



**MID-TERM REVIEW OF THE
ESTABLISHING THE TASKFORCE ON NATURE-RELATED
FINANCIAL DISCLOSURES (TNFD) PROJECT**

Final Report

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Title of WWF supported GEF Financed Project

Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)

WWF and GEF Project Summary Table

GEF Project ID: 10755

WWF (Agency) Project ID: G0034

Implementing Agency(s): WWF-GEF, housed by WWF United States

Executing Agency: UNEP Finance Initiative (UNEP FI)

Executing Partners: Global Canopy, World Conservation Monitoring Centre (WCMC)

Countries: Global

Focal Area: Biodiversity

GEF Operational Program: GEF 7

Total GEF Approved Budget: \$1,698,829

Total Co-financing Approved: \$ 4,312,858

RELEVANT DATES

CEO Endorsement/Approval : 5/17/2021

Agency Approval Date: 3/25/2022

Implementation Start: 4/1/2022

Project Completion Date (proposed or actual): 7/31/2026

Period to Be Evaluated: 5/17/21 - time of contract

Evaluation Team Members and Affiliations

The Mid-Term Review was led by Dr. Andy Cornish of Cornerstone Strategies, working closely with Jean-Marc Champagne and Sam Hilton of Seneca Impact Advisors. The team is based in Hong Kong SAR, China.

Acknowledgements

The evaluation team would like to thank WWF-GEF and the GEF TNFD Project Management Unit at UNEP FI, for selecting us to undertake the Mid-Term Review and for facilitating a smooth evaluation. Amelia Kissick and Bayarlkham Byambaa were our focal points for their respective organisations and were consistently helpful, flexible and quick to respond to our enquiries. We are grateful for all those who made themselves available to be interviewed, including from the TNFD Secretariat, Global Canopy, WCMC and GEF. This was an interesting evaluation with good learning opportunities for us, and we trust that the recommendations will be of value in assisting the GEF-TNFD collaboration to achieve the remaining desired outcomes and impacts until the end of the project, and potentially beyond.

Acronyms and Abbreviations

CBD Convention on Biological Diversity
EA Executing Agency
ESG Environmental, social and corporate governance
ESSF Environmental and Social Safeguards Framework
EU European Union
FIs Financial Institutions
FTE Full Time Equivalent
GCP Global Canopy Programme
GEF Global Environment Facility
HR Human resources
IA Implementing Agency
IUCN International Union for Conservation of Nature
IWG Informal Working Group
M&E Monitoring & Evaluation
MTR Mid-Term Review
NGO Non-governmental organizations
PIR Project Implementation Reports
PM Project Manager
PMU Project Management Unit (UNEP FI GEF TNFD Project)
PPRs Project Progress Reports
PSC Project Steering Committee
RF Results Framework
SDG Sustainable Development Goals
SEP Stakeholder Engagement Plan
TCFD Taskforce on Climate-related Financial Disclosure
TNFD Taskforce on Nature-related Financial Disclosure
UN United Nations
UNEP United Nations Environment Programme
UNEP FI United Nations Environment Programme Finance Initiative
WCMC World Conservation Monitoring Centre (UNEP)
WWF World Wide Fund for Nature
WWF-GEF World Wide Fund for Nature GEF Unit

EXECUTIVE SUMMARY

Project Description

The Project seeks to support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global Framework to be used by corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature. The TNFD will address threats to the health and value of natural capital derived from the conduct of corporate activities that do not adequately consider the financial materiality and impacts of biodiversity loss.

The 52-month project is led by a team from the UNEP Finance Initiative (Executing Agency) with oversight, support and funding provided by WWF-GEF (Implementing Agency), and in collaboration with Global Canopy, UNEP World Conservation Monitoring Centre (Executing Partners), and the TNFD Secretariat.

Principle Findings and Recommendations, Organized by Core Criteria

Project design

The Project was ambitious and potentially risky but the Project Document is thorough, comprehensive and with appropriate attention to detail. The Risk Register could potentially have foreseen and tried to mitigate a relatively lengthy time to start the Project - which subsequently caused issues - but this was a minor shortcoming. The Theory of Change is somewhat naïve in assuming that corporate and financial institutions disclosing their dependencies and impact on nature will lead to “global biodiversity and natural resources [being] protected and restored,” but is robust regarding the original Project goals. The M&E plan was well designed and comprehensive, with appropriate objectives, indicators and resourcing.

The TNFD was explicitly modelled after the Taskforce for Climate-related Financial Disclosure (TCFD) and designed to both coordinate with and learn from it. This worked very well, and the TNFD continues to learn from the experience, impact and trajectory of the TCFD, which exited during this Mid-Term Review (MTR).

Project Implementation

The Project has achieved its two primary goals, which were to establish the TNFD and Secretariat, and to support the development and release of the TNFD Framework. The latter was released by the TNFD Secretariat in the form of the TNFD Recommendations in September 2023, and received a high level of recognition and support by financial institutions, large corporates and other major players.

At a more detailed level the most recent PPR (30 September 2023) reveals that most of the Project results indicators have surpassed the targets with 92% of the Project outcome/results targets achieved during the reporting period. All are on track and reported to be feasible for 100% to be achieved by the end of the Project year. The high level of achievement of the TNFD (including this GEF-funded Project) to date has consistently exceeded the expectations of individuals interviewed for this MTR who have been involved in this Project since early on. The focus of the Project team and

TNFD is now shifting to building awareness and capacity within financial institutions and corporates, so as to increase uptake and disclosure in the coming years.

The management arrangements designed for this complex Project have generally worked well. While the Project Steering Committee has not played the full governance and oversight role that it was intended to do, with meetings occurring only once a year and being used for updates, this does not appear to have hindered the Project.

The Project team has been highly effective in delivering the predetermined outcomes and outputs, and the UNEP FI Project Management Unit (PMU) has led by example. The performance of both WWF-GEF and the UNEP FI project team individually has evidently been high and the working relationship between them has generally been strong. All four Project partners have worked well together and generally found ways to overcome issues stemming from differences in the policies and internal mechanisms of their respective agencies, including through the development of strong personal relationships. Good working relationships were formed with the TNFD Secretariat upon its establishment.

A significant operational issue ongoing since the start of the Project has been the inconsistent receipt of quarterly funding tranches from WWF-GEF to UNEP FI. The impacts of this were amplified by UNEP FI finance policies and their “complicated” internal process, causing delays and gaps in agreements and contracts. The end result has been additional administrative work amongst the partners, delays and gaps in extensions of the contracts and agreements, and frustration for PMU and partners. This issue has yet to be resolved, resulting in a recommendation in this MTR (Recommendation 2).

The relatively modest funding by GEF (roughly USD 1.85 million including GEF agency fee) unlocked co-financing of nearly USD 12.5 million and catalyzed a global project that has largely met or exceeded the original objectives, is reverberating around the world’s financial markets and has the potential to be an important tool in reducing the negative impacts of financial institutions and major corporations on biodiversity. In this sense the Project has been very cost effective, and notable results have been achieved in a relatively short space of time.

Funding to ensure the financial sustainability of the TNFD Secretariat for the coming years has not yet been completely secured, but in a major development 29 million euro was secured from the German Government at the end of 2022. The funding is to help raising awareness and increasing knowledge and capacities in industrialised countries and emerging economies to support acceptance of the TNFD recommendations, and includes funding for the TNFD Secretariat staff, UNEP FI, WWF, Global Canopy and others.

Overall, given the funding secured and likely to be secured, combined with a strong level of continued commitment among Project partners and a high level of interest from external target audiences for TNFD, the Project has good, and increasing, momentum. The potential for sustainability and impact is high but cannot be taken for granted. Beyond those publicly supportive of TNFD, there will be financial institutions and corporates who are still focused on TCFD and cannot take on TNFD at this time; those who do not understand nor have the expertise and/or personnel to implement; and those who decide not to disclose while it is voluntary. There may be important regions and countries with high biodiversity and high levels of threat where such constraints are particularly acute.

The M&E plan appears to be working well and executed largely as planned, including this Mid-Term Review. Most of the indicator data is compiled by the PMU team, at least monthly. This Project has

been highly dynamic and the PMU have had to constantly adapt, but this has been more driven by the need to keep pace with and support the TNFD Secretariat, who were themselves constantly reacting to the external environment and evolving their plans, than from reacting to the data collected by the M&E system.

The Gender Action Plan scope only covers the GEF-funded TNFD activities, and was scaled accordingly. Gender issues have received appropriate attention during the Project design and implementation phases, and almost all targets have been met, including and even potentially difficult-to-achieve external targets.

The design of the initial Stakeholder Engagement Plan was robust and comprehensive, with all key stakeholder categories identified and relevant engagements prioritised in line with project design. The Plan was also revised appropriately in response to the adaptive management and the advent of the open-innovation approach. Safeguards are a relatively lesser issue for this Project as there are no on-the-ground field activities, and no anticipated negative environmental or social impacts (category “C”, low risk).

Table 1. Summary of Project Ratings

Area of Assessment	Rating	Area of Assessment	Rating
Project Outcomes		Monitoring and Evaluation (M&E)	
Relevance	S	M&E Design	S
Effectiveness	HS	M&E Implementation	S
Cost-effectiveness	HS	Overall M&E Rating	S
Overall Project Outcome Rating	HS	Implementation and Execution	
Risks to Sustainability		Implementing Agency WWF-GEF	S
Overall Risk Rating	L	Executing Agency UNEP FI	HS

Ratings. HS – Highly Satisfactory, MS – Moderately Satisfactory, S – Satisfactory, L – Low. The Rating for Risk is Likely (L) – There is little to no risk to sustainability. Rating scales differ amongst areas of assessment; see Annex 5. Justifications for the ratings are provided in Section 3 (Tables 4-7)

Overall the Project rated highly, exceeding expectations in four key areas, and underperforming in none (i.e. scoring Moderately Unsatisfactory or lower). As a result only nine recommendations are made, most of which are intended to increase the likelihood of TNFD resulting in nature-positive actions by financial institutions at scale in the future, one is operational and others are more lessons for other GEF / WWF / UNEP FI projects.

Recommendations

Project Design

1. Create a New Theory of Change to Guide Strategy Development

The current Theory of Change has served its purpose, but will be of minimal value now that the Framework Recommendations have been released, and the emphasis is now on maximizing uptake and reporting. A new Theory of Change is needed that unpacks the thinking and assumptions behind how an awareness of TNFD by financial institutions will lead to nature-positive actions, and that corrects the naïveté of the original Theory of Change. This will aid future strategy development.

Project Implementation / Efficiency

2. Find a solution to smooth funding from WWF-GEF to UNEP FI

A robust solution needs to be implemented to ensure that future tranches of funding from the Implementing Agency to Executing Agency are sufficient and timely to prevent funding gaps, including from Executing Agency to Executing Partners. The current process has caused significant issues and needs an overhaul to ensure that the problems and inefficiency caused are minimized. The recommendation is for the relevant WWF-GEF / WWF US and PMU teams - including senior finance and administration staff- to speak directly to one another about the existing challenges, and to agree on a solution and implement it.

3. A More Equitable Working Relationship for UNEP FI/PMU with the TNFD Secretariat

Since being established, the TNFD Secretariat has largely led on devising the strategy for TNFD, and then informing the knowledge partners and seeking their support. This modus operandi has caused major challenges to the PMU as plans are constantly being updated. Having PMU staff seconded to the Secretariat has provided some advance warning of changes in strategy occurring, but these secondments will cease in April 2024.

It is suggested that UNEP FI/PMU endeavour to reset the working relationship with the TNFD Secretariat by embedding a senior staff member within the TNFD Secretariat, so that they are involved in strategic planning and kept abreast of developments. Should embedding not be feasible, at a minimum there should be some form of periodic (at least monthly) senior-level communications between the PMU and the TNFD Secretariat to ensure strategic alignment and smooth coordination.

4. Update the Risk Register

The PMU has managed to overcome a number of inter-organizational challenges through strong working relationships, a thorough understanding of the internal processes and challenges of their own organizations and those of partners, and the ability to work quickly and be highly adaptable. While commendable, the loss of one or more key staff in what is a complex and fast-moving project could be strongly felt and undermine the team's ability to deliver the remainder of the Project, and otherwise engage in TNFD. It is recommended that this risk be acknowledged and managed through an addition to the Risk Register. The PMU itself will be in the best position to devise a management response.

Sustainability and Impact

5. Build capacity among relevant stakeholders

Capacity building for relevant stakeholders will be a critical component to drive adoption of, and disclosure in line with, the TNFD Framework. This is particularly the case with respect to entities

outside the population of first adopters within the private sector, and with respect to the Global South versus developed markets. A number of potential opportunities for GEF project team involvement in this area are provided, focused mainly on the development and/or delivery of training materials to different target audiences. A regionalized approach is recommended, as for example the needs and motivation of the Global South and developed markets will differ.

6. Support Convention on Biological Diversity (CBD) Target 15 fulfilment

GEF project partners are well placed to support policymakers as they work to fulfil their obligations with respect to CBD Target 15, “Businesses assess and disclose biodiversity dependencies, impacts and risks, and reduce negative impacts.”

While ad hoc support engagements seem likely over the near term, the GEF partners may wish to consider creating a targeted capacity-development program for policymakers to help them grapple with the issues involved, particularly as related to the TNFD Framework. In particular, although many countries have signed on to CBD and Target 15, they may not necessarily act on it in a timely and complete manner. The recommendation is for the Project team to consider working with the broader TNFD including delivery partners to create and deliver tailored in-country encouragement, capacity development and, if needed, advocacy for governments to deliver on their commitment through the TNFD Framework.

7. Try to Ensure that Disclosure Leads to Impact

A critical assumption for TNFD is that disclosure will lead to real actions to reduce negative impacts on nature, and potentially to actively conserve and restore. Triggering nature-positive actions may take considerably longer with TNFD than TCFD given the inherent greater complexity of addressing biodiversity loss, and potential delays resulting from companies seeking to adequately address TCFD before moving on to TNFD. While the current focus of TNFD is rightly on capacity building and driving uptake of the Framework, it would be prudent for a capable and credible organization to look ahead and consider how best to ensure that disclosure leads to nature-positive actions at scale, and in a timely manner. That could be one of the GEF project partners. Specific suggestions are provided in the areas of research, advocacy and product development.

