, participation and special representation will be more forceful and compelling.
- Violence against indigenous women will decrease and they will effectively exercise their agency to get rid of sexist, racist and other forms of oppressions.

[16] https://www.un.org/esa/socdev/unpfii/documents/BriefingNote1_GREY.pdf

- Development programs will be in consultation and cooperation with indigenous peoples and will therefore be more equitable and capable of appropriately addressing indigenous peoples' issues. Development planners will take into account the people targeted by development activities.

Mainstreaming gender in the project design

Mainstreaming a gender perspective represents a mean to support equality and inclusion. It involves assessing and addressing the positive and negative implications of any planned biodiversity-related actions on women and men, and on the relationships between them, to avoid reinforcing existing inequalities. It entails designing, implementing and reviewing initiatives so that they benefit women and men equally.

The project design has consistently mainstreamed gender responsive approaches and has created opportunities for tackling women's needs and putting forward integrated solutions leveraging **gender-environment nexus**, more explicitly through the implementation of **Gender Action Plan (GAP)**. The GAP is explicitly aiming at creating gender justice by supporting premises for equal access to opportunities derived from the project activities. Gender considerations are also mainstreamed in the **Theory of Change**, **project outputs, results framework, activities, and budget**. Documentation, case studies and knowledge generated by the project will be gender-sensitive and inclusive of diverse groups among contributors and audiences. The project will also gather gender-disaggregated data for evaluation purposes and use gender sensitive indicators (particularly around beneficiaries) to facilitate planning, implementation and monitoring.

The **methodology** for the development to GAP was carried out in three phases: (i)The first phase focused on the in-depth review of the Project planning documents developed to date: Project Results Framework, Project structure and actions, Budget, Risks and safeguards, Stakeholders Engagement Plan. This exercise made it possible to define the scope and identify opportunities for mainstreaming the gender approach. In this phase, consultations and meetings were held with UNDP specialists and key project partners to explore options for the mainstreaming gender-responsive actions throughout the project. (ii)The second phase consisted of review of secondary data and available literature, compiling a gender analysis and establishing direct links where the identified needs and gender gaps evidenced for the project can be addressed through the project framework. (iii) The third phase was represented by the analysis of information and generation of GAP. This process was also supported by the analysis of the results of the consultations held during the development/calibration of the TNFD main Framework but also by the results of various consultations during the project preparation and the brainstorming during the design of project activities.

Gender Action Plan (GAP)

Output	Gender-specific Action	Responsibility	Indicator	Timeline	Budget
Component 1. **TECHINCAL DEVELOPMENT**					
Outcome 1. Utility of the TNFD Framework improved to support market adoption					
Output 1: Deepen, Diversify and Broaden the TNFD Framework for Wider Applicability	Include gender-specific analysis and gender-disaggregated indicators under the ESIA. Under the **Outputs 1.1-1.4** the project will support additional guidance to aid the TNFD Framework up-taking and will include gender responsive methodologies, integrated nature-climate-people approaches to nature related risk management and disclosure and will identify and highlight opportunities arising from addressing gender inequity. Opportunities will include nature positive solutions to address environmental decline, with maximized equitable co-benefits for women, girls, men and boys. Under **Output 1.5.,** the project will support the TNFD Knowledge Bank provides one key element of supporting the dissemination of nature-positive business case studies, promoting inclusive, and gender-responsive approaches in nature-disclosures, and promoting peer-to-peer learning. Additional resources will be invested in global learning tools, such as Massive Online Open Courses facilitated through the Learning for Nature Platform (https://www.learningfornature.org).	PMU and RPs	Project Indicator 16: Availability of human-rights, gender responsive and climate-sensitive guidance for companies to apply TNFD recommendations and risk assessment framework for five key sectors: Finance, Agriculture, Timber, Extractives (oil, gas, mining), and Infrastructure.	Year 1-2	No additional budget required – In-kind/within core duties of PMU (Gender/Safeguards/DD project staff) and RPs.
Component 2. CAPACITY BUILDING					
Outcome 2. Stakeholders in developing countries have the interest and ability to support uptake of TNFD framework, including strong engagement from corporate actors in developing countries					
Output 2 Build Capacity for Scaling-up Assessment of Nature-related Risks and opportunities and Disclosures in Developing Markets	Under **Output 2.1** The project-supported National Consultation Groups Process (an industry-led stakeholder dialogue) to expand outreach and engagement on nature-related business and finance and TNFD Framework) will ensure that the national consultations will include equal participation opportunities for men and women and the representativity of the poor and marginal groups including IPLC organizations and in as much as possible also women indigenous groups organizations. Under **Output 2.2.** the project will support capacity building for corporate actors to disclose nature related risks and opportunities based on TNFD Framework, pursuing multiple engagement channels with private sector at national level in the participating countries. During these capacity building activities, the project will consistently ensure equal participation opportunities and if possible will advocate	PMU and RPs UNDP COs involved in BIOFIN activities	At least a 2/3 proportion of women/men participating in the capacity building events At least two training modules incorporating gender-responsive aspects	Year-2-6	No additional budget required; tasks included within the responsibilities of Gender/Safeguards/DD project staff.

	for the participation of women board members in the capacity building activities.				
Component 3 AWARENESS RAISING					
Outcome 3: Global investors and lenders are aware of and understand the TNFD framework, and modify investment decisions in developing countries to take account of nature related risks and opportunities					
Output 3 Drive Market Adoption by Identifying and Lowering Barriers that Impede Adoption of the TNFD Framework.	The project will engage with financial institutions, investors, and corporates with high nature risk exposure in developing countries. During these awareness raising events, the project will ensure that IPLC will have equal opportunities for participation, with particular focus on supporting the indigenous women participation. The project supported KM products will highlight gender differenced in impacts and provide gender responsive knowledge materials.	PMU and RPs UNDP COs involved in BIOFIN activities IUCN – for the engagement with IPLC	All KM products highlight gender differences in impacts and provide gender-responsive recommendations. Proportion of women/men who use the online knowledge resources	Year 1-6	No additional budget required – In-kind/within core duties of PMU (Gender/Safeguards/DD project staff) and RPs. (costs of events are included within the total budget)
Component 4 REGULATORY INCENTIVES					
Outcome 4 Government policy makers and regulators are aware of and understand TNFD Framework, and take actions to consider implementing mandatory regulations requiring reporting and disclosure using the TNFD Framework in ways that provides clarity and certainty for the private sector, catalyzing incentives for market adoption and upscaling of TNFD Framework.					
Output 4 Nature-risk Regulatory Landscape Developed to Reduce Uncertainty in the Market	The project will support assessment of the degree of alignment of existing ESG disclosure regulation with the four pillars of the TNFD framework and the underlying LEAP approach. Concomitantly, the project will ensure mainstreaming the E/S safeguards and gender responsive considerations (e.g. incorporation of policies to help ensure that practices do not inadvertently harm women, while improving the nature impact of operations), within the technical guidance offered to Governments, Financial Supervisors, Central Banks on putting in place adequate regulatory adjustments that ensure existing disclosure regulations will be aligned with TNFD to avoid regulatory fragmentation.	PMU and RPs UNDP COs involved in BIOFIN activities	Gender-responsive management measures mainstreamed in the Technical Guidance for ESG-TNFD alignment	Year 3	TBD
Component 5 APPLICATION TOOLS					
Outcome 5 Tools and methodologies are developed to support assessment of nature-risk assessment (application of LEAP approach), and defines sector transition pathways to tackle transition risks from nature-negative to nature-positive outcomes					
Output 5 Innovation and Data to Assess Nature Risks	Under this output the project will develop Methodologies and Guidance, to identify key data gaps, and assess how to catalyze data availability and support linkages of the development of metrics for corporate nature disclosure aligned with biodiversity targets at national (e.g. NBSAPs) and global level (post 2020 Global Biodiversity Framework). During this work, the project will ensure that gender considerations are included in these Methodologies and Guidance by conducting Targeted Assessments (as needed) with focus on specific issues (social and gender issues; and/or biodiversity ecosystem specifics).	PMU and RPs UNDP COs involved in BIOFIN activities	Gender responsive Methodologies and Guidance	Year 2-4	TBD
Component 6 INCLUSIVE AND JUST TRANSITION					
Outcome 6 The development and implementation of nature-risk related frameworks and guidelines is inclusive and adequately incorporate multi-stakeholder inputs and considerations					

Output 6 Ensure Inclusive and Rights-based Assessment of Nature Risk	The project will ensure that the full range of stakeholders is engaged and consulted in the market adoption and up-scaling of the TNFD Framework, including civil society, local communities and indigenous groups, nature users, unions, women and other marginalized groups. This will include a focus on the mainstreaming of gender considerations in nature-risk assessment, considering that women in rural communities (especially indigenous women) have disproportionately higher nature risk and dependency. This work will ensure that the development and implementation of the TNFD Framework incorporates a human-rights based approach, and reflects equal opportunities for men and women and indigenous peoples' rights in relation to nature risk and opportunity-assessment, aligned with the SES requirements and as specified in the SESP and ESMF.	PMU and RPs IUCN	Project indicator 33: Development at least one set of additional guidelines/discussion paper on mainstreaming gender in the assessment of nature risks and opportunities. Increased engagement of women in nature-risk assessment and disclosure, based on participation quotas in consultation groups, stakeholder dialogues, etc. Project indicator 38: Consistency of project gender mainstreaming approach with project plans	Year 1-6	Part of core functions of PMU costs Additional budget (tbd) for IPLC engagements included within the budget managed by RPs and IUCN.

1.27. Annex 6: Stakeholder Engagement Plan

Please see attached document.

The full Stakeholder Engagement Plan is attached as a separate document. The table below summarizes engagement with key stakeholders.

Stakeholder Group	Interest and Influence on the project	Engagement strategy
Financial institutions (FIs) (private sector)	FIs will be key to shaping the TNFD framework and recommendations, ensuring they are designed in a way that can be widely adopted and incorporated into existing risk management systems across the diversity of banks, insurers, investors and other FIs. These institutions will likely have an interest in influencing the direction the Framework takes and engage accordingly. The involvement and support of the finance sector in the Project are critical to driving the broader business sector adoption and implementing the recommendations that come out of the TNFD.	- Participation of FIs in the established process for developing TNFD guidance, through technical working groups, and specific concrete steps in the process (Outcome 1). - FIs as beneficiaries of the capacity building for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome 2). - FI as beneficiaries of the awareness raising activities and wider stakeholder engagement strategies (Outcome 3). - FI participation in the consultations for the development of regulatory landscape to reduce uncertainty of the market, engagement in market pilots in participating countries (Outcome 4). - FI participation in the consultations during the implementation of the application tools developed by the project to support nature risk assessments (Outcome 5).
Corporations (Multilateral organizations, industry groups, asset managers, institutional investors, membership groups (such as WEF, WBCSD, We Value Nature, UN PRI, NGFS, etc.), unions, platforms etc., potentially including SMEs) (private sector)	Corporations are central to the TNFD and should have a strong interest in it, as corporate risk reporting could be significantly impacted by the framework adopted by the TNFD and used by their investors, lenders, and insurers. They will be able to provide guidance on current corporate policies and reporting practices and the areas where they can be strengthened and supported by the TNFD. It will be important for corporates to be vocal supporters of the TNFD to help it gain broad support, and to indicate to FIs that the TNFD Framework and recommendations are realistic and achievable for the sector.	- Participation in the technical working groups and wider consultations on the supporting guidance of the primary TNFD Framework and additional guidance on LEAP Risk Assessment for the targeted sectors (Outcome 1). - Corporations will be the main beneficiaries of the capacity building activities for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome2). - Corporations as Beneficiaries of the Awareness Raising activities and wider stakeholder engagement strategies (Outcome 3). -Participation of corporate representatives in the country specific demonstration activities aiming at the implementation of the tools and methodologies to support assessment of nature risks, including human rights approaches in the disclosure of nature