Other

8. Discuss and Decide Whether to Apply for Further GEF Funding

Some of the partners are considering whether to apply for further GEF funding for TNFD. Given the length of time the GEF and contracting process can take even if successful, such discussions should start sooner than later, and involve at least UNEP FI, WWF-GEF and the TNFD Secretariat. If partners did wish to apply for GEF funding again, depending on timing it might be advantageous to try and complete the Project early given that most objectives have been achieved, and that relatively little budget remains for Years 3 and 4.

9. Use the TNFD project as a GEF case study

For a variety of reasons, including that i) this was apparently a novel type of project for GEF to fund; ii) the Project faced challenges in scaling up while moving at pace; and iii) the substantial early challenges caused in part by a relatively lengthy process to get started, it is suggested that WWF-GEF and UNEP FI produce a short case study for GEF and their own organizations on the TNFD experience. There are lessons from this Project including how to mitigate for i) and ii) that would undoubtedly be of value for other GEF projects.

1. INTRODUCTION

Purpose of the Evaluation

This Midterm Review (MTR) analyzes the Project for its design and implementation to date based on the following objective, only covering the GEF financed aspects of the project.

The objective of the MTR is to examine the extent, magnitude and sustainability of and potential for project impacts to date; identify any project design issues; assess progress towards project outcomes and outputs; assess implementation/execution; and identify lessons that can improve the project effectiveness, efficiency and sustainability of project benefits. Based on this assessment, it is expected that the evaluator will provide actionable and useful recommendations that could be applied for the remaining duration of the project.

Scope and Methodology

The TNFD consultancy Terms of Reference (ToR) laid out a clear process to be followed (Annex 1). The MTR team conducted a desktop review of the materials listed in the ToR, which were supplemented by interviews of key stakeholders in the participating organisations. This allowed for critical analysis and opinions to be corroborated through triangulation. Details of our team’s approach are described below.

Table 2. Methodological Summary

Methods	
Interviews	Desk Research
<ul style="list-style-type: none">• Combination of live online interviews, supplemented by email exchanges• Implementing Agency: 6 individuals• Executing Agency: 9 individuals• Executing Partners: 4 individuals• TNFD Secretariat: 3 individuals• Project Steering Committee: 2 individuals (not including five from the IA, EA, EP or TNFD Secretariat)• WWF network (non WWF-GEF): 2 individuals• GEF: 1 individual• Three people from three organisations did not respond to requests or did not turn up for the call	<ul style="list-style-type: none">• Project documentation review and analysis• Other desk research and analysis

The full list of interviewees can be found in Annex 2.

Interviews and Focus Groups

The formulation of questionnaires – in particular those with fixed responses and conducted online – can inadvertently introduce bias regarding the scope and importance of potential responses, and

miss opportunities to unearth additional facts and/or perceptions. As such, the evaluation team conducted online video interviews where possible. These included some predetermined questions with fixed responses for all interviewees, but also open-ended questions designed to relax the interviewee and encourage deeper and more sharing.

Interviews were conducted individually by video call, with interviewees informed that their responses will be treated as confidential, with any information shared grouped and not attributed to an individual nor made available in a way that it could be readily deduced who the individual was.

Composition of the Evaluation Team, Including Specific Roles

The team worked together on all aspects of the MTR process, while leading on different aspects to best utilize our respective expertise.

Table 3. Team Roles and Areas of Expertise (the latter in italics)

Andy Cornish	JM Champagne	Sam Hilton
Project Management Desktop Review (Programme Management) Conducting of Interviews Analysis Drafting of report Debrief and presenting of initial findings <i>Independent Evaluations</i> <i>Open Standards for</i> <i>Conservation</i> <i>Programme Management</i> <i>Biodiversity Impacts</i>	Conducting of Interviews Finance Related Lessons and Recommendations Debrief and presenting of initial findings <i>Natural Capital</i> <i>Financial Regulation</i> <i>Green Financial Solutions</i> <i>Financial instrument Structuring</i> <i>Global Capital Markets</i> <i>Climate Finance</i> <i>Development Finance</i> <i>Other market-led initiatives in</i> <i>sustainable finance</i>	Conducting of Interviews Desktop Review (Finance Related) Finance Related Lessons and Recommendations Debrief and presenting of initial findings <i>Financial Regulation</i> <i>Portfolio Alignment</i> <i>Financial Analysis</i> <i>Global Capital Markets</i> <i>Climate Finance</i> <i>Other market-led initiatives in</i> <i>sustainable finance</i>

Limitations of the Evaluation

- The review was conducted remotely, which limited time with the parties involved.
- The achievements of this Project are integrally linked to those actions of the TNFD Secretariat and knowledge partners not funded by GEF. While the Theory of Change for this Project was explicitly to be catalytic and to facilitate other funders supporting the TNFD, the Project was not standalone. Therefore, while this MTR is of the GEF - funded project, its achievements have significantly benefited from those in other areas of TNFD. It would be extremely challenging and contrary to the spirit of the GEF - funded project to try and separate these, and we have generally not attempted to do so.
- The TNFD Recommendations were released during this review, and as such it has not been possible to gauge reactions from key target audiences beyond those expressed at the time of the release. This has no impact on evaluating the Project progress to date, but is relevant to forward-looking recommendations.

- Several stakeholders identified by PMU as being worth interviewing did not respond to repeated requests to be interviewed, or did not show up for a scheduled interview. However, at least two people from each of the Implementing Agency, Executing Agency and Executing Partners were interviewed.
- It was only possible to speak once with the WWF-GEF Senior Program Officer (and GEF Focal Point), before she went on maternity leave, at which time the desktop review had only just begun. It would have been useful to have spoken with her again after the desktop review had been completed (including the most recent PPR) and after other stakeholders had been interviewed, including to gain her view on nascent recommendations and lessons learned.
- We did not interview anyone outside the GEF-TNFD partnership apart from two members of the Project Steering Committee, the TNFD Secretariat and one person each from the WWF network and GEF. There was discussion with PMU about interviewing staff from financial institutions who had taken part in the pilots, but PMU had valid concerns about how such a request would be received, and about sharing the internal workings of the Project to external stakeholders. This had no impact on the evaluating progress, but might have generated different ideas for forward-looking recommendations.
- Many capable people within this Project and beyond, including in the TNFD Secretariat with considerably better knowledge of the TNFD than the evaluation team, have already given considerable thought to how to improve it, including forward-looking strategy. This included the PrISM report conducted by WWF-GEF, which is an internal review. This has made it particularly challenging to make novel recommendations.
- A number of the interviews had been conducted before the most recent PPR was received, so it was not possible to enquire about the latest achievements and other developments.

2. PROJECT DESCRIPTION AND DEVELOPMENT CONTEXT

Project Start and Duration

Implementation Start: 4/1/2022

Project Completion Date: 7/31/2026

Concise Summary of Project Evolution, Underlying Rationale and Strategies to Achieve Conservation Results

The TNFD's Informal Working Group (IWG), was announced in July 2020 and became operational in September 2020. The IWG acted as a temporary body to help build momentum and support for the TNFD, and was coordinated via a collaboration of four Partner organizations, Global Canopy, UNDP, UNEP FI and WWF. The IWG was supported by an Informal Technical Expert Group which provided guidance for the detailed scope of the TNFD, which will also inform the activities delivered under each component. The activities to deliver the anticipated outcomes of the TNFD GEF Project were closely guided by the decisions made by the four IWG Workstreams.

In April 2021, the workstreams proposed final drafts for the establishment of the TNFD, preparing the transition of the initiative for its launch and handover from the IWG to the TNFD Secretariat which was established in June 2021. With support from the founding partners and funders, the [TNFD was launched in June 2021](#).

Two of the TNFD founding partners, WWF and UNEP FI produced a funding proposal for GEF that received CEO Endorsement/Approval in May 2021. The Project started in April 2022. By that time the TNFD through the TNFD Secretariat had been launched for nine months and were moving fast, and the Project team needed to try and catch up, a situation that has persisted.

Rapid adaptive management has been an ongoing theme throughout the first two years of this Project. This is most evident in the decision of the TNFD Secretariat to deviate from the IWG plan to produce a draft Framework, release it for consultation and then produce a final version. Instead they decided to use a private sector open-innovation approach, which resulted in four beta versions. UNEP FI started supporting TNFD piloting and beta framework with financial institutions from July 2022 (i.e. just one month after officially starting) until March 2023, with seven pilot groups joined by 42 FIs. The Year 1 PPR notes the challenges that the PMU faced in that first year, including developing innovative and first-of-their-kind projects such as the pilots, and "technical content that is well-fit and adapted for a project such as the TNFD which is so fast-moving has also demanded constant adaptation as knowledge products might no longer be in line when they were first thought of". The two Executing Partners also had to align and revise timelines and adjust their deliverables in line with the beta versions.

Fortunately the pilots were successful, and the lessons learned from them invaluable both to the TNFD Secretariat, who had largely focused on other key target audiences, and to the development of the final Framework Recommendations, which were released in September 2023. The focus of the TNFD including this GEF-funded project has now turned to encouraging and facilitating uptake of the TNFD and disclosure.

Main Stakeholders and Beneficiaries

Financial institutions
 Corporations
 Rating agencies and data providers
 Governments
 Financial Regulators/Central banks
 International Organizations
 NGOs and CSOs
 Academia

Discussion of Baseline (of indicators) and Expected Results

The overall Project Objective is to support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature. The Results Framework, through which the progress of the Project will be monitored, has three indicators for the overall Objective of the Project, and one to three indicators for each of the Outcomes giving a total of 13 indicators. An additional external indicator was added mid-way through the Project.

Table 3. Summary of the Results Framework indicators

Indicator	Year 3 Ambition
The TNFD is fully operational	TNFD is fully operational with the 2-year work plan largely completed and long-term financial and institutional sustainability assured
Number of Beneficiaries	543 staff of each financial institution or company that are involved directly in the implementation of the TNFD framework (direct benefits) and those that benefit from the delivery of the Framework, guidance and knowledge products (indirect benefits).
Financial resources leveraged for TNFD	USD \$9,278,480
<i>Component 1.</i> Setting up and launching the Taskforce	1. A plan for the TNFD is globally supported, informal working group funded, and the TNFD is established
<i>Component 2.</i> Build and Test a TNFD Framework	2.1. Increased understanding in the financial and corporate sector of nature-related risk and how to identify impacts and dependencies on nature.
	2.2. A draft framework for companies to report to investors on their nature related risks, refined and agreed upon through a testing process.
<i>Component 3.</i> TNFD Framework consultation and dissemination of recommendations	3.1. Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.

	3.2 Increased awareness of nature-related impacts and financial risks among companies and financial institutions
<i>Component 4. Knowledge management and M&E</i>	4.1 Increased uptake of TNFD knowledge and communication amongst stakeholders
	4.2: Monitoring and evaluation system in place to aid with adaptive management

The indicators cover the internal milestones necessary to get the TNFD established, and for it to be able to release a TNFD Framework, as well as externally facing indicators that will indicate that TNFD is gaining a good level of external support and momentum. Most of the baseline data is zero or equivalent as the Project was essentially starting from scratch with the exception of the work of the Internal Working Group (IWG), whose work was not well known externally.

3. Findings

3.1 Project Design

3.1.1 Assessment of relevance and theory of change (project logic /strategies) together with assumptions and risks

The Project outcomes were congruent with several GEF focal areas (biodiversity, land degradation and sustainable forest management), but a number of interviewees noted that this was not the type of regional / national project that GEF would typically fund, as it will not directly benefit the environment, and represents an innovative, indirect cross-cutting approach.

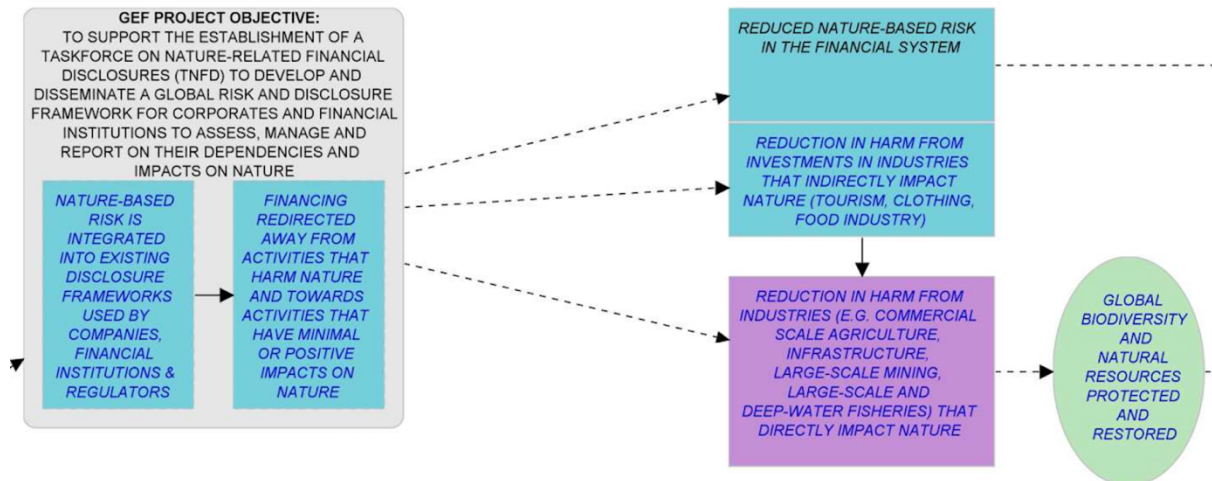
The Project was well designed with a good level of detail, and relevant in looking to devise a tool to encourage financial institutions and corporates to measure and assess their impacts to biodiversity, following on from tackling climate issues becoming a global priority governments globally, and the high profile and uptake of the TCFD.

The Risk Register contains 19 perceived risks, both internal and external. These did not include what proved to be one of the biggest challenges for the Project, which was a lengthy process from GEF approval to Project start (8-10 months). During this time the workplan was updated, PMU staff were recruited, and there were negotiations between the legal teams at WWF-GEF and UNEP FI, such as over WWF-GEF's desire to see UNEP FI follow its own safeguarding processes, and for quarterly financial reporting and fund transfer. The proposed start date for the Project was moved forwards a number of times due to the continued discussions. By the time the Project had started in April 2022, the TNFD through the TNFD Secretariat had already been launched for nine months and the Project team needed to try and catch up, a situation that persisted for some time.

Several interviewees reported that time for the Project to get started is comparable to other sizable projects funded by GEF and others. As such the length of time that it took to prepare for starting the Project could probably have been foreseen, and the impacts of it managed through the Risk Register. While the PMU reported that this risk was intentionally not added to the Risk Register as this is an intrinsic part of a GEF project, nevertheless perhaps greater mitigation could have been employed if had.