		dependencies risk and opportunities (Outcome 5). -Participation in multi-stakeholder consultations based on inclusive gender responsive approaches (Outcome 6).
Financial service providers (e.g. rating agencies, insurance companies, accounting firms, stock exchanges, consulting firms, index providers and data providers) (private sector)	Some of the world's largest ratings agencies such as S&P have stated that TCFD recommendations could make the further incorporation of climate and environmental disclosures and their associated risks into credit ratings more consistent and transparent. The TNFD will help do this for disclosures specific to nature. Having rating agencies participate in the development of the TNFD Framework will be important to ensure that the data produced will be useful for the ratings process. Market and financial data providers also have a strong interest in disclosing nature-related risk and the data produced from these disclosures, which will feed into their analyses and data services. Their participation in the TNFD is important to ensure that the data produced from the TNFD Framework is useful for the broader data service industry.	-Engagement with rating agencies and data providers will be sought as part of the market relevance testing , via targeted efforts to ensure they are updated and consulted on the progress of the TNFD additional guidance, tools and methodologies; and for testing the incorporation (reflection) of TNFD disclosures in: (i) insurance premiums, (ii) rating methodologies and analysis (iii) accounting firms'/consulting firms technical capacities to support companies to disclose nature risks (iv) stock exchange requirements for listing companies (v) nature positive and nature negative indexes to provide basis for shifting financial flow; (vi) readily available data for financial data customers etc. (Outcome 3/output 3.2). - Beneficiaries of capacity building and awareness raising events (Outcome 2 and 3). - Specific webinars aimed to obtain feedback from those developing reporting information for use within the framework. - Financial service providers are expected to support the uptake and implementation of TNFD.
Governments	Adopting the necessary enabling environments for the implementation of TNFD may be used by the governments as a unique opportunity to send a strong signal to the financial system to bring financial flows in line with the need for biodiversity conservation and restoration. Government donor agencies are also an essential partner in the development and resourcing of the Nature Disclosures project. Via the G20's Sustainable Finance Working Group (Led by the US and China) and the Financial Stability Board (FSB) the TNFD will work to obtain a wider political mandate to strengthen its uptake.	- Participation in the development of the specific guidance with sector and biome considerations (Outcome 1). -Relevant government stakeholders, including ministries of finance, central banks, and regulators will participate in the development of regulatory incentives, catalyzing incentives for market adoption and upscaling TNFD Framework (Outcome 4). - As beneficiaries under the capacity building and awareness activities (Outcome 2 and 3). - Participation in the implementation of tools, guidance and methodologies at country level and including LEAP Assessments (Outcome 5). - Supporting TNFD in its consideration of rights-based approaches, including participation in the multi-stakeholders,

	To further support and engage governments in the phases of the TNFD Framework, methodology development, and implementation, special attention will be given to the role of governments for alignment with national reporting of Parties as required under the United Nations Convention on Biological Diversity (UN CBD).	inclusive, human-rights based approaches; governments' participation will be especially important during the LEAP Assessments (Outcome 5), engaging with corporations and indigenous peoples and local communities (IPLC) (as orchestrated under TNFD's current initiatives), ensuring rights based approaches to any potential conflict resolution mechanism (Outcome 6). Governments are expected to show strong interest in the project to increase their awareness and understanding of the TNFD Framework. The project will also work with them as relevant to assist them in putting in place policies and regulatory measures that apply the TNFD Framework, in order to create more certainty for the private sector in relation to their obligations related to nature-risk assessment and disclosure. Policy measures, regulatory measures, and market clarity will all provide incentives for private sector market adoption and up-scaling of the TNFD Framework.
Financial regulators / Central Banks	Financial regulators and Central Banks have a strong interest in managing the financial risks that biodiversity loss poses to the financial sector as part of their broader mandate, but until now they struggle to include 'nature risk' as part of their mandate of financial and monetary stability.	- Participation in the project as Beneficiaries of the Capacity building for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome 2). -As Beneficiaries of the Awareness Raising activities and wider stakeholder engagement strategies (Outcome 3). -Participation in the consultations for the development of regulatory landscape to reduce uncertainty of the market, engagement in market pilots in participating countries (Outcome 4). - The project will engage developing country partners through existing initiatives and relationships, such as the Principles for Responsible Banking (PRB), BIOFIN, and NGFS. Building capacity related to the TNFD framework will encompass a wide variety of approaches, including leveraging existing initiatives, such as the PRI(and the associated PRI Academy), and the Sustainable Banking and Finance Network (SBFN). - Participation of key senior supervisors / central banks in various events and webinars, different working groups etc. to support the development of the