Another area where the project design could have been better, was the Theory of Change (ToC), notably the area highlighted below.

Figure 1. Expanded Section of the Theory of Change (lower right area of the entire ToC)



There are two issues with this area of the ToC. Firstly the assumption that TNFD reporting (alone) will lead to financing being directed away activities that harm nature in a time period short enough to avoid major nature losses and extinctions and secondly the idea that a reduction in financing to large-scale exploitation will result in global biodiversity and natural resources being protected and restored. Small-scale pressures will remain and are major factors in biodiversity loss in some places e.g. small-scale fishing, bushmeat harvesting.

These observations do not detract from the idea of TNFD being a potential game-changer for tackling biodiversity loss in many parts of the world, nor indeed do they undermine the objectives of establishing the TNFD and releasing the Framework, but they do have implications now that the focus is on uptake.

3.1.2 Analysis of M&E design

This Project - being GEF funded - has placed a strong emphasis on M&E from the start (Project Document). Multiple layers of reporting were planned, ranging from ongoing updates to the Objective indicators, to six-monthly PPRs, to mid-term and terminal evaluations. The M&E plan covers four different kinds of data including technical objectives, financial reporting and communications products.

The Results Framework, through which the progress of the Project will be monitored, has three indicators for the overall Objective of the Project, and one to three indicators for each of the Outcomes giving a total of 13 indicators. The source of the data for each indicator is described, along with baseline data, the frequency of monitoring, a responsible person, and where appropriate, intermediate targets for Years 1- 3. Indicator targets are Specific, Measurable, Achievable, Relevant, and Time-bound (SMART), and disaggregated by sex where applicable to provide data for the Gender Action Plan.

An M&E coordinator was to be designated for gathering M&E data for the annual results framework tracking, and providing suggestions to the PMU Project Manager to allow for progress tracking and adaptive management of the Project. The funding seems appropriate given that the primary cost of monitoring of the Results Framework is of the PMU staff time, while the costs of hiring consultants to perform the mid-term and terminal evaluations is included in the Project budget secured from GEF. Overall the M&E plan was well designed and comprehensive, with appropriate objectives, indicators and resourcing.

3.1.3 Lessons from other relevant projects incorporated into project design

The TNFD was explicitly modelled after the TCFD and designed to both coordinate with and learn from it, as the TCFD is widely considered to have achieved a good level of impact following its launch in 2017. The Project Document notes that the TCFD is one of the most important initiatives for the project to coordinate with. Examples of this in the Project Document include:

- The Theory of Change “builds on the existing situation that the TCFD is already in place and provides a useful model for the TNFD”.
- The name TNFD in itself follows that of TCFD and is designed to have a brand association.
- Like the TCFD, the TNFD will work with the corporate sector to build trust, understanding and adoption of reporting against the Framework.
- The TNFD’s four-pillar approach – governance, strategy, risk management, metrics and targets – aligns with that of the TCFD.
- One of the roles of the Informal Technical Expert Group under the IWG was to provide coordination support, as needed/requested, to the TCFD to capture lessons learned and best practices that will help ensure early alignment with the functions and approach of the TNFD, once it is established.

The explicit patterning of the TNFD after the TCFD has been described multiple times by a wide range of interlocutors as a critical element in the success of the development of the TNFD Framework, particularly within the context of the piloting program for financial institutions. This alignment has enabled private sector entities, and particularly listed entities, to leverage the administrative and reporting pathways already established for their TCFD assessments and reporting processes. This process leverage has the benefit of allowing such entities to focus on developing capacity for, and understanding of, the higher level of complexity inherent in measuring nature and biodiversity risk as compared to climate.

Looking forward, the TCFD model in the years following its launch appears to provide a useful guide for significant actions (e.g., periodic Status Reports) that the TNFD can take to support adoption, assessment and disclosure according to its Framework. Given the complexity of the topic, however, it seems likely that the TNFD will need to focus significantly more effort on capacity building than the TCFD has for all entities involved with it, possibly to the point of serving as, establishing or supporting some kind of accreditation program (see Recommendation 5).

Other initiatives named in the Project Document as being relevant, to which the TNFD would connect either through IWG members serving as members of both, or through regular communications by UNEP FI, and with whom the Executing Agency (EA) would communicate regularly, were:

- Natural Capital Finance Alliance
- Network for Greening the Financial System
- EU Business@Biodiversity Platform Finance Community of Practice
- Natural Capital Coalition
- Business for Nature
- Together with Nature Initiative

3.1.4 Additionality

While the nature of this GEF project does not lend itself to generating additionality as a direct

project outcome in general, the one specific additionality pathway to which it contributes most directly is the Institutional and Governance additionality. The release of the TNFD Framework provides a means for companies and FIs to assess their risk from nature dependencies as well as their impact on nature.

In addition the Project has helped catalyze and create the enabling conditions for future additionality in the following categories:

- Legal/regulatory
- Institutional/governance
- Financial

3.1.5 Replication approach

The Project has produced a Taskforce and Framework that are already global in scope. The TNFD Framework is a tool with wide applicability to FIs and medium to large corporates. The logical way to scale up positive impact is to support the uptake of the Framework by as many regulators, FIs and corporates as possible, rather than to in some way replicate the Taskforce and Framework.

3.1.6 WWF comparative advantage

WWF's comparative advantage is that its United States office is GEF accredited and has the accompanying expertise and operational support. The WWF network also has considerable experience in biodiversity and sustainable finance topics, and is therefore able to engage meaningfully in the PSC and directly with TNFD.

3.1.7 Coherence / linkages between project and other interventions within the sector

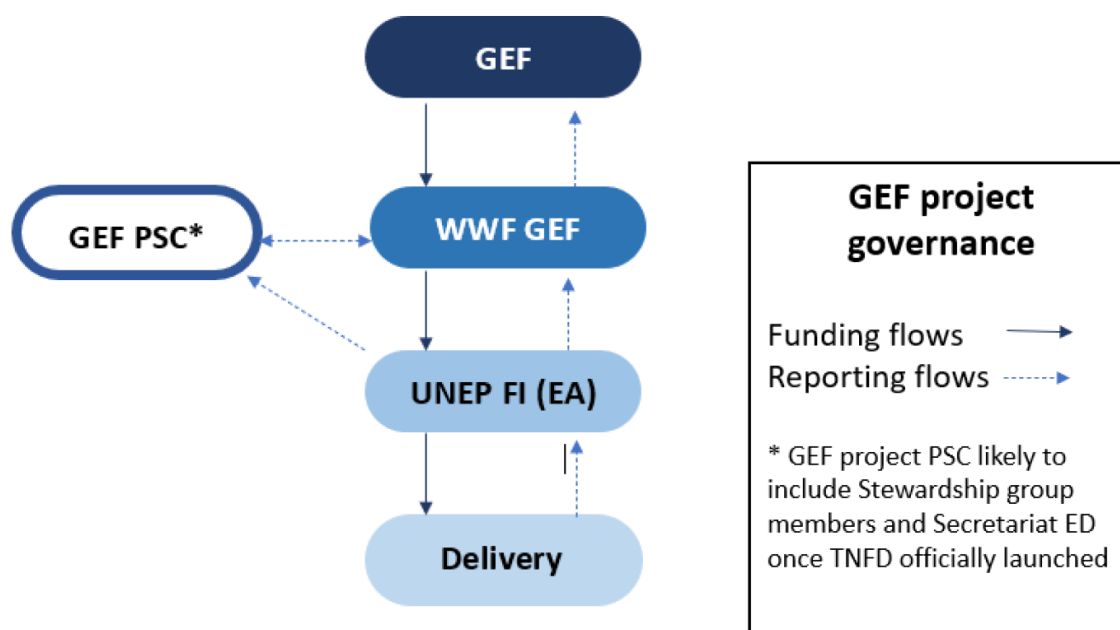
As described above, the critical linkage between the Project and other interventions within the sector is the explicit patterning of the project after the TCFD Framework. While measuring impact on biodiversity and nature is inherently more complex than measuring carbon emissions, the alignment of the TNFD approach with that of the TCFD has allowed financial sector participants who have experience with the process of making TCFD disclosures to view the TNFD Framework as something of an extension of this work, and to leverage already existing internal processes developed for TCFD.

Other relevant linkages include commitment-driven signatory organizations such as the various "Principles for Responsible Investment/Banking/Insurance," not to mention the concept of ESG itself, all of which have established the foundational subject-matter baseline for the TCFD as well as the TNFD.

3.1.8 Governance and management arrangements

The governance and management arrangements are appropriate and clearly laid out in the Project Document (including Figure 2, replicated below), while also benefiting from the foundational work of the IWG, and through reference to TCFD. The PMU and partners have themselves decided on the final level of detail such as how they communicate with one another, in order to bring these arrangements to life and make them work from a practical perspective.

Figure 2. Project Governance Structure



3.1.9 Country ownership

This is a project with global scope and is not centred on any particular countries.

3.2 Project Implementation

3.2.1 Assessment of project progress, outcomes and potential for impact

The Project has achieved its two primary aims, which were to establish the TNFD and Secretariat, and to support the development and release of the TNFD Framework. The latter was released by the TNFD Secretariat in the form of the TNFD Recommendations in September 2023, and received a high level of recognition and support by financial institutions, large corporates and other major players.

Outcome delivery from the combination of the GEF project and the TNFD Secretariat has comprised:

- Establishment and recruitment of the Taskforce of 40 members
- Establishment and recruitment of the TNFD Secretariat and commencement of its operations
- Generation of multiple drafts of the TNFD Framework prior to the launch of the 1.0 version in September 2023, in an iterative process based on open innovation
- Authorship of multiple reports, articles, online posts and other communications materials in support of various elements of the TNFD, the Framework, and the topic of disclosing nature-related risks, to boost awareness of and momentum for the TNFD
- Extensive engagement with FIs and corporates via the pilot program supporting the drafting of the Framework, which simultaneously improved it and concurrently built awareness of and momentum for its eventual launch

- Following the launch of the Framework, future avenues of impact for the project and the Secretariat appear to lie in three main categories: 1) awareness building and engagement with relevant stakeholders with the aim of fostering uptake of the Framework; 2) capacity building with relevant stakeholders in all sectors and markets with respect to deploying the framework, with a potential focus by GEF project partners on the global South; and, 3) supporting policymakers as they work toward fulfilling Target 15 of the CBD.

The focus of the GEF Project team and TNFD is now shifting to building awareness and capacity within financial institutions and corporates, so as to increase uptake and disclosure in the coming years.

It should be understood that while there has been excellent momentum and publicity around TNFD, there is still a long way to go to operationalize it. Looking through the track record of banks and non-bank corporates, there is considerable precedent of them having signed onto initiatives and failing to adequately participate in or support them, perhaps seeing it as an opportunity for soft publicity, potential revenue generation, or just to keep up with their industry peers in order to not lose business. So while the interest in the TNFD is commendable, it is too soon to expect a smooth pathway to substantial uptake and operationalization. Indeed there are likely to be instances where advocacy driven NGOs have a role to play in encouraging recalcitrant banks and non-bank corporates to act. Lastly, disclosure is only as good as the next company in the value chain, so if many smaller companies are struggling to disclose, that will reduce the effectiveness of the TNFD.

Given that this Project is entering into a new phase of outreach, and the degree of overachievement on all engagement-related metrics, there appears to be a potential opportunity to update and extend the ambition of the Results Framework, despite the PMU having already increased the ambition of various targets at the end of Year 1.

Specific examples for potential further target revision¹ include:

- 2.1.6: “Number of FIs and companies reporting increased understanding of nature-related risk and how to identify impacts and dependencies on nature.” The Year 1 total of 270 (target: 50) increases to 700 by Year 3, and is sourced from an online survey of TNFD Forum members and online engagement platform users. The note for this item in the Results Framework seems to imply that the Year 3 target of 700 has already been achieved.
- 3.1.8: “Number of public expressions of support for the TNFD provided by FIs, companies, regulators and their stakeholders.” The Year 1 total of 950 (target: 200) appears to be the number of members of the TNFD Forum, with the Year 3 target increasing to 1,000. As of this review, the number of TNFD Forum members is 1,349.
- 3.2.11: “Number of companies and FIs registered and looking to use the TNFD framework, recommendation and guidances.” The Year 1 total of 2,083 (target: 300) increases to 2,400 by Year 3, and notes that “2,400 companies and FIs reporting registered and using the guidances on the TNFD website/online knowledge hub,” which implies that the Year 3 target has already been achieved.

However, for many Component 2 & 3 indicators, any revised target levels should be considered carefully, as the ability to achieve them is dependent on actors and actions that are not fully in the control of the PMU.

¹ source: 10755_AWPB and RF_Year 2_revised upon PRISM 230822.xlsx

3.2.2 Governance and management arrangements in implementation

While the management arrangements for this complex project have served their purpose, the Project Steering Committee (PSC), which was intended to play a key role as the project oversight, advisory and support body, has ended up playing a lesser role in practice, although this does not appear to have negatively impacted the Project.

The PSC has only met twice since the TNFD was established, and currently meets once a year, which is too infrequent to play an effective governance role, especially for such a fast-moving project. One interviewee shared that meetings have largely been used for parties to update each other on activities undertaken. As a degree of mitigation, the PSC has agreed to convene virtually on an ad-hoc basis if needed, and monthly updates have been provided to the PSC Chair since August 2022. It also seems according to information shared by PMU that the members of the PSC felt that the success of the project meant that they did not need to maintain close oversight.

Upon establishment of the TNFD, membership of the GEF PSC was expected to transition to the TNFD Stewardship Council (made up of Partner Group and donors) and the Executive Director (ED) of the TNFD Secretariat. Indeed there are currently members of WWF and Global Canopy who sit on both the PSC and Stewardship Council.

It was reported during one interview that the process of setting up the PSC and deciding who would sit on it was “difficult” negotiation. One reported reason for this was that the GEF-funded project was already only a small part of the overall TNFD collaboration, and so was a lesser priority than originally envisaged. One interviewee shared that at one point in the process the intention was that the PSC would be co-chaired by a senior staff member from WWF and the ED of the TNFD Secretariat, but the former was not able to commit. The end result was that the TNFD Secretariat ED became the sole Chair. While it is clearly stated in the Project Document that the ED would likely sit on the PSC, it seems unlikely that it was envisaged that they would be the Chair. In principle this is not ideal, as it could potentially lead to the EA and WWF-GEF being beholden to the organization that the EA was supposed to establish and support. One interviewee noted that while this arrangement could potentially lead to a conflict of interest for the Chair, there was no suggestion that it had resulted in such, and rather had brought the Chair closer to the GEF-TNFD project with mutual benefits to the Project. Two other interviewees asked about the potential conflict of interest were also of the opinion that bias was not observed to have occurred, but rather that the arrangement has worked well in practice.