		regulatory enabling environment for TNFD upscale.
International organizations	International organizations can provide support, expertise, and knowledge on assessing nature-based risks in the financial system. International standards organizations (financial and non-financial) such as the Institute of Chartered Accountants in England and Wales (ICAEW), Climate Disclosure Standards Board (CDSB), Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), Sustainable Stock Exchanges Initiatives (SSEI), International Sustainability Standards Board (ISSB), European Financial Reporting Advisory Group (EFRAG) etc. can help determine gaps in current reporting, support the development of additional guidance for the targeted sectors and identify where the TNFD can help to further the consideration of natural capital risk.	- Participation in different knowledge platforms, providing feedback to help determine gaps in current reporting and where the TNFD additional guidance for targeted sectors can help to further the consideration of natural capital risk (Outcome 1) - Participation in market relevance, providing feedback (Outcome 3) - Participation in specific webinars aimed to obtain feedback from those international organizations' information for use within the framework (Outcome 3) - International standards organizations (financial and non-financial reporting) – International Organization of Securities Commissions (IOSCO), International Financial Reporting Standards (IFRS), ISSB, EFRAG, ICAEW, CDSB, SASB, GRI, etc. to help publicize the TNFD and promote take up.
NGOs and civil society organizations (CSOs) including human rights organizations	NGOs and CSOs have produced a range of tools, reporting frameworks, standards, and methodologies on nature-related risks that has informed the TNFD Framework development and will continue to inform its upscaling and additional guidance for targeted sectors. This has included tools such as ENCORE, IBAT, and Impact360. To promote comparability, cooperation and strengthen the legitimacy of the TNFD, it is important to promote alignment across the various NGO-led disclosure regimes, frameworks, standards, and initiatives on nature-related risk and natural capital. Human rights and indigenous groups NGOs / CSOs have a strong interest in inclusive and rights-based nature disclosures, and will	- Participation of NGOs / CSOs in the established process for developing TNFD additional guidance, through technical working groups, and specific concrete steps in the process; including ensuring human rights based approaches to nature risk assessments(Outcome 1). - NGOs / CSOs beneficiaries of the capacity building for assessment and disclosure of nature risk based on TNFD framework and additional guidance (Outcome 2). - NGOs / CSOs as beneficiaries of the awareness raising activities and wider stakeholder engagement strategies (Outcome 3). - NGOs / CSOs participation in the consultations for the development of regulatory landscape to reduce uncertainty of the market, engagement in market pilots in participating countries (Outcome 4). -NGOs / CSOs participation in the consultations during the implementation of the tools and platforms developed by

	have concerns about a market-led process.	the project to support nature risk assessments (Outcome 5). - NGOs / CSOs supporting inclusive, gender responsive local stakeholders' engagements across components; - Within the scope of initiatives undertaken by TNFD and managed by the TNFD Secretariat, human rights organizations and indigenous groups representative associations will be consulted to support engagement with local indigenous groups to ensure that indigenous peoples' rights in relation to nature risk assessment are included (Outcome 6).
Academia	Academic institutions have also led a range of important research initiatives, frameworks, and tool development that will inform the TNFD framework and recommendations, for example, the Biodiversity Impact Measurement (BIM) Tool developed by the Cambridge Institute for Sustainability Leadership (CISL). These institutions have a strong incentive to engage with the TNFD to support the uptake of their research outputs and tools and to demonstrate their policy impact. Engagement and buy-in from academic institutions is key to ensure the TNFD process maintains scientific credibility and uses the best available science to inform its recommendations.	Within the scope of initiatives undertaken by TNFD and managed by the TNFD Secretariat: - Academic institutions will be consulted and updated throughout the TNFD upscaling process to ensure scientific credibility of the recommendations. - Research institutes will be invited to participate in consultations during the implementation of the additional guidance, methodologies and tools developed by the project to support nature risk assessments (Outcome 1 and Outcome 5).

1.28. Annex 7: Overall Project Budget and Planned Work Packages

The project budget is allocated to the different components as summarized below.

Summary Budget Breakdown by Component

Project component	Budget
Component 1 (Technical Development)	€ 4.020.000
Component 2 (Capacity Building)	€ 4.763.000
Component 3 (Awareness Raising)	€ 4.225.000
Component 4 (Regulatory Incentives)	€ 2.030.000
Component 5 (Application Tools)	€ 6.850.000
Component 6 (Inclusive and Just Transition)	€ 700.000
Sub-total Technical Components	***€ 22.588.000***
Global Project Management and DPC	€ 3.992.491
Total Programme Budget	***€ 26.580.491***
UNDP GSM (8%)	€ 2.126.439
UN 1%	€ 287.069
Grand Total	***€ 28.994.000***

Work Packages

The project will be carried out through five work packages, to be executed by UNDP under the global DIM approach, plus four designated Responsible Parties: the GFI (as custodian for the TNFD Secretariat), UNEP FI, Global Canopy and WWF. The various additional sub-contractors will be contracted by UNDP or the TNFD Secretariat.

Work Package 1: UNDP BPPS / NCE Global DIM Component		
C1: Technical Development	1.5 TNFD Global Capacity Building Resources and Knowledge Platform	€820,000
C2: Capacity Building	2.2. Build capacity of developing country corporates to assess and disclose nature risks and opportunities based on TNFD framework (implementation) and sector, biome and other guidance	€513,000
	2.3. Tackling the supply chain - guidance and training on nature risk and opportunity assessment throughout the supply chain	€500,000
C3: Awareness Raising	3.1. Engagement with global / developed country financial institutions and investors on applying, understanding, using the TNFD framework, and making investment decisions in relation to corporate nature-risk disclosures	€825,000
C6: Inclusive and Just Transition	6.2. Guidelines on mainstreaming gender in nature-risk assessment	€100,000
	Total	€2,758,000

Work Package 2: Green Finance Institute (as custodian for TNFD Secretariat)		
C1: Technical Development	1.1 Supporting guidance on primary TNFD Framework, including LEAP risk and	€500,000

	opportunity assessment approach, and initial guidelines	
	1.1.2 Sub-activity TNFD annual status report and annual review of implementation	€500,000
	1.2. Further Elaboration and Guidance for Priority Sectors (finance; food and beverage (agriculture); forestry and paper; extractives and minerals; and infrastructure)	€500,000
	1.3 Further Elaboration and Guidance for Priority Biomes	€500,000
	1.4. Alignment of TNFD with global sustainability standards and tools	€400,000
	1.5 TNFD Global Capacity Building Resources and Knowledge Platform	€125,000
C2: Capacity Building	2.1. Scaling-up NCG Process	€700,000
	2.1.1. Sub-Activity on NCG Process for China	€200,000
C3: Awareness Raising	3.1. Engagement with global / developed country financial institutions and investors on applying, understanding, using the TNFD framework, and making investment decisions in relation to corporate nature-risk disclosures	Included below.
	3.1.1. Sub-activity on FI-Asset Management and Insurance	€50,000
	3.1.2. Sub-activity on FI-Banking	€50,000
	3.1.3. Sub-activity on FI-Institutional investors and other large capital investors (sovereign wealth funds, university endowments, pension funds, private equity)	€50,000
	3.2. Engagement with Financial Service Providers	€100,000
	3.2.1 Sub-activity on FS-Ratings Agencies	€100,000
	3.2.2. Sub-activity on FS-Accounting Firms	€100,000
	3.2.3. Sub-activity on FS-Consulting Firms	€100,000
	3.2.4. Sub-activity on FS-Index Providers	€100,000
	3.2.5. Sub-activity on FS-Financial Data Providers	€100,000
C4: Regulatory Incentives	4.1. Engagement with developed country regulators - US, EU, UK, Japan, etc.	€200,000
	4.3. Engagement with developing market pilot country governments and regulators - 10-15 pilot countries (consistent with previous)	€400,000
Other: Communications	Translation, publications, etc.	€685,000
	Total	€5,460,000

Work Package 3: UNEP FI		
C3: Awareness Raising	3.1. Engagement with global / developed country financial institutions and investors on applying, understanding, using the TNFD framework, and making investment decisions in relation to corporate nature-risk disclosures	€300,000

	3.1.1. Sub-activity on FI-Asset Management and Insurance	€100,000
	3.1.2. Sub-activity on FI-Banking	€200,000
	3.1.3. Sub-activity on FI-Institutional investors and other large capital investors (SWFs, university endowments, pension funds, private equity)	€100,000
	3.3 Engagement with global corporate entities with high nature-risk exposure in developing countries	€200,000
C4: Regulatory Incentives	4.2. Engagement with stock exchanges	€280,000
	4.3. Engagement with developing market priority country governments and regulators - 10-15 priority countries (consistent with previous)	€500,000
C5: Application Tools	5.4. Aligning global and corporate nature risk targets	€300,000
	5.5. Creation of a 'Nature Risk Institute', including Development of methodologies and guidance on pricing nature-risk	€300,000
Other: Communications	Communications	€100,000
	Total	€2,380,000

Work Package 4: Global Canopy		
C1: Technical Development	1.2. Further Elaboration and Guidance for Priority Sectors (finance; food and beverage (agriculture); forestry and paper; extractives and minerals; and infrastructure)	Included with 1.2.2 below.
	1.2.2 Sub-activity: Assess data gaps and develop data roadmaps for implementation of TNFD and priority sector guidance. Package into data supply maps for TNFD Knowledge Hub.	€300,000
	1.3 Further Elaboration and Guidance for Priority Biomes	€200,000
	1.4 Alignment of TNFD with global sustainability standards and tools	€50,000
	1.5 TNFD Global Capacity Building Resources and Knowledge Platform	€125,000
C2: Capacity Building	2.2. Build capacity of developing country corporates to assess and disclose nature risks and opportunities based on TNFD framework (implementation) and sector, biome and other guidance	€500,000
	2.4. Engagement with developing country investors / FIs	€200,000
C3: Awareness Raising	3.1. Engagement with global / developed country FIs and investors on applying, understanding, using the TNFD framework, and making investment decisions in relation to corporate nature-risk disclosures	€150,000
	3.2. Engagement with Financial Service (FS) Providers	€200,000

	3.3 Engagement with global corporate entities with high nature-risk exposure in developing countries	€300,000
C5: Application Tools	5.4. Natural Capital Data Catalyst	€200,000
Other: Communications	Communications	€50,000
	Total	€2,275,000

Work Package 5: WWF		
C2: Capacity Building	2.2. Build capacity of developing country corporates to assess and disclose nature risks and opportunities based on TNFD framework (implementation)	€500,000
	2.4. Engagement with developing country investors / Financial Institutions	€100,000
C3: Awareness Raising	3.1. Engagement with global / developed country financial institutions and investors on applying, understanding, using the TNFD framework, and making investment decisions in relation to corporate nature-risk disclosures	€200,000
	3.3 Engagement with global corporate entities with high nature-risk exposure in developing countries	€150,000
C4: Regulatory Incentives	4.3. Engagement with developing market priority country governments and regulators	€350,000
C5: Application Tools	5.3. Developing country-specific nature-positive taxonomies to support opportunities for nature-positive investment; nature-based solutions	€500,000
	5.5. Creation of a 'Nature Risk Institute', including Development of methodologies and guidance on pricing nature-risk	€50,000
Other: Communications	Communications	€50,000
	Total	€1,900,000

Sub-contract: BIOFIN		
C2: Capacity Building	2.2. Build capacity of developing country corporates to assess and disclose nature risks and opportunities based on TNFD framework (implementation) and sector, biome and other guidance	€120,000
C4: Regulatory Incentives	4.3. Engagement with developing market priority country governments and regulators	€300,000
C5: Application Tools	5.3. Developing country-specific nature-positive taxonomies to support opportunities for nature-positive investment; nature-based solutions	€250,000
	Total	€670,000

Sub-contract: WBCSD		
C2: Capacity Building	2.2. Build capacity of developing country corporates to assess and disclose nature risks and opportunities based on TNFD framework (implementation) and sector, biome and other guidance	€430,000
C3: Awareness Raising	3.1. Engagement with global / developed country financial institutions (FIs) and investors on applying, understanding, using the TNFD framework, and making investment decisions in relation to corporate nature-risk disclosures	€100,000
	3.2. Engagement with Financial Service (FS) Providers	€250,000
	3.3 Engagement with global corporate entities with high nature-risk exposure in developing countries	€250,000
C6: Inclusive and Just Transition	6.3. Guidelines on integrating indigenous peoples' rights in nature-risk and opportunity assessments	€150,000
	Total	€1,180,000

Sub-contract: IUCN		
C6: Inclusive and Just Transition	6.1. Engagement with global / developed country financial institutions (FIs) and investors on applying, understanding, using the TNFD framework, and making investment decisions in relation to corporate nature-risk disclosures	€300,000
	6.3. Guidelines on integrating indigenous peoples' rights in nature-risk and opportunity assessments	€150,000
	Total	€450,000