3.2.3 Effectiveness/results

The most recent PPR (30 September 2023) reveals that most of the Project results indicators have surpassed the targets with 92% of the project outcome/results targets achieved during the reporting period. These findings have been verified in this evaluation (see Annex 5). All are on track and it is feasible for 100% to be achieved by the end of the project year. The high level of achievement of the TNFD (including this GEF-funded Project) to date has consistently exceeded the expectations of individuals interviewed for this MTR who have been involved in this Project since the start.

Our findings are in line with the earlier PrISM finding by WWF-GEF in July 2023 - “In written feedback to the report submission, WWF-GEF suggested to the PMU to bump up the DO rating to Highly Satisfactory because only one of the indicators in the Results Framework was not achieved, and many were indeed exceeded. The final version of the report, therefore, reflects a HS DO rating.”

From a broader perspective, of the TNFD Framework launch in late September 2023 was extremely well supported from a communications perspective, with numerous articles, social media posts &

engagement, reports & analysis, and statements of alignment or other support from a wide variety of parties, including Taskforce members, knowledge partners, GEF project partners, FIs and corporates, and professional services providers. A limited selection of examples includes:

- GEF project partners: [UNEP FI](#), [WWF](#), [Global Canopy](#), [UNEP-WCMC](#)
- FIs: [Allianz](#), [Abrdn](#), [Rabobank](#), [RBC Capital Markets](#), [AP7](#), [BNP Paribas](#), [Mirova](#), [Norges Bank Investment Management](#), [UBS](#),
- Corporates: [GSK](#), [Swire Properties](#), [Tata Steel](#)
- Professional services & financial reporting entities: [Deloitte](#), [IAS Plus](#), [Norton Rose Fullbright](#), [Kirkland & Ellis](#), [Clifford Chance](#), [Allens](#), [EFRAG](#),
- Media: [Bloomberg](#), [Reuters](#), [Australian Financial Review](#), [Carbon Pulse](#), [Environmental Finance](#), [ESG Clarity](#), [Investment & Pensions Europe](#), [Morningstar](#)
- As of November 2023, the TNFD's LinkedIn announcement of launch has garnered over 1,600 positive reactions and over 250 reposts.

3.2.4 Efficiency (Human Resources)

While not required for GEF evaluations, the WWF guidance on evaluations (WWF PPMS Step 5.3.Evaluation Guidelines) recommends that evaluations ask under Efficiency “Are human resources (i.e. WWF programme, and via partnerships) appropriate, adequate, efficiently organized and operating effectively?”. Given the complex nature of this Project involving four partner organizations and the TNFD / TNFD Secretariat, examining whether the partners have been operating effectively seems appropriate.

Regarding whether human resources were adequate, it is evident that the PMU were extremely busy in the first two years and would likely have benefitted from having a larger team. Nevertheless areas of weakness were identified and additional support secured in terms of a consultant to assist with gender issues and, more recently, an additional technical officer to support piloting after an external organization contracted to lead on this did not perform adequately. The PMU also supported the TNFD Secretariat in getting off the ground by seconding two staff to them part time.

In terms of working relationships amongst the organizations, WWF-GEF, UNEP FI, Global Canopy and WCMC staff interviewed were universally complimentary about those that they worked with most closely in the other organizations. The only issues raised were the occasionally late receipt of communications materials requiring input, and the challenges in keeping up with the TNFD Secretariat. It is evident to the evaluators that the professional working relationships built in this Project, the dedication and expertise of the teams, as well as the expertise of others in their organizations who could be consulted or brought in, were critical to the success of the Project.

One evidence of this is that all the partners have agreed to work together again, and with others, on the German Government-funded TNFD IKI project.

3.2.5 What is the cost efficiency of Project outcomes?

This is a particularly challenging question for this Project, and one senior-level interviewee was of the opinion that a direct comparison was not possible – partly given the unique and global nature of the Project, but also as, in terms of impact, the GEF-funded component of TNFD cannot be considered in isolation to the larger TNFD component funded from other sources. The two have been integral to the success of the whole, and of other knowledge partners, some of whom have likely contributed their own resources in a way that would be difficult to quantify.

TCFD is a similar project in nature and could provide a useful comparison, but even notwithstanding the challenges already noted, the scale of the funding it received in the first two years does not seem to be publicly available.

What is clear however, is that the relatively modest funding by GEF (roughly USD 1.85 million including GEF agency fee) unlocked co-financing of nearly USD 12.5 million, and catalysed a global project that has largely met or exceeded the original objectives, is reverberating around the world's financial markets and has the potential to be a major tool in reducing the negative impacts of financial institutions and major corporations on biodiversity. In that sense the Project has been very cost effective, and notable results have been achieved in a short space of time (TNFD was only launched in June 2021).

A major reason for the success of TNFD to date has been the ability of the TNFD Secretariat and others to raise substantial funding for TNFD from other sources, such as the UK Government. Several senior-level interviewees stated that the credibility in having already secured GEF funding was very helpful in persuading other donors to come on board, while GEF, UNEP FI and WWF joining forces on the Project provided another level of credibility.

Table 4. Rating of Project Outcomes

Assessment Area	Rating	Justification
Were project outcomes Relevant when compared to focal area/operational program strategies, WWF strategies, and country priorities?	S	The Project was ambitious and potentially risky but was planned thoroughly and with attention to detail. Minor shortcomings only (i.e. ToC, Risk Register)
How do you assess the Effectiveness of project outcomes?	HS	Exceeded expectations with minor shortcomings. The PrISM report made a similar finding in July 2023
What is the Cost-efficiency of project outcomes? How does the project cost/time versus output/outcomes equation compare to that of a similar project?	HS	Level of outcomes to date has been exceptional for the scale of investment (while noting that it is too early to see any benefits to nature)
Overall Rating of Project Outcomes	Rating	Justification
Using above criteria, please provide an overall rating for the achievement of the Project outcomes. This assessment should analyze both the achievement and shortcomings of these results as stated in the project document.	HS	See above

3.2.6 WWF-GEF and Implementing Agency implementation / execution / coordination, and operational issue

The performance of both WWF-GEF and the UNEP FI project team respectively evidently been high and, as noted previously (see Efficiency Human Resources), the working relationship between them has generally been strong. One evidence of this is contained in the latest PPR: "In terms of project

management, WWF-GEF Agency's thorough review, feedback and discussion following the PMU's submission of the first annual project progress report (Y1 PPR) and Project Review Implementation Support Mission (PrISM) conducted by the WWF-GEF Agency have both been very helpful in elucidating what was not crystal clear in terms of the definition, indicators, or targets in the project result framework and annual workplan and identifying and implementing further adaptive measures in the project execution."

One issue that UNEP FI had to deal with was the inadequate performance of an organization contracted by them to assist with the pilots with financial institutions. It was reported during interviews that this organization (Bankers Without Boundaries) had not assigned staff senior and expert enough to meet the expectations of at least some of the financial institutions, resulting in concerns being informally expressed to UNEP FI. While this review did not look in detail at this challenging time, PMU shared that the situation persisted for several months while they made efforts to seek improvements, and then decided not to renew the contract when these were not forthcoming. From the information available it appears that the situation was dealt with decisively when needed, and before taking on the pilot work in-house. The few interviewees that touched on the topic did not express any views that UNEP FI could have handled the situation better.

The one notable exception to the smooth working relationship between the Implementing and Executing Agencies has been an operational issue regarding the transfer of funds from the WWF-GEF to UNEP FI (see below).

3.2.7 Operational issues

PMU reported in the Year 1 PPR that the biggest operational issue was the inconsistent receipt of funding tranches from WWF-GEF, which was exacerbated by "the complicated internal process at UNEP", causing delays and gaps in agreements and contracts. "Each partner agreement and consultants' contracts had to be renewed every quarter when only funds were available which created a longer, and more complicated administrative process that often-caused delays and gaps in extensions of the contracts and agreements" resulting in frequent frustration for PMU and partners.

The issue persisted and was reported in the April-September 2023 PPR. "In terms of project management, quarterly and limited instalment from GEF agency based on quarterly financial reporting and expenses has persisted to be the major challenge. This was even more amplified with a complicated internal process at UNEP due to different contracting modality and caused delays and gaps in extending agreements with the partners. This has operationally not been very efficient as it created tremendous amounts of back and forth communications externally with the partners and internally between the UNEP FI and UNEP."

WWF GEF should have received sufficient funding from GEF in advance but required quarterly financial reporting and expenses in order to release funds quarterly. This, and a complicated UNEP internal process has periodically resulted in significant delays in funds reaching PMU. Meanwhile UNEP FI policy does not allow funds to be transferred to other parties until they have been received, meaning that they do not have the ability to buffer delays in funding for outgoing commitments.

Given the importance of the Project and its fast-moving nature, and the clear description of the scale of the problem communicated by the PMU (and validated by WWF-GEF through the PRISM), it is the view of the evaluation team that senior management at WWF-GEF (or WWF US?) should have been more flexible and responsive in finding a solution, even if that meant making an exception to their own policies and/or amending the funding agreement. It is not known that complying with US government regulations prevented such arrangements.

Table 5. Rating of Implementation and Execution

Assessment Area	Rating	Justification
Please rate the WWF-GEF Agency on the project implementation.	S	Performed well although the operational issue regarding funding transfer to UNEP FI could have been more proactively addressed
Please rate the Executing Agency on project execution.	HS	The overall rating of project outcomes was HS, and the single greatest factor in achieving this has been the high performance of the EA in challenging circumstances

3.2.8 Sustainability

It is evident from the PPRs, interviews and media reports from the time of the release of the TNFD Recommendations that there is both a strong level of continued commitment among Project partners, and a high level of interest from target audiences for TNFD. As such the Project has a high level of momentum and potential for sustainability such that it may be possible for the TNFD to follow the trajectory of the TCFD and be disbanded in a few years (with any essential functions taken over by other organizations). This is further discussed below.

The only question raised by several interviewees was whether there is sufficient funding for the TNFD Secretariat team and knowledge partners for the coming years. They noted that some of the funding to the TNFD Secretariat was to support the release of the Framework, and that funding grants for the TNFD Secretariat have concluded or are coming to an end. It is clear that capacity development on TNFD issues amongst corporates, financial institutions and the regulatory landscape will be one of the major areas of focus for the Secretariat moving forward. This will require sustained funding to create a capacity-building delivery infrastructure that can reach beyond the largest companies and into the Global South. The remainder of the GEF project also has relatively little funding compared with Year 1 and 2, as planned, and the two UNEP FI secondees to the TNFD Secretariat will finish at the end of March 2024.

The TNFD Secretariat shared that securing sufficient funding is an ongoing conversation at present and not resolved. However, and in a major development, [29 million euro was secured from the German Government at the end of 2022](#). The funding will help to raise awareness and increasing knowledge and capacities in industrialized countries and emerging economies to support acceptance of its recommendations,” and includes funding for TNFD Secretariat staff, UNEP FI, WWF, Global Canopy and others. The Secretariat also has ongoing discussions with governments and foundations for additional funding and it seems likely – given the success, profile and potential for impact – that sufficient funding will be secured for the intermediate term.

A related and positive development regarding sustainability is that the Green Finance Institute which hosts the TNFD Secretariat has successfully passed the UNDP audit and can now receive and manage UNDP funds on behalf of the Secretariat.

The TNFD Secretariat is seeking to increase its staffing level for the next phase of TNFD, but only by a modest 10-20% and there will remain a strong reliance on partners.

Whether the Secretariat can or should become financially self-sufficient remains an open question for discussion. Potential revenue sources could include some form of member fees from

participating entities, or fees from licensing, accreditation and/or certification for consultancies or other organizations involved in capacity-building training or delivery with respect to the Framework.

However, it is not at all clear that a financially independent Secretariat is in the interest of the various stakeholders, nor that it would be conducive to furthering adoption of the Framework, especially when considering the important nexus that will likely continue to develop between the Framework and the regulatory/policymaking apparatus. Effective alignment of interests may ultimately require the Secretariat to secure backing from a regulatory or statutory body, perhaps analogous to the Financial Stability Board and the TCFD. That said, the FSB’s recent announcement regarding disbandment of the TCFD and the transfer of its implementation monitoring activities to the International Sustainability Standards Board presents another opportunity for the TNFD to follow in the TCFD’s footsteps.

Table 6. Rating of Risks to the Sustainability of Project Outcomes

Risk Assessment Area		
Financial Risks		
Low, including as major German government support has already been secured for TNFD including for TNFD Secretariat staff, UNEP FI, Global Canopy and WWF		
Socio-political Risks		
Low, most project outcomes achieved and cannot be undone. Several interviewees noted that the environment in the United States is not currently conducive to ESG and the sustainability ecosystem but that is an issue beyond the original scope of this project		
Institutional Framework and Governance Risks		
Low. While some aspects of the operations of the PSC are not ideal, they do not appear to have caused issues in project delivery to date, and the major objectives of the project have already been delivered, and the bulk of the project funding spent		
Environmental Risks		
Very low, any impacts to nature should be positive. While it is conceivable that certain bad actors whose business model relies on exploiting nature for free decide that their window of opportunity is closing because of TNFD and other nature related governmental initiatives and decide to accelerate their exploitation as a result, but that is beyond the scope of this project and review.		
Overall Rating of Sustainability of Project Outcomes	Rating	Justification
Using above criteria, please provide an overall rating for the risks to sustainability of project outcomes.	L (Likely)	The project has a very good momentum and level of support from partnering organizations and externally (financial institutions and beyond)

3.3 Monitoring and Evaluation / Adaptive Capacity

3.3.1 Implementation of M&E plan and use for adaptive management

The M&E plan appears to be working well and executed largely as planned across all levels from the Results Framework and the PPRs and PrISM, to this Mid-Term Review. The PMU Nature Programme Associate is the designated M&E Coordinator, and most of the indicator data is compiled by the PMU team, at least monthly as monthly reports are now being sent to the PSC.

This Project has been highly dynamic and the PMU have had to constantly adapt. This appears to have been more driven by the need to keep pace with and support the TNFD Secretariat - who were themselves constantly reacting to the external environment and evolving their plans – than from data collected by the M&E system. Furthermore, the Project had a good degree of success in achieving its targets early on (after 6 months the Project outcome/results targets were overachieved by 186%). Therefore, there was not a pressing need to consult the Results Framework and change strategy in order to deliver objectives.

The Executing Partners also had to adapt. Examples include:

- WCMC had to align and revise timelines of its deliverables under the GEF project Component 2, written inputs to the beta frameworks and the report on dependency piece with the Secretariat’s timelines.
- GC similarly aligned its deliverables on communications, media and stakeholder engagement support with the timelines of the beta releases, under the Component 4.

One new indicator on “Number of governments and regulatory bodies engaged and demonstrated interests in uptake as mandatory disclosure mechanism” was added following a recommendation made in a PSC meeting.

The Results Framework was not made available to GC and WCMC who could have potentially rallied round if an objective was behind track. It was shown at least one meeting. As it turns out this was a moot point as the Project largely achieved its objectives on time.

Table 7. Rating of Monitoring and Evaluation

Assessment of M&E Systems	Rating	Justification
M&E Design – Was the M&E plan at the CEO endorsement practical and sufficient? Did the M&E plan include baseline data? Did it: specify clear targets and appropriate SMART indicators to track environmental, gender, and socioeconomic results; a proper methodological approach; specify practical organization and logistics of M&E activities including schedule and responsibilities for data collection; and budget adequate funds for M&E activities?	S	The M&E was well designed and comprehensive according to the assessment criteria, the budget was sufficient
M&E implementation – Did the M&E system operate as per the M&E plan? Where necessary, was the M&E plan revised in a timely manner? Was information on specified indicators and relevant GEF Core indicators gathered in a systematic manner? Were appropriate methodological approaches used to analyze data? Were resources for M&E sufficient? How was the information from the M&E system used during project implementation? Did it facilitate transparency, sharing and adaptive management?	S	The M&E plan was well implemented according to the assessment criteria
Overall Rating of M&E	Rating	Justification
Using above information as guidance, please provide an overall rating for M&E during project design /implementation.	S	See above

3.4 Gender Equality and Mainstreaming

Gender issues have received appropriate attention during the Project design and implementation phases. This reflects that i) the GEF and WWF both have policies on gender equality and ii) gender equality is likely to be a specific issue in this Project as women are underrepresented in senior positions in financial institutions, which are among the primary target audience for the TNFD.

The Gender Action Plan (GAP) scope only covers the GEF-funded TNFD activities, and was scaled accordingly. The plan's overall strategy is to ensure the equal participation of and benefits for women during project implementation of GEF-funded activities, with the support of the gender specialists; the collection of detailed sex-disaggregated data on project participants and beneficiaries; and monitoring of progress on gender-specific indicators.

The GAP contains gender specific actions for every output of the TNFD project across the four overarching Components. Overall these are designed to ensure equal participation of women and men in the TNFD Secretariat team itself as well as participating partners and external stakeholders, to ensure that the Framework, tools and outreach materials cover gender in a proactive manner, and that data on these are collected, where possible, to monitor progress.

The PMU oversees all gender monitoring activities.. Progress with the GAP was reported to the Project Steering Committee and WWF-GEF Agency as part of the six-month and yearly Project Progress Reports.

Overall the design of the GAP has been appropriately thorough, and the resources to deliver it seem adequate. A gender consultant was brought in to work with the UNEP FI Social Lead to improve capacity and expertise. Interviewees also noted that solid progress had been made, although ideally there would have been more opportunities to insert gender content into the Framework.

Progress on the GAP has been very good with 94% achieved by March 2023, including potentially difficult-to-achieve external targets. Achievements in the first year include a 51:41% ratio of female to male speakers at 20 events, 55% of 136 people taking part in the pilots for financial institutions being female, and 49% of 23,29 people taking part in the TNFD consultation process being female. The TNFD Secretariat staff itself is 77% female.

3.5 Stakeholder Engagement

The design of the initial Stakeholder Engagement Plan was robust and comprehensive, with all key stakeholder categories identified and relevant engagements prioritised in line with project design. The Plan was also revised appropriately in response to the adaptive management and the advent of the open innovation approach. Table 2 of the “Annex 5. SEP final update.pdf” document is a particularly illuminating and detailed summary of the targeted approaches taken for the various types of stakeholders.

Within the population of stakeholder types, the one group from which the MTR team has seen the least activity in terms of engagement appears to be the Ratings Agencies and Data Providers. That said, engaging with such entities may become more relevant in the period following the release of the 1.0 version of the Framework, which is beyond the scope of this review. In addition, numerous such entities are already members of the TNFD Forum, and the Taskforce co-chair hails from that industry, indicating that other pathways have already proven effective in securing their engagement.

3.6 Safeguards Review

Safeguards are a relatively lesser issue for this Project as there are no on-the-ground field activities, and no anticipated negative environmental or social impacts. As such it was classified as category “C”, low risk, which is appropriate.

The Grievance Redress Mechanism forms part of the Stakeholder Engagement Plan, and was rolled out as such. Grievances can be communicated through several channels including the UNEP FI platform through a link placed under the TNFD pilot page, a UNEP FI postal address, or to WWF-GEF through a link on the WWF US website. No complaints have been received through any of these channels at the time of this report writing.

Several interviewees outside the UNEP FI and WWF were asked about their knowledge of the Grievance Redress Mechanism. Two who had worked on the GEF TNFD project for at least a year did not recall hearing about it while others were vaguely aware of it but could not recall where they could find information on how to use it if needed. It would be prudent for UNEP FI to remind partners of the Grievance Redress Mechanism, even if the risk to vulnerable communities etc. is low for the Project.

3.6.1 Lessons learned

Few opportunities for safeguards learning in this Project.

3.7 Finance and Co-finance Review

3.7.1 Extent of co-finance realized to date

From the Risk Register - “Co-financing were committed and secured by 7 partners including UNEP FI, UNDP, AfD, WWF US, F4B, Global Canopy and AXA totalling up to USD \$4,312,858. In addition, during the project implementation, UNEP FI also has secured co-financing from 4 institutions who are partnering on UNEP FI-led TNFD-supported pilot testing program. As of Yr1 end, there was no co-financing contribution from AfD and AXA. “ Per the PMU, the lack of contribution from AXA was due to a policy decision from the TNFD prohibiting contributions from businesses, to avoid perceptions of undue influence by the private sector. The AFD (Agence française de Développement) contribution remains unaccounted for, although commentary from the PMU implies that its contribution is no longer expected, for the same reason as for AXA, despite AFD being a donor agency rather than a business.

From the PPrISM report - “In Y1, a total of \$3,117,717 in co-financing materialized by partner organizations, including WWF international, WWF-US, WCMC, Global Canopy, UNDP and UNEP FI. The team did not receive a co-financing letter from Finance4Biodiversity (originally listed in the CEO Endorsement request). However, the team is confident in achieving and even exceeding the overall co-financing commitment by project end (\$4,549,857).” This USD \$4.5m total represents an increase of USD \$237,000 from the \$4.3m amount confirmed at the CEO endorsement stage of the project, due to an incremental commitment from UNEP-WCMC post-endorsement.

In addition to the Y1 total, the PMU co-financing tracking document notes an additional USD \$165,000 in co-financing materialized by UNEP FI for Y2 and Y3. This brings the total materialized co-

financing from the Executing Agency and Executing Partners to USD \$ 1,333,400. The grand total of materialized co-financing as of this review is USD \$3,282,717, of which at least 30% is in-kind, with the rest classified as grant co-financing. Should some portion of Global Canopy’s materialized USD \$770,400 be more properly classified as in-kind rather than the grant category used in its reporting letter for Y1, then the materialized in-kind co-financing share could reach as much as 54% of the total.

Table 8. Co-finance summary

Source of co-finance (CSO, Donor agency, Govt, PS, etc.)	Name of co-financier	Type (grant, loan, guarantee, equity, in-kind, other)	Investment mobilized (investment mobilized or recurrent expenditures) (USD)	Amount committed at CEO endorsement (USD)	Actual at MTR (USD)
Donor agency	Agence Française de Développement (AFD)	in-kind	179,433 (EUR150k) recurrent expenditure	179,433 (EUR150k)	0
Multilateral agency	UNDP	in-kind & grant	100,000 recurrent expenditure 400,000 investment mobilized	500,000	1,524,750
Multilateral agency	UNEP FI	in-kind	326,000 recurrent expenditure	326,000	326,000
Private Sector	AXA	in-kind & grant	363,309 (EUR 300k) recurrent expenditure 242,206 (EUR200k) investment mobilized	605,515 (EUR500k)	0
CSO	WWF US	in-kind	203,859 recurrent expenditure	203,859	51,557
CSO	Finance for Biodiversity (F4B)	in-kind & grant	175,000 recurrent expenditure 1,325,000 investment mobilized	1,500,000	0

CSO	Global Canopy	in-kind & grant	942,566 recurrent expenditure 55,485 investment mobilized	998,051	770,400
Multilateral agency	UNEP-WCMC	in-kind	237,000 recurrent expenditure	0	237,000
CSO	WWF International	in-kind & grant	214,955 recurrent expenditure 158,055 investment mobilized	0	373,010
Total			4,549,857 2,527,167 recurrent expenditure 2,022,691 investment mobilized	4,312,858	3,282,717

3.7.2 Assessment of administration of co-financing and financial management of the project, with specific reference to Cost-effectiveness of interventions/ efficiency*

The latest PPR reports “GEF-funded TNFD project’s approved total budget is USD \$1,698,829 for 48 months. Of which, USD \$922,372 or 54% is allocated for the project Y1 (2022-2023), USD 591,150 or 35% for the Y2 (2023-2024), USD \$131,494 or 8% for the Y3 (2024-2025) and USD \$53,812 or 3% is allocated for the last Y4 (2025-2026) of the project implementation. In other words, 89% of the budget is allocated for Years 1 and 2, and only 11% for Years 3 and 4. By September 2023, 72% of the total budget had been spent, with this predicted to rise to 84% by March 2024 (i.e. end of Year 2), representing a slight underspend. Most of the remaining funding will be spent on Component 3, and as the total amount allocated for Year 4 is so modest it should be straightforward for all the funds to be spent by the end of the project, if not before. Overall no issues with financial management are reported, other than those caused by occasional delays in receiving quarterly funds as already noted in 3.2.7.

Regarding administration of co-financing, commitment letters and reporting letters were readily available, and were organized and tabulated appropriately. However, there were three instances where documented commitments did not materialize (AFD, AXA, and F4B), and there was no readily discoverable documentation of the reason(s) involved.

In the PMU’s tracking file, contributions from AFD and AXA are listed as “N/A” due to the TNFD policy change (see 3.7.1 above), while F4B is annotated as “did not report” with no further information.

Conversely, there were two instances where contributions materialized in the absence of documented commitments (UNEP, WCMC and WWF International), with a similar lack of explanatory notation or documentation, although these additional contributions were noted in the PPR/PrISM reports.

In light of the above, one minor suggestion for improvement in co-financing administration is to incorporate further context in the annotations for those entities where commitment did not materialize into contribution. It should be noted that the various co-finance correspondence is generally addressed to WWF-GEF, so the PMU's role in implementing this suggestion may be limited.

3.7.3 Utilization of grant funds distributed to project partners

No issues have been reported in the two most recent PPRs. The only identified issue, i.e. the occasional delays in quarterly transfer of funding from the WWF-GEF to the Executing Agency, has been noted previously (3.2.7). Both Executing Partners noted that this had resulted in additional administration and delays in receipt of funds to their own organizations and one reported they had had to use their own funds in good faith to cover funding gaps and continue GEF-TNFD work.

3.7.4 The impact on project results if any shortfalls in co-financing

The full picture of the status of co-financing remains incomplete. Per the Project's tracking documents, delivery of co-financing vs commitments range from 0% to 200% at the individual commitment level, with one instance of co-financing delivery in the absence of documented commitment.

The largest single missing gap vs commitment was the USD1.5m pledged by Finance For Biodiversity (F4B). This gap was significantly offset by the overdelivery by UNDP on its commitments (USD1.5m vs USD500k), and in any case the F4B commitment letter was not firm regarding whether its contribution would go to the GEF project or to the TNFD directly. The ultimate disposition of its commitment is unclear - it may have simply not materialized, or it may have gone to the TNFD directly.

In aggregate, documented delivery of co-financing of USD \$3,282,717 is 31% short of the committed USD \$4,549,857, a gap of approximately USD \$1.3m. This appears not to have had a significant impact on Project results for a variety of potential reasons:

- The majority of co-financing commitments (55%) appears to be from in-kind contributions, particularly with respect to the development of the TNFD Framework;
- Some time remains for delivery to be made against commitments, as the aggregate USD \$4.5m commitment is for the total Project - that said, most commitment letters reference a commitment period ending by end-2023;
- The USD \$1.5m pledge from F4B may have gone directly to the TNFD instead of the GEF project and thus still supported aggregate delivery of TNFD-related objectives;
- Some or all of the shortfall may theoretically be the result of inefficiencies in reporting and paperwork, and as such the shortfall may or may not exist, since contributions may have gone directly to TNFD. This is linked to the F4B commitment in particular, where there is no documentation of its ultimate disposition (see 3.7.2 for a suggestion for potential improvement on this issue); and,

- The TNFD Secretariat was able to secure additional sources of financing to supplement the GEF funding and its related co-financing, with apparent aggregate financing (explicitly linked to GEF plus non-linked) totalling USD \$12.5m.