Sub-contract: Other possible subcontractors		
C2: Capacity Building	2.2. Build capacity of developing country corporates to assess and disclose nature risks and opportunities based on TNFD framework (implementation) and sector, biome and other guidance	€200,000
	2.3. Tackling the supply chain - guidance and training on nature risk and opportunity assessment throughout the supply chain	€500,000
	2.4. Engagement with developing country investors / Financial Institutions	€300,000
C3: Awareness Raising	3.3 Engagement with global corporate entities with high nature-risk exposure in developing countries	€150,000
C5: Application Tools	5.1. Natural Capital Data Catalyst, including leveraging existing tools and platforms (e.g. IBAT, TRASE & TRASE Finance, Forest500, Aligned Accountability, WWF-SIGHT, etc.)	€1,250,000

	5.2 National / Local Ecosystem Assessment Framework and Methodology	€2,500,000
	5.4. Aligning global and corporate nature risk targets (link with Output 1, guidance, to develop guidance on metrics and targets)	€1,000,000
	5.4.1. Scoping study and strategy for scaling the market adoption of the TNFD framework	€ 500,000
	Total	€6,400,000

Global Project Management and Technical Support Unit (Global/Cross-cutting)	
Global Project Coordinator, 100%	€859,000
Operations Specialist (P3 FTA – 50%)	€700,000
Global Project Assistants – Junior Financial and admin processing officer (50%) and Junior Technical Officer (50%)	€540,000
Project due diligence and safeguards support specialist (if required)	€120,000
Publications, graphic design, etc.	€350,000
Translation Services	€475,000
Travel (international)	€120,000
Supplies/Office expenses	€6,000
Monitoring and Evaluation	€190,000
Project audits	€90,000
Contingency (TNFD Sec)	€112,491
DPC	€430,000
Total	€3,992,491

1.29. Annex 8: Multi-Year Work-plan

Gantt Chart Work Plan (v. Nov. 11, 2022)

	2023				2024				2025				2026				2027				2028			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Component 1: Technical Development																								
1.1 Supporting guidance on primary TNFD Framework, including LEAP risk and opportunity assessment approach, and initial guidelines																								
1.1.2 Sub-activity on TNFD annual status report and annual review of implementation																								
1.2. Further Elaboration and Guidance for Priority Sectors (finance; food and beverage (agriculture); forestry and paper; extractives and minerals; and infrastructure)																								
1.2.2 Sub-activity: Assess data gaps and develop data roadmaps for implementation of TNFD and priority sector guidance. Package into data supply maps for TNFD Knowledge Hub.																								
1.3 Further Elaboration and Guidance for Priority Biomes																								
1.4. Alignment of TNFD with global sustainability standards and tools																								
1.5 TNFD Global Capacity Building Resources and Knowledge Platform																								

	2023				2024				2025				2026				2027				2028			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Milestone 1: Finalization of the TNFD Framework																								
Milestone 2: TNFD Annual Status Report Published																								
Component 2: Capacity Building																								
2.1. Scaling-up National Consultation Group Process																								
2.1.1. Sub-activity on NCG Process for China, and further steps																								
2.2. Build capacity of developing country corporates to assess and disclose nature risks and opportunities based on TNFD framework (implementation) and sector, biome and other guidance																								
2.3. Tackling the supply chain - guidance and training on nature risk and opportunity assessment throughout the supply chain																								
2.4. Engagement with developing country investors / Financial Institutions																								
Component 3: Awareness Raising																								
3.1. Engagement with global / developed country financial institutions (FIs) and investors on applying, understanding, using the TNFD framework, and making investment																								

	2023				2024				2025				2026				2027				2028			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
decisions in relation to corporate nature-risk disclosures																								
3.1.1. Sub-activity on FI-Asset Management and Insurance																								
3.1.2. Sub-activity on FI-Banking																								
3.1.3. Sub-activity on FI-Institutional investors and other large capital investors (SWFs, university endowments, pension funds, private equity)																								
3.2. Engagement with Financial Service (FS) Providers																								
3.2.1 Sub-activity on FS-Ratings Agencies																								
3.2.2. Sub-activity on FS-Accounting Firms																								
3.2.3. Sub-activity on FS-Consulting Firms																								
3.2.4. Sub-activity on FS-Index Providers																								
3.2.5. Sub-activity on FS-Financial Data Providers																								
3.3 Engagement with global corporate entities with high nature impacts and dependencies in developing countries																								

	2023				2024				2025				2026				2027				2028			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Component 4: Regulatory Incentives																								
4.1. Engagement with developed country regulators - US, EU, UK, Japan, etc.																								
4.2. Engagement with stock exchanges																								
4.3. Engagement with developing market priority country governments and regulators - 10-15 priority countries (consistent with previous)																								
Component 5: Application Tools																								
5.1. Natural Capital Data Catalyst																								
5.2 National Ecosystem Assessment Framework and Methodology - Biosphere Integrity Index for Planetary Boundaries Framework																								
5.3. Developing country-specific nature-positive taxonomies to support opportunities for nature-positive investment; nature-based solutions																								
5.4. Aligning global and corporate nature risk targets (link with Output 1, guidance, to develop guidance on metrics and targets; linking SBTN with GBF post-2020 indicators at																								

	2023				2024				2025				2026				2027				2028			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
national level, including links to NBSAPs)																								
5.5. Creation of a 'Nature Risk Institute', including Development of methodologies and guidance on pricing nature-risk																								
Component 6: Inclusive and Just Transition																								
6.1. Engagement with civil society, local resource users and communities, IPLC, unions, and other key stakeholders in 10-15 priority countries																								
6.2. Guidelines on mainstreaming gender in nature-risk assessment																								
6.3. Guidelines on integrating indigenous peoples' rights in nature-risk and opportunity assessments																								

1.30. Annex 9: IKI Baseline Standard Indicator Report

See attached document.