4. CONCLUSIONS, RECOMMENDATIONS & LESSONS

Key Lessons and/or Best practices to Share and Replicate

- A. The likely primary lesson learned from this project from a GEF perspective is that the opportunity that GEF had identified – i.e. to support and invest in an innovative cross-cutting project that could reduce the global impact of the private sector on biodiversity – has been highly successful to date. However, any nature-positive benefits have yet to be realised, and there is likely to be pushback from areas of the finance sector (see p.20). While GEF as a rule does not continue funding projects once established, projects with as much potential to benefit biodiversity on a global scale as TNFD are rare. Furthermore, the TNFD should be viewed in a completely different light now that the Global Biodiversity Framework (GBF) is in effect. Funding to support using the TNFD as a tool to reduce biodiversity loss in developing countries and countries with economies in transition to meet the objectives of the GBF is directly aligned with the GEF mission, and would be a very different project in nature to this project. For all these reasons it is hoped that the GEF will seriously consider providing new funding should the partners desire it.
- B. The success of the Project was due to a number of critical factors acting in concert. Without any one of these components in place, the progress of the Project to date would likely have been far less:
- A compelling vision of what the Project was, and could ultimately achieve, which appears to have inspired dedication to the cause. No interviewee cast any doubts on the validity and potential impact of TNFD; on the contrary, there was enthusiasm for rolling it out and getting it in place
 - The existence and proven success of the TCFD, which paved the path and has acted as a signpost for next steps in the TNFD's development
 - The sterling work of the IWG in laying the foundations for the Project
 - The support of the GEF in providing early financial support and credibility
 - A swell of interest in, and focus on, nature and biodiversity in non-traditional sectors including corporate and the financial industry, which has both benefited the TNFD and been propelled by it. A number of senior-level interviewees remarked on this
 - The high performance of the UNEP FI PMU and partners, with each playing to their strength
 - The ability of the TNFD Secretariat and broader Taskforce to quickly establish itself, and to attract and drive interest in key target audiences
- C. The relatively lengthy start to the Project is not atypical to GEF-funded projects, and the potential challenges that this presented this project could probably have been better foreseen. WWF was a member of the IWG, and would have seen that momentum was building towards the end of that phase. It is unclear whether getting the Project started could have been fast-tracked or other mitigating measures undertaken.
- D. The TNFD Secretariat team was evidently put in a difficult position upon its establishment in finding that this Project had been funded and was TNFD branded, whilst the Secretariat team had had no input into it. To a degree this was unavoidable, as one of the primary objectives of this Project was to establish the TNFD. In hindsight, perhaps this issue – which the evaluation team can appreciate – could have been mitigated such as by dividing the Project into phases and allowing the Secretariat to have input on the phase(s) subsequent to

its establishment. It is noted that such input would have to be constrained by whatever scope GEF would allow in order to be comfortable approving funding for the Project. The lesson here is to avoid establishing agencies and projects for them to undertake separately.

- E. Several senior interviewees involved with this Project from its early days noted that the initial idea was that TNFD could be housed under TCFD, as a “bolt on”, but TCFD was not keen, perhaps thinking that it would dilute their climate focus. In hindsight this decision may have benefitted TNFD. One senior interviewee, on being asked about this, was of the opinion that TNFD may not have attracted the same attention had it been under TCFD, while going it alone has allowed it to build the case studies and momentum on the nature topic among the regulatory and policy apparatus, and helped establish nature as a topic on the global agenda more comparable to climate. While this evaluation has not attempted to verify the above, it is an interesting reflection and may add value to planning for other projects, therefore we include it.
- F. The open-innovation approach to developing and piloting the TNFD framework was not planned in the Project Document, which instead laid out releasing a draft version for comment during a 60-day consultation, and then producing a final version. The open-innovation approach – which stemmed from prior exposure to, and enthusiasm for, open innovation from within the TNFD Secretariat – resulted in four beta versions before the final Recommendations and, evidently, a considerably higher workload for the PMU that led on the piloting for financial institutions (and likely for the organisations piloting other sectors), as well as less certainty about the eventual outcomes. However, all those interviewed who commented on the pilots were of the view that the change of approach had been to the benefit of the TNFD. As one interviewee in UNEP FI commented, “Bringing piloting into the open-innovation approach has really worked well. At some points there was a lot of fear that we were taking on too much. But it’s been able to build a community, a momentum, and a sense of shared commitment to this topic.” The lesson here is that applying a private sector “move fast and break things” approach to innovation can be jarring in a multilateral defined-project process environment, but worked out in this case, to everyone’s credit.

Summary of findings including sufficient but concise rationale

This Project was ambitious and potentially risky – particularly in trying to generate sufficient interest amongst financial institutions and corporates. A number of key factors acting in concert have led to it being highly successful to date (see Lesson A), and highly cost-efficient for GEF. The Project has benefited from, contributed to, and at times been challenged by a fast-moving and innovative TNFD Secretariat and aspects of the TNFD not funded by GEF. Trying to attribute the exact contribution of this GEF funded Project would be extremely challenging and contrary to the original intention to be catalytic. However the actions taken by the UNEP FI team in leading in the engagement of financial institutions in the pilots represents a relatively distinct body of work that undoubtedly has contributed significantly to the overall success of the TNFD, and the relationships built and understanding of the needs of the sector can be further utilised moving forwards.

Overall the Project rated highly, exceeding expectations in four key areas, and underperforming in none (i.e. scoring Moderately Unsatisfactory or lower). As a result only nine recommendations are made, most of which are intended to increase the likelihood of TNFD resulting in nature-positive actions by financial institutions at scale in the future. One is operational, while another is intended to inform other GEF / WWF / UNEP FI projects.

Recommendations

Project design

1. Create a new Theory of Change to guide strategy development

The current Theory of Change has served its purpose, but will be of minimal value now that the Framework Recommendations have been released, and the emphasis is now on maximising uptake and reporting. Strategy development should be based on a new Theory of Change that demonstrates how a logical progression of how increasing knowledge of the TNFD and Framework among pioneering financial institutions and certain corporations should lead to broader uptake and reporting, and how this will lead to a reduction in negative impacts on biodiversity. It should be cognizant of the underlying assumptions, and include an understanding of the interplay between other relevant major regional or global initiatives such as CBD Target 15, TCFD, the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI) and TNFD that are or have the potential to be mutually supportive.

Such a model should have value beyond the GEF-funded work in clarifying how the planned actions of the TNFD community can drive positive change, and where there may be gaps that UNEP FI or other organizations can consider addressing with new projects or activities. It should also highlight the limitations of TNFD in addressing the impacts of small - medium sized companies (who are unlikely / less likely to take up TNFD) on nature, and on small-scale community based exploitation, which can be the major threat in some areas.

Project implementation / efficiency

2. Find a solution to smooth funding from WWF-GEF to UNEP FI

A solution needs to be implemented to ensure that future tranches of funding from the Implementing Agency to Executing Agency are sufficient and timely to prevent funding gaps, including from Executing Agency to Executing Partners. The current process has caused significant issues and needs an overhaul to ensure that the problems and inefficiency caused are minimised.

Possible solutions include:

- A move to six-monthly or even yearly financial reporting and release of funds
- PMU and WWF-GEF internal processes around financial reporting and release of funds are detailed for both parties, and timing provided for each step. Each party notifies the other when the key steps have been completed, and the other party is free to send a query if this is not received. This increased transparency should prevent internal delays going unseen by the other party, and ultimately reduce delays in fund transfers
- PMU builds a buffer into its funding requests to cover potential delays (where it does not have sufficient unspent funding to already cover any delay). This may already be occurring.

These potential solutions are suggestions to be explored, and there may be others. The primary recommendation is for the relevant WWF-GEF / WWF US and PMU teams (including senior finance and administration staff) to speak directly to one another about the existing challenges, and to agree on a solution and implement it.

3. A more equitable working relationship for UNEP FI/PMU with the TNFD Secretariat

Since being established, the TNFD Secretariat has largely led on devising the strategy for TNFD, and then informing the knowledge partners and seeking their support. This *modus operandi* has to a degree been necessary as the TNFD Secretariat has had to adapt at pace due to a great deal of interest in the target audiences - which have differing needs - but has caused major challenges to the PMU as plans are constantly being updated. Having staff seconded to the Secretariat has provided some advance warning of changes in strategy occurring, but not necessarily involvement in high-level planning meetings. Furthermore the secondments will cease at the end of Year 2 in March 2024 as the funding for their roles via GEF ends, potentially distancing PMU from the TNFD Secretariat. This will also reduce the ability of PMU to collect data for the RF in a timely manner as currently the PMU staff seconded to the TNFD Secretariat do much of this.

Following the release of the Framework, there appears to be an opportunity to tighten up the coordination between the GEF project participants and the TNFD Secretariat, as the dynamism required by the open-innovation approach for Framework development shifts to something less fast-moving.

This appears to be particularly relevant with respect to the topic of stakeholder engagement and uptake promotion. Based on the interviews conducted by the MTR team, while reference has been made to the Secretariat and its plan for this, the GEF project team appears to be only aware of some elements of it. Closer engagement with the Secretariat in this post-launch period could help identify specific areas and actions where the GEF project partners could add significant value to the collective effort to drive uptake and adoption of the Framework.

It is suggested that UNEP FI/PMU endeavour to reset the working relationship with the TNFD Secretariat by embedding a senior staff member within the TNFD Secretariat, so that they are involved in strategic planning and kept abreast of developments. While other knowledge or delivery partner organizations might desire the same, it could be argued that UNEP FI are one of, if not the, most important partners given the TNFD focus on financial institutions, UNEP FI's credibility and network among them, and UNEP FI's strong performance to date. Should embedding not be feasible, at a minimum there should be some form of periodic (at least monthly) senior-level communications between the PMU and the TNFD Secretariat to ensure strategic alignment and smooth coordination.

4. Update the risk register

The PMU has managed to overcome a number of inter-organizational challenges through strong working relationships, a thorough understanding of the internal processes and challenges of their own organizations and those of partners, and the ability to work quickly and be highly adaptable. While commendable, the loss of one or more key staff in what is a complex and fast-moving project could be strongly felt and undermine the team's ability to deliver the remainder of the Project, and otherwise engage in TNFD.

It is recommended that this risk be acknowledged and managed through an addition to the risk register. The PMU itself will be in the best position to devise a management response to manage this risk.

Sustainability and impact

5. Build capacity among relevant stakeholders

Capacity building for relevant stakeholders will be a critical component to drive adoption of, and disclosure in line with, the TNFD Framework. This is particularly the case with respect to entities outside the population of first adopters within the private sector, and with respect to the global South vs developed markets. Potential opportunities for GEF project team involvement in this area include:

- Development of and/or participation in a certification or accreditation process for TNFD Framework training materials, if this approach to ensuring minimum levels of quality in capacity development by third party providers is deemed appropriate by the relevant parties
- Development and/or delivery of training materials for TNFD-related trainers
- Development and/or delivery of training materials for corporates
- Development and/or delivery of training materials for FIs and relevant financial sector ecosystem entities
- Development and/or delivery of training materials for regulators
- Development and/or delivery of training materials / briefings for policymakers
- Leading or supporting the delivery of these training materials in regional fora

Regionalization / translation of these training materials and potential delivery in destination markets, possibly as a part of a two-pronged approach targeting the Global South and developed markets respectively. Information gathered during the pilot phases will be useful in informing region specific approaches. The recommendation is for the Project team to consider adopting one or more of these suggestions, based on what has / has not been decided already, capacity and goodness of fit for their organization.

This project has made good progress in addressing gender inequality in the financial sector, and can build on this during capacity building by continuing to incorporate gender considerations into the activities listed above, and to collect disaggregated data. Potential improvements could include the use of feedback forms to gain the views of the audience in having gender-balanced panel discussions for instance, and to try to monitor for any impacts on the gender policies of financial institutions engaged themselves.

6. Policy actions: Support CBD Target 15 fulfilment

GEF project partners are well placed to support policymakers as they work to fulfil their obligations with respect to CBD Target 15 - Businesses assess and disclose biodiversity dependencies, impacts and risks, and reduce negative impacts.

“Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

- a) Regularly monitor, assess and transparently disclose their risks, dependencies and impacts on biodiversity, including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains, and portfolios;
 - b) Provide information needed to consumers to promote sustainable consumption patterns;
 - c) Report on compliance with access and benefit-sharing regulations and measures, as applicable;
- in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production.”

The recommendation is for the Project team to consider working with the broader TNFD including delivery partners to create and deliver tailored in-country encouragement, capacity development and if needed advocacy for governments to deliver on their commitment through the TNFD Framework.

In particular, although many countries have signed on to CBD and Target 15, they may not necessarily act on it in a timely and complete manner. What is likely to be needed is in-country encouragement and advocacy for governments to deliver on their commitment - through the TNFD Framework.

A potential first step could be to conduct a study that looks at the likelihood that priority countries will act on Target 15, and the underlying reasons why those that may not won't. This could then be used to prioritise countries and develop national strategies for their taking action on the Target.

7. Try to ensure that disclosure leads to impact

A critical assumption for TNFD is that disclosure will lead to real actions to reduce negative impacts on nature, and potentially to actively conserve and restore. However, this will take time. A recent [study](#) of the pensions sector in the UK examined early results for the year following TCFD disclosures being made mandatory, and concluded that most funds were not using their TCFD reports to inform and drive strategy. This is despite the TCFD recommendations having been released five years prior, and having attracted considerable interest and buy-in from the sector. Triggering nature-positive actions may take considerably longer with TNFD given the inherent greater complexity of addressing biodiversity loss and the need to find tailor-made solutions for different localities. Given the extent of the biodiversity crisis including species extinctions already occurring (e.g. [IUCN press release 2009](#), [IUCN press release 2020](#)), it is critical that TNFD delivers on its potential as soon as possible. One senior-level interviewee noted with regard to TNFD that “we don’t want to get five years down the line and find that disclosure is not leading to action.”

While the current focus of TNFD and of the GEF-funded project is, rightly, on driving uptake of the Framework and disclosure, it would be prudent for a capable and credible organization to look ahead and consider how best to ensure that disclosure leads to nature-positive actions at scale, and in a timely manner. That could be one of the GEF project partners.

Potential options, which are interlinked, include:

- Research: Some form of study looking at the variety of TCFD or other disclosure regimes such as corporate ESG reporting to identify factors leading to improved outcomes with respect to impact
- Advocacy (materiality): While the TNFD remains agnostic regarding a discloser’s opting for single or double materiality, the latter provides information on the discloser’s impact on nature, which can then have the potential to be managed. Advocating for double materiality to the extent possible may be one pathway to moving beyond disclosure. Within the partner group, WWF may be best positioned to engage with corporates and/or FIs on this topic, although this may require some kind of official separation from the TNFD to reduce the risk to the latter
- Advocacy (disclosure): Scrutinising disclosures and advocacy campaigns targeted at individual financial institutions, corporates or asset managers who do not appear to be acting in a timely and appropriate manner are strategies that activists have employed, sometimes effectively, in other areas. While not a strategy fit for UNEP FI, WCMC or Global

Canopy, it might be worth the WWF network considering whether it could have more impact playing such a role, rather than being one of many knowledge (and delivery) partners. It is acknowledged that any organization could not be both a close supporter of TNFD and play an activist role at the same time, so this could only occur after the GEF-TNFD project has been completed, and any other existing commitments

- Product development/improvement: There may be an opportunity to update UNEP FI's tools for impact management (e.g., its Impact Protocol and its Impact Analysis Tools for Banks/Portfolios/Investment/Real Estate/Corporate) to incorporate available linkages to the TNFD Framework. More broadly, this sort of activity may be extendable to third-party tools in this space.

This recommendation links to Recommendation 1 to produce a new Theory of Change.

Other

8. Discuss and decide whether to apply for further GEF funding

Some of the partners are considering whether there is a need to apply for further GEF funding for TNFD. Given the length of time the GEF and contracting process can take even if successful, such discussions should start sooner than later, and involve at least UNEP FI, WWF-GEF and the TNFD Secretariat. These agencies might play different roles in future funding given that the Green Finance Institute (parent company of GFI PMO Ltd and host of the TNFD Secretariat) has successfully passed the UNDP audit and can now receive and manage UN funds on behalf of TNFD. The conversation needs to be informed by a good understanding of GEF's processes including future Replenishment Cycles, and of optimal timing to engage with the GEF. While GEF does not typically continue to fund projects once they are established and in a good position to attract other funders, there could be a compelling case that this should be an exception (see the first lesson learned, p. 38).

One senior-level interviewee was of the opinion that the GEF would not seriously consider a new proposal until this Project has been completed, and that final reports demonstrating most of the objectives being met had been received. If this is the case, and if partners did wish to apply for GEF funding again, depending on timing it might be advantageous to try to complete the Project early given that the major objectives have been achieved, and that relatively little budget remains for Year 3 and 4. Furthermore the funds for Technical officer, Project/Technical manager and Project/Finance associate will be fully consumed by February and August 2024 respectively.

9. Use the TNFD project as a GEF case study

For a variety of reasons, including i) that this was apparently a novel type of project for GEF to fund, ii) the project faced challenges in scaling up while moving at pace and iii) the substantial early challenges caused in part by a relatively lengthy process to get started. There are lessons from this project including how to mitigate for i) and ii) that would undoubtedly be of value for other GEF projects. It is suggested that WWF-GEF and UNEP FI produce a short case study for GEF and their own organizations on the TNFD experience, with recommendations and guidance for other projects sharing similar attributes, starting with the findings of this MTR.

ANNEXES

1. Terms of Reference for the Mid-Term Review, Composition and Expertise of the Evaluation Team

Project/Program Title: Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)

CONSULTANCY DETAILS

Location: Remote/virtual

Preferred time frame of consultancy: **Mid- September to Mid-December 2023**

Potential sites to visit: **N/A – Virtual**

Maximum budget: **\$20,000**

PROJECT DATA

Project/Program Title: Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)

GEF Project ID: 10755

WWF (Agency) Project ID: G0034

Implementing Agency(s): WWF-GEF

Executing Agency: UNEP Finance Initiative (UNEP FI)

Executing Partners: **Global Canopy, World Conservation Monitoring Centre (WCMC)**

Countries: Global

Focal Area: Biodiversity

GEF Operational Program: GEF 7

Total GEF Approved Budget: \$1,698,829

Total Co-financing Approved: \$ 4,312,858

RELEVANT DATES

CEO Endorsement/Approval : 5/17/2021

Agency Approval Date: 3/25/2022

Implementation Start: **4/1/2022**

Project Completion Date (proposed or actual): **7/31/2026**

Period to Be Evaluated: 5/17/21 - time of contract

INTRODUCTION AND PROJECT OVERVIEW

World Wildlife Fund and the WWF Global Environment Facility Agency highly recommends midterm reviews (MTRs) for innovative medium-sized projects. Therefore, the following terms of reference (TOR) sets out the expectations for the MTR for the project: “Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)”, hereafter referred to as the “Project.” The consultant or team selected to conduct this review will hereafter be referred to as “evaluator.”

The Project seeks to support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature. The TNFD will address threats to the health and value of natural capital derived from the conduct of corporate activities that do not adequately consider the financial materiality and impacts of biodiversity loss. Initiatives such as TNFD will enable governments to better integrate knowledge of nature risk of those financial flows within their national policies and make the relevant strategic plans more effective in responding to emerging country priorities. A common, credible, and widely supported TNFD recommendations framework for reporting on nature-related risks and impacts can pave the way for companies and Financial Institutions (FIs) to better identify and address them in their supply chains and portfolios.

The Project was organized into the following components and outcomes:

Component 1: Build and catalyze the TNFD Network

- 1.1: Catalyzing support for TNFD and hand-over to TNFD Secretariat.

Component 2: Build and test the TNFD Framework

- 2.1: Increased understanding in the financial and corporate sector of nature-related risk and how to identify impacts and dependencies on nature.
- 2.2: A draft framework for companies to report to investors on their nature related risks, refined and agreed upon through a testing process.

Component 3: TNFD Framework consultation and dissemination of recommendations

- 3.1: Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.
- 3.2 Increased awareness of nature-related impacts and financial risks among companies and financial institutions

Component 4: Knowledge management and M&E

- 4.1 Increased uptake of TNFD knowledge and communication amongst stakeholders
- 4.2: Monitoring and evaluation system in place to aid with adaptive management

SCOPE AND OBJECTIVE FOR THE EVALUATION

WWF- US is seeking an independent consultant to undertake a Midterm review (MTR) of the Project. The scope of the MTR will cover only GEF financed aspects of the project. The MTR will analyze the project for its design and implementation to date based on the following objective.

The objective of this evaluation is to examine the extent, magnitude and sustainability of and potential for project impacts to date; identify any project design issues; assess progress towards project outcomes and outputs; assess implementation/execution, and draw lessons learned that can improve the project effectiveness, efficiency and sustainability of project benefits. Based on this assessment, it is expected that the evaluator will provide actionable and useful recommendations that could be applied for the remaining duration of the project.

EVALUATION APPROACH AND METHOD

The evaluation will adhere to the relevant guidance, rules and procedures established by WWF and align with guidance from the GEF Terminal Evaluation and Ethical Guidelines. The evaluation must provide evidence-based information that is independent, participatory, transparent, and ethical. The evaluator must be unbiased and free of any conflicts of interest with the project and will state so in their proposal. The evaluator is expected to reflect all stakeholder views and follow a participatory and consultative approach. There should be close engagement with the Project Management Unit (PMU) at the UNEP FI, the Executing Agency and project beneficiaries and partners, the TNFD Secretariat, Global Canopy and World Conservation Monitoring Centre (WCMC). Contact information will be provided by the PMU.

The Evaluation process will include the following, with deliverables marked by “*”:

- Kickoff and inception meetings;
- Desk review consisting of, but not limited to:
 - Project Document and CEO Endorsement Letter;
 - Project grant agreements including the grant agreement between WWF-GEF Agency and UNEP and Small-Scale Funding Agreements (SSFA) and its amendments between UNEP FI with WCMC and Global Canopy and individual consultants’ contracts with Bankers Without Boundaries (BwB);
 - Relevant safeguards documents, including WWF-GEF Agency Categorization and Compliance memo, Stakeholder Engagement Plan and Gender Action Plan
 - Annual Work Plans (AWP) and Budgets and the Results Framework for project Year 1 and Year 2;
 - Project Progress Reports (PPR) including Results Framework and AWP Tracking; Risk registry; events and publications tracker;
 - TNFD Technical workplan;
 - GEF Agency reports, including Project Implementation Reports (PIRs) and Project Support Mission Reports (PrISM);
 - Relevant financial documents, including Quarterly Financial Reports (QFR); project cash flow; co-financing monitoring tables and co-financing commitment and reporting letters from the partners;
 - Meeting minutes of the Project Steering Committee (PSC) and other relevant virtual meetings with the WWF- GEF Agency and extended team;
 - All publications and knowledge management products by the project:
- UNEP FI led pilots in support of the TNFD - Initial materials
- TNFD monthly factsheets (UNEP FI internal)
- UNEP FI led pilots in support of the TNFD - Technical guidance note
- Article publication "One small step for finance, one giant leap for nature"

- Article publication "Nature-positive targets: What can financial institutions learn from their work on climate change?"
- UNEP FI news article on release of the beta v0.1
- UNEP FI news article on release of the beta v0.2
- UNEP FI article titled Nature risk – no longer ‘if’, but ‘how’ and ‘where’
- TNFD Financial Market Readiness Assessment
- Article by Romie Goedicke on Overview of existing nature-based initiatives "Catch me if you can!"
- COP 15 – A turning point for nature and the insurance sector
- What’s next for financial institutions and nature-related risk?
- The Global Biodiversity Framework – what’s next for financial policy and regulation?
- Unboxing Nature-related Risks
Insights from the UNEP FI-led TNFD Piloting Programme
- Unboxing Nature-related Risks: Complementary report on main findings from sector and geographical pilot groups
 - Other relevant documents provided by the Executing Agency and partners:
- Interim progress reports by the partners, WCMC and Global Canopy;
- Monthly update for PSC chair;
- TORs of the PMU members.

Deliverables

- Inception report that outlines evaluation methodology, approach and timeline; *
- Debrief and presentation* of initial findings to project management team and WWF US;
- Draft report* not to exceed 40 pages (excluding annexes) shared with GEF AMU and PMU for review, feedback and approval. A sample outline will be provided; and
- Final approved MTR report* that has incorporated feedback and corrections and includes feedback log.

EXPECTED CONTENT OF THE REPORT

The Midterm review report will include (see Annexes for details):

- Information on the evaluation process, including when the evaluation took place, sites visited, participants, key questions, summary of methodology and rating rubric, and feedback log showing how comments on draft were incorporated;
- Assessment of Relevance (project design, theory of change) and Coherence;
- Assessment of project Results Framework plus rating of project objective and outcomes;
- Assessment of Effectiveness and ratings of Implementation and Execution;
- Assessment and rating of Monitoring and Evaluation design and implementation;
- Assessment of knowledge management and communication approach, including activities and products;
- Assessment of replication and catalytic effects of the project;
- Assessment of Gender Action Plan, gender- responsive measures and its mainstreaming into project activities;
- Assessment of Stakeholder Engagement Plan (SEP) and its implementation. Plus, review of the Safeguards risk category classification and mitigation measures;
- Assessment of the Grievance Redress Mechanism including its socialization with stakeholders and their understanding of how it operates and their confidence in it;
- Assessment of Efficiency, financial management and summary of co-financing materialized;

- Summary table of key findings by core criteria and GEF ratings, including justification and/or indicators for their determination;
- Key lessons tied to identified strengths or issues;
- Recommendations that include: practical and short-term corrective actions by evaluation criteria to address issues and findings; and reflect best practices towards achieving project outcomes, and knowledge sharing / replication for other projects of similar scope.
- Recommendations on next steps for TNFD and UNEP FI support.

EVALUATION TEAM OR INDIVIDUAL QUALIFICATIONS

Required Qualifications and Experience

- Master's degree or equivalent in Development, Environmental Science, Economics, Public Policy, Social Sciences or other relevant field;
- Minimum 10 years of relevant professional experience;
- Technical knowledge in environmental economics, natural capital, risk management, financial regulation, market-led and multi-stakeholder initiatives like TNFD and UNEP FI;
- Previous experience with evaluation methodologies;
- Excellent written and oral communication in English.

Preferred Qualifications and Experience

- Recent experience conducting evaluations (for GEF financed projects is an advantage);
- Knowledge of GEF monitoring and evaluation policies;
- Experience with WWF Project and Program Management Standards or Conservation Standards;
- Experience with social assessments, participatory techniques, and gender mainstreaming;
- Knowledge of participatory approach in biodiversity conservation and community based natural resource management;
- Experience with globally diverse, multi-stakeholder projects;
- Knowledge and experience in implementing or reviewing application of social and environmental safeguards policies in GEF (or similar) projects.

COMPOSITION AND EXPERIENCE OF THE EVALUATION TEAM

Dr. Andy Cornish, Cornerstone Strategies
 Jean-Marc Champagne, Seneca Impact Advisors
 Sam Hilton, Seneca Impact Advisors

andy@cornerstonestrategies.net
jmchampagne@senecaimpact.earth
shilton@senecaimpact.earth

Expertise and Experience

Dr. Andy Cornish was the Conservation Director for WWF-Hong Kong, worked for WWF International in an Ocean Practice leadership position, and has more than 17 years experience working for WWF and as a consultant. He has conducted well-received independent evaluations for WWF International, WWF China and most recently for WWF Malaysia. The latter was a mid-term evaluation for a large programme that followed the WWF PPMS guidance for conducting evaluations closely, using criteria similar to those required by GEF. He has also recently tendered for another GEF funded project evaluation, so has researched and is familiar with the GEF procedure and guidance. The Malaysian evaluation also used desktop review and interviews as the primary source of data, and the same report framework. The evaluation included a specific focus on the adequacy of Environmental and Social Safeguards Framework and Social Policies.

Before leaving WWF in late 2022 Andy led the design and implementation of a global network initiative - working closely with Wildlife Conservation Society and two leading shark scientists – that incorporated ESSF considerations into a collaborative approach with communities to conserve the most threatened sharks and rays. Andy has extensive experience with M&E, including introducing the first monitoring and evaluation programme for WWF-Hong Kong’s conservation portfolio. He also successfully completed an online and face-to-face sustainable finance course offered by the WWF Market Transformation Initiative. He completed his doctorate at The University of Hong Kong.

Jean-Marc Champagne is Co-Founder and CEO of Seneca Impact Advisors, a firm which focuses on developing innovative financial solutions for scalable nature-based projects. Prior to establishing Seneca, Jean-Marc spent 7 years at WWF as the Head of Sustainable Finance in Hong Kong and of Bankable Nature Solutions for the Asia-Pacific region. In his role, he incubated and developed scalable bankable projects with positive environmental and social impact. This included overseeing project work in the region for the Dutch Fund for Climate and Development and leading finance and bankable projects for WWF’s global Freshwater Practice. He was also involved in overseeing the Asia-Pacific work for Sustainable Debt Capital Markets as well as contributing to many finance practice initiatives which included the initial pre-working launch group of the TNFD. He also co-established the Climate Impact Asia Fund and sits on its investment advisory committee.

Prior to WWF, Jean-Marc spent 17 years in the financial industry advising institutional investors on equities and equity derivatives. He started his investment banking career in 1997 with Merrill Lynch in New York and has been based in Hong Kong since 2004, working for BNP Paribas and Jefferies. He graduated from Clarkson University in Potsdam, New York.