1.31. Annex 10: Overview of Country-level Engagement

See attached document.

1.32. Annex 11: Capacity Assessments

See document attached.

1.33. Annex 12: Administration Agreement with BMU

AGREEMENT BETWEEN THE GOVERNMENT OF GERMANY (Donor) AND THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) REGARDING CONTRIBUTION TO THE UNDP FUNDING WINDOW on NATURE, CLIMATE AND ENERGY

1. Pursuant to the Terms of Reference of the UNDP Trust Fund titled 'Nature, Climate and Energy Funding Window' established by the Administrator of UNDP on 18 July 2019, and which Terms of Reference are attached to this Agreement as Annex 1; the Government of Germany (the "Donor") is making available a contribution of EURO 28,706,931(twenty-eight million seven hundred six thousand nine hundred thirty-one Euros) (the "Contribution") to be administered by the United Nations Development Programme ("UNDP") and the Donor (together, the "Parties") in accordance with the above mentioned Terms of Reference and UNDP's regulations, rules, directives, policies and procedures.

2. The Contribution is intended for use only in UNDP's "Enable and Scale-up Market Adoption of Nature-Related Financial Disclosures" Project (the "Project").

3. Notwithstanding the Terms of Reference/TOR, a General Management Support Services fee ("GMS") of at least 8% shall be applied to the contribution. Separately, the contribution is subject to the 1% coordination levy in accordance with Annex 2 which forms an integral part of this Agreement.

4. The Donor shall contribute to UNDP the amount of the Contribution and the coordination levy to the following bank account:

Bank:	Bank of America
Account name:	UNDP Contributions (EURO) Account
Account no:	600862722022
Bank address:	Mail Code: 473-672-09-01
	5 Canada Square
	London E14 5AQ, UNITED KINGDOM
IBAN/ABA:	GB59BOFA16505062722022
SWIFT Code:	BOFAGB22

5. The Donor shall contribute to UNDP the amount of the Contribution and the coordination levy in accordance with the following schedule of payments:

SCHEDULE OF PAYMENTS	CURRENCY	AMOUNT
Upon signature	EUR	28,994,000

Following the signature of the Agreement the Donor will inform UNDP when the Contribution is paid via an e-mail message with remittance information to Contributions@undp.org

6. UNDP will monitor the Funding Windows and its progress towards the expected results as agreed in the Results Framework and in accordance with UNDP Rules, Regulations and Policy. UNDP shall provide to the Donor the following reports with respect to the Funding Windows prepared in accordance with UNDP accounting and reporting procedures:

- An annual Funding Window report summarizing programmatic activities and results, lessons learned and challenges, an overview of donors, a breakdown by Sub-window, key programme areas, and geographic locations, as well as provisional financial data.
- An annual report of the project's results, combined for all contributing partners, in UNDP template, observing standing Donor rules and guidance on reporting.
- An annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.

7. This Agreement may be terminated by UNDP or by the Donor after consultations between the Donor and UNDP and provided that the funds from the Contribution already received are, together with other funds available to the Funding Window, sufficient to meet all commitments and liabilities incurred in the implementation of the activities of the Trust Fund. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.

8. Any payments related to Contributions for the Funding Window (even if the contribution is specific to a Sub-Window, a Region, a Country and/or a Project) that remain unspent and uncommitted after such commitments and liabilities have been satisfied shall continue to be administered by UNDP in the context of the referenced Funding Window (or sub-window, or region, or country or project) and shall be disposed of by UNDP only after the closure of Funding Window and on pro-rata basis to each donor of the Funding Window vis-à-vis the percentage of their respective contributions. Without prejudice to the foregoing, any unspent and uncommitted funding under a project, funded by the Funding Window (at the Funding Window's discretion and/or in a specific region or country), following the closure of the project, shall be reallocated automatically by UNDP to the Funding Windows.

9. Activities supported by the Funding Windows are evaluated in accordance with the UNDP Evaluation Policy.

10. The Parties agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNDP shall maintain standards of conduct to govern the performance of its staff, including the avoidance of corrupt and fraud practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

11. Consistent with numerous United Security Council resolutions, including S/RES/1269 (1999), S/RES 1368 (2001), and S/RES/1373 (2001), both the Donor and UNDP are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of UNDP to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, UNDP undertakes to use reasonable efforts to ensure that none of the Donor funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism.

12. UNDP's regulations, rules, directives, policies and procedures will apply in the case of matters related to accounting, asset disposal, auditing, cost recovery, operational rate exchange, financial reporting, use of interest, procurement and project management practices. The main set of UNDP's regulations, rules, directives, policies and procedures can be found here:
http://www.undp.org/content/undp/en/home/accountability/policies-and-procedures.html
https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/UNDP%20Financial%20Regulations%20and%20Rules.pdf&action=default

13. Any notice or correspondence between UNDP and the Donor will be addressed as follows:

(a) To the Donor:

Address:

Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection

Division N I 5

Post office box 12 06 29

53048 Bonn

Germany

(b) Upon receipt of funds, UNDP shall send an electronic receipt to the Donor email address provided below as confirmation that the remitted funds have been received by UNDP

Donor email address: NI5-IKI@bmuv.bund.de

Attention: Elke Steinmetz

(c) To UNDP:

United Nations Development Programme

One United Nations Plaza

New York, NY 10017

UNDP email address: fundingwindows@undp.org

Attention: Pradeep Kurukulasuriya, Director Nature, Climate and Energy

14. This Agreement shall enter into force upon signature and deposit by the Donor of the first payment to be made in accordance with the schedule of payments set out in Article 5 of this Agreement.

17. The undersigned, being duly authorized thereto, have signed the present Agreement.

For the Donor:

Signature: _____

Place and Date: _____

Ms. Elke Steinmetz. Head of Division, International Cooperation on Biodiversity, Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV)

For UNDP:

Signature: _____

Place and Date: _____

Ms. Francine Pickup, Deputy Director of the Bureau for Policy and Programme Support, UNDP

ANNEX 2 – COORDINATION LEVY
UNITED NATIONS GENERAL ASSEMBLY RESOLUTION A/RES/72/279

The present Annex is an integral part of the Agreement **BETWEEN THE GOVERNMENT OF GERMANY AND THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) REGARDING CONTRIBUTION TO THE UNDP FUNDING WINDOW ON NATURE, CLIMATE AND ENERGY**.

Pursuant to paragraph 10(a) of United Nations General Assembly Resolution A/RES/72/279 (31 May 2018), the Donor agrees that an amount corresponding to 1% of the total contribution to UNDP shall be paid to finance the United Nations Resident Coordinator System. This amount, hereinafter referred to as the "coordination levy" will be held in trust by UNDP until transfer to the United Nations Secretariat for deposit into the United Nations Special Purpose Trust Fund, which has been established to finance the United Nations Resident Coordinator System and is managed by the United Nations Secretariat.

The Donor acknowledges and agrees that once the coordination levy has been transferred by UNDP to the United Nations Secretariat, UNDP is not responsible for the use of the coordination levy and does not assume any liability. The fiduciary responsibility lies entirely with the United Nations Secretariat as the manager of the Resident Coordination System.

The Donor acknowledges and agrees the coordination levy does not form part of UNDP's cost recovery and is additional to the costs of UNDP to implement the activity or activities covered by the contribution. Accordingly, there is no obligation for UNDP to refund the levy, in part or in full, even where the activities covered by the contribution are not carried out in full by UNDP. As deemed necessary by the donor, however, especially where the scale of the resources concerned or reputational risk justify the refund transaction costs, the donor can submit a request for refund to the United Nations Secretariat directly.

UNDP will not administer the coordination levy. UNDP will not report on the use of the coordination levy. UNDP does not have any liability on the use of the coordination levy by the United Nations Secretariat. Clarifications on the administration, reporting and/or use of the coordination levy by the United Nations Secretariat shall be discussed by the Donor and the United Nations Secretariat on bilateral basis.

A Contribution of EUR 28,706,931 is made under the Agreement. In addition to the Contribution amount, the Donor is paying a coordination levy amount of EUR 287,069. This coordination levy amount will be transferred to UNDP at the bank account indicated in the Agreement immediately after its signature.

1.34. Annex 13: Acronyms

AFD	Agence Française de Développement
ASFI	Asia Sustainable Finance Initiative
AUM	Assets under management
AWP	Annual Work Plan
BIM	Biodiversity Impact Measurement
BIOFIN	Biodiversity Finance Initiative (of UNDP)
BMUV	German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety Consumer Protection
BPPS	Bureau for Policy and Programme Support (of UNDP)
CBD	Convention on Biological Diversity
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CEO	Chief Executive Officer
CISL	Cambridge Institute for Sustainability Leadership
CSO	Civil society organization
DFI	Development Finance Institution
DIM	Direct Implementation modality (of UNDP)
EFRAG	European Financial Reporting Advisory Group
ESMF	Environmental and Social Management Framework
ESG	Environmental, social and governance
EU	European Union
EUR	Euro (currency)
FEBRABAN	Federation of Brazilian Banks
FI	Financial institution
FS	Financial service
FSB	Financial Stability Board
FSD	Financial Sector Deepening (Africa)
GBF	Global Biodiversity Framework
GBIF	Global Biodiversity Information Facility
GDP	Gross Domestic Product
GFI	Green Finance Institute
GFRI	Greening Financial Regulation Initiative
GHG	Greenhouse gas
GRI	Global Reporting Initiative
IBAT	Integrated Biodiversity Assessment Tool
ICAEW	Institute of Chartered Accountants in England and Wales
IEO	Independent Evaluation Office
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IKI	International Climate Initiative (of the German government)
IOSCO	International Organization of Securities Commissions
IP	Implementing Partner
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

IPLC	Indigenous People and Local Communities
ISSB	International Sustainability Standards Board
IUCN	World Conservation Union
IWG	Informal Working Group
KM	Knowledge Management
LEAP	Locate, Evaluate, Assess, Prepare
LSEG	London Stock Exchange Group
M&E	Monitoring and evaluation
MSCI	Morgan Stanley Capital International
MTR	Mid-term Review
N/A	Not applicable
NCE	Nature, Climate, and Energy (unit of UNDP)
NCFA	Natural Capital Finance Alliance
NCG	National Consultation Group
NDC	Nationally Determined Contributions
NGFS	Network for Greening the Financial System
NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
PM	Project Manager
PMU	Project Management Unit
POPP	Programme and Operations Policies and Procedures (of UNDP)
PRB	Principles for Responsible Banking
PRI	Principles for Responsible Investing
PSC	Project Steering Committee
PTA	Principal Technical Advisor
RP	Responsible Party
S&P	Standard & Poor's
SASB	Sustainability Accounting Standards Board
SBFN	Sustainable Banking and Finance Network
SBTN	Science Based Targets Network
SDG	Sustainable Development Goal
SEC	Securities and Exchange Commission
SES	Social and environmental safeguards
SESP	Social and Environmental Screening Procedure
SI	Standard indicator
SSEI	Sustainable Stock Exchange Initiative
SUSREG	Sustainable Financial Regulations
TCFD	Taskforce for Climate-related Financial Disclosures
TE	Terminal Evaluation
tn	Trillion
TNFD	Taskforce for Nature-related Financial Disclosures
ToC	Theory of Change
TOR	Terms of Reference
UK	United Kingdom
UN	United Nations

UNDP	United Nations Development Programme
UNEP	United Nations Environment
UNEP-FI	United Nations Environment Programme Finance Initiative
US	United States
USD	United States dollars
WBCSD	World Business Council for Sustainable Development
WCMC	World Conservation Monitoring Centre
WEF	World Economic Forum
WWF	World Wide Fund for Nature