Sam Hilton is a Research Adviser to Seneca Impact Advisors where he is involved with landscape-level economic analysis as well as origination and project funding preparation. He was previously a Senior Research Analyst for the Environmental Finance & Bankable Nature Solutions team at WWF. He was intimately involved in the establishment of the Climate Impact Asia Fund and sits on its investment advisory committee.

While at WWF, his focus was on working with asset owners and managers to shift their financial flows towards sustainable investments. He authored WWF's *Climate Primer for Institutional Investors* and *Assessing Portfolio Impacts: Tools to Measure Biodiversity and SDG Footprints of Financial Portfolios*.

Sam was previously an equity research analyst at Keefe, Bruyette & Woods and Fox-Pitt, Kelton in Hong Kong, both boutique investment banks specialising in the financial services industry, where he covered banks, brokers, and exchanges across the Asia-Pacific region. Prior to that, Sam spent seven years as a strategy consultant at Monitor Group, where he developed strategies for sales & marketing, distribution, and market entry for multinational clients across Asia-Pacific. He is a graduate of Harvard College.

2. List of Persons Interviewed

Organisation	Name, position
WWF (US) GEF Agency	Astrid Breuer, Senior Program Officer
	Amelia Kissick, RBM Lead Specialist
	Herve Lefevre, Senior Director
	Tracey Smith, Senior Director Program Operations
	Nathalie Simoneau, Director Gender and Social Inclusion
	Adrienne McKeehan, Lead Safeguards Specialist
WWF-US (non-GEF Agency)	Elizabeth Aceituno, Deputy Finance Practice Leader
WWF International	Nicolas Poolen, Senior Manager, Finance Engagement, Global Nature Positive Initiative
UNEP Finance Initiative (UNEP FI)	Jessica Smith, Co-Lead Nature
	Romie Goedicke den Hertog, Co-Lead Nature
	Bayarkham Byambaa, Nature Programme Associate
	Gabriela Andrea Hermosilla Goncalves, Technical officer
	Camille Maclet
	Arielle Wat, Communications lead, Nature
	Lydia Beaujois, Finance admin
	David Carlin, Climate Risk Lead
	Cassandra Devine, Gender consultant
World Monitoring Conservation Centre (WCMC)	Alena Cierna, Programme officer, Nature Economy
	Felix Tin, Programme officer, Nature Economy
Global Canopy	Eliza Ader, Project manager, Nature-related Finance
	Hazel Munoko, Finance Business Partner
TNFD Secretariat	Tony Goldner, Executive Director
	Barbara Sanderson, Chief Operations Officer
	Felipe Arango, Pilots Lead

Project Steering Committee (PSC), other than those listed above	Ivo Mulder, Head Climate Finance Unit, UNEP
	Maxim Vergeichik, Senior Nature Economist, UNDP
Global Environment Facility	Avril Benchimol Dominguez, Senior Financial Specialist

3. List of Documents Reviewed

- Project Document and CEO Endorsement Letter;
- Project grant agreements including the grant agreement between WWF-GEF Agency and UNEP and Small-Scale Funding Agreements (SSFA) and its amendments between UNEP FI with WCMC and Global Canopy;
- Safeguards documents, including WWF-GEF Agency Categorization and Compliance memo, Stakeholder Engagement Plan and Gender Action Plan
- Annual Work Plans (AWP) and Budgets and the Results Framework for project Year 1 and Year 2;
- Project Progress Reports (PPR) including Results Framework and AWP Tracking; Risk registry; events and publications tracker;
- TNFD Technical workplan;
- GEF Agency reports, including Project Implementation Reports (PIRs) and Project Support Mission Reports (PrISM);
- Financial documents, including Quarterly Financial Reports (QFR); project cash flow; co-financing monitoring tables and co-financing commitment and reporting letters from the partners;
- Meeting minutes of the Project Steering Committee (PSC);
- Various publications and knowledge management products produced by the project:
 - Interim progress reports by WCMC and Global Canopy;
 - Monthly updates for PSC chair.

4. Evaluation Questions/ Matrix

Primary Evaluation Questions for Each Evaluation Criteria and Key Questions, Where the Data Will be Collected, and Identification of the Groups to Which Particular Questions Should be Addressed

Criteria / Key Questions	Primary Evaluation Questions	Method / Data Sources	Most Relevant Group for Interviews

<p>Relevance</p>	<p>Has the project design, outcomes and theory of change remained relevant as the world emerges from the COVID-19 pandemic, shifting geopolitics etc.?</p> <p>Has the project stayed relevant and in line with the organisational priorities of the agencies and partners?</p> <p>Are there any perceptions of the impact of the TNFD project that are out of synch with those of the project team?</p>	<p>Desktop review starting with the Project Document, reporting, and any subsequent changes to the project design and theory of change.</p> <p>Interviews of senior staff</p>	<p>PMU, Global Canopy, WCMC, WWF-GEF, IWG</p>
<p>Coherence</p>	<p>Is the project intervention compatible with other projects funded by the GEF, and/or undertaken by UNEP FI, and/or WWF-GEF?</p> <p>Is the project internally coherent within UNEP FI and WWF-GEF with other projects targeting the same sectors (e.g., are synergies and interlinkages identified and leveraged)?</p>	<p>This criterion will be primarily analysed by comparing the Project Document’s descriptions of partnerships, collaboration and having impact at scale, with the perspectives of key individuals in the four main organisations and external stakeholders – as gathered through interviews.</p>	<p>Primarily UNEP FI and WWF-GEF (internal and external coherence). Also Global Canopy and PPP FIs (external coherence)</p>

<p>Results/ Impact</p>	<p>What have been the broader external impacts of the project at different levels to date? To what degree are these planned versus unexpected (positive or negative)?</p> <p>How do these contribute to GEF global environmental benefits?</p> <p>What is the potential to scale up or replicate the project outcomes and impact (links to Sustainability)?</p>	<p>The approach for both proceeds naturally from Relevance, and will mostly employ a similar methodology i.e., desktop research, supplemented by the interviews. The project's own M&E system should provide most of the information needed for Results/Impact. The Theory of Change will be particularly important in understanding whether the project is on-track to deliver the desired outcomes and impact (links to Effectiveness)</p>	<p>UNEP FI, TNFD Secretariat, PPP FIs, IWG, WWF-GEF, Global Canopy, WCMC</p>
<p>Effectiveness</p>	<p>To what extent have the outputs, outcomes and project objective been or are likely to be achieved as intended, taking into account their relative importance?</p> <p>Which factors have facilitated or impeded any achievements?</p> <p>Are the organizational structure of the project, the resources, the distribution of responsibilities and coordination mechanisms appropriate for achieving progress towards project outcomes?</p> <p>Have Safeguard procedures been followed appropriately?</p>	<p>As for Results/Impact</p>	<p>PMU, WWF-GEF, TNFD Secretariat, possibly others</p>

<p>Efficiency</p>	<p>To what extent to which results have been delivered cost effectively? This includes efficiency of funding (including co-financing), project and finance management and human resources.</p> <p>How efficiently are the project partners coordinating with one another?</p>	<p>Financial summaries across the review period, and documented information on how the four partners are managed and coordinated, and how resources have been allocated will be important complementary information.</p> <p>Interviews will be insightful in revealing how the working relationship and how efficiently the partners are working together.</p>	<p>PMU, WWF-GEF</p> <p>Also Global Canopy, WCMC, TNFD Secretariat re. partner coordination</p>
<p>Sustainability</p>	<p>To what degree is the work of the TNFD likely to be sustainable and deliver global benefits, progress and impact after this phase of GEF funding?</p> <p>Is there potential to scale up and/or replicate the TNFD approach?</p>	<p>This project has been designed to ensure long-term sustainability from the outset, i.e., by establishing the TNFD Secretariat, and by gaining buy-in and support for the TNFD and the TNFD Secretariat from FIs, companies, regulators and their stakeholders. As this approach is integral to establishing the TNFD project, Sustainability will inevitably be examined in detail through the proposed desktop reviews and interviews. External interviews will be used to gain perspectives on the degree to which the finance community is supportive of TNFD.</p>	<p>TNFD Secretariat, UNEP FI, Global Canopy, WCMC, WWF-GEF</p>

<p>Adaptive Capacity</p>	<p>To what extent are M&E data, lessons learned and adaptive management used to revise strategy in order to meet objectives? These could be in response to changes in the external or internal operating environments (including the COVID19 pandemic), delays, or flaws in the original project design.</p>	<p>Project documentation will be the start point for this analysis, notably Project Progress Reports, including Results Framework and AWP Tracking, and GEF Agency reports. This project has had to adapt continually and interviews will be crucial for getting an emotional perspective on a prolonged period of change, and whether that has continued in recent months.</p>	<p>PMU, TNFD Secretariat, Global Canopy, WCMC, WWF-GEF</p>
<p>Monitoring & Evaluation Systems</p>	<p>Was the M&E system appropriately designed, and is it being implemented efficiently and being used for adaptive management?</p> <p>How is knowledge managed in general?</p>	<p>Assessment of the design and implementation of the M&E system will focus on the Results Framework and Indicator Scorecards, of the systems in place to collect data against the indicators, and of annual reporting against the indicators. The PMU M&E coordinator will be interviewed in the first instance to fill in any information gaps. This key question will largely be covered by Relevance, Effectiveness, and Adaptive Capacity, but information will be compiled to give a particular perspective on M&E.</p>	<p>Primarily PMU, WWF-GEF</p>

<p>Stakeholder Engagement Plan</p>	<p>Has the Stakeholder Engagement Plan (SEP) been implemented as planned.</p>	<p>The SEP is critically important to the success of the entire TNFD project. Its design will firstly be analysed with regard to the WWF and UNEP FI requirements (p. 106 of the GEF project document), and its appropriateness to engage the key stakeholder groups with regard to delivering the four Components / Outcomes. The SEP is a living document and the evolution of it since the start of the project will be informative re. adaptive capacity and progress against the Components / Outcomes. How successfully the SEP has been executed will be captured under Results / Impact (above).</p>	<p>PMU, WWF-GEF, Global Canopy, WCMC, WWF-GEF, TNFD Secretariat, PPP FIs</p>
<p>Gender Equality and Women's Empowerment</p>	<p>Has the Gender Action Plan been followed and is it being effectively mainstreamed into project activities?</p>	<p>Documentation of the Gender Action Plan and associated monitoring will be reviewed, and supplemented by dedicated questions during the interviews across all stakeholder groups to be interviewed. Using open-ended interview questions and keeping such discussions confidential should ensure that interviewees can be frank if necessary.</p>	<p>PMU, WWF-GEF, Global Canopy, WCMC,</p>

Grievance Redress Mechanism	<p>Has the Grievance Redress Mechanism been appropriately socialized with stakeholders? Do they understand how it operates and are they confident in it?</p>	<p>Documentation of the Grievance Redress Mechanism to thoroughly understand the intention of such a mechanism is the start-point for this analysis, alongside the outreach strategy for it, and records of the degree to which how the outreach has completed. Interviews across the four organisations and any other stakeholder groups will then be undertaken to gain information on whether stakeholders understand how it operates and their confidence in it. Using open-ended interview questions and keeping such discussions confidential should ensure that interviewees can be frank if necessary.</p>	<p>Global Canopy, WCMC, possibly others</p>
Suggestions / Recommendations	<p>Do the interviewees have any suggestions or recommendations for the project in the remaining years?</p>	<p>Done solely through interviewees. Some early suggestions were shared with later interviewees, so ground-truth them and potentially to add detail to them</p>	<p>All interviewees</p>

5. Ratings Classifications

Outcome Rating Classification:²

² The calculation of overall outcomes rating of projects will consider all three criteria, of which relevance and effectiveness are critical. The rating on relevance will determine whether the overall rating will be in the unsatisfactory range (MU to HU). If the relevance rating is in the unsatisfactory range then the overall outcome will be in the unsatisfactory range as well. However, where the relevance rating is in the satisfactory range (HS to MS), the overall outcome rating could, depending on its effectiveness and efficiency rating, be either in the

- **Highly satisfactory (HS)** – Level of outcomes achieved clearly exceeds expectations and/or there were no shortcomings.
- **Satisfactory (S)** – Level of outcomes achieved was as expected and/or there were no or minor shortcomings.
- **Moderately satisfactory (MS)** – Level of outcomes achieved more or less as expected and/or there were moderate shortcomings.
- **Moderately unsatisfactory (MU)** – Level of outcomes achieved somewhat lower than expected and/or there were significant shortcomings.
- **Unsatisfactory (U)** – Level of outcomes achieved substantially lower than expected and/or there were major shortcomings.
- **Highly unsatisfactory (HU)** – Only a negligible level of outcomes achieved and/or there were severe shortcomings.
- **Unable to assess (UA)** – The available information does not allow an assessment of the level of outcome achievements.

Sustainability/ Risk Rating Classification:

- **Likely (L)** - There are little or no risks to sustainability.
- **Moderately likely (ML)** - There are moderate risks to sustainability.
- **Moderately unlikely (MU)** - There are significant risks to sustainability.
- **Unlikely (U)** - There are severe risks to sustainability.
- **Unable to assess (UA)** – Unable to assess the expected incidence and magnitude of risks to sustainability.

M&E Rating Classifications:

- **Highly satisfactory (HS)** -- There were no shortcomings and quality of M&E design / implementation exceeded expectations.
- **Satisfactory (S)** -- There were no or minor shortcomings and quality of M&E design / implementation meets expectations.
- **Moderately satisfactory (MS)** -- There were some shortcomings and quality of M&E design / implementation more or less meets expectations.
- **Moderately unsatisfactory (MU)** -- There were significant shortcomings and quality of M&E design/ implementation somewhat lower than expected.
- **Unsatisfactory (U)** -- There were major shortcomings and quality of M&E design/ implementation substantially lower than expected.
- **Highly unsatisfactory (HU)** -- There were severe shortcomings in M&E design / implementation.
- **Unable to assess (UA)** – The available information does not allow an assessment of the quality of M&E design /implementation.

Implementation and Execution Rating Classifications:

- **Highly satisfactory (HS)** -- There were no shortcomings and quality implementation / execution exceeded expectations.
- **Satisfactory (S)** -- There were no or minor shortcomings and quality implementation /execution meets expectations.
- **Moderately satisfactory (MS)** -- There were some shortcomings and quality of implementation /execution more or less meets expectations.

satisfactory range or in the unsatisfactory range. Overall Outcome achievement rating may not be higher than the effectiveness rating. For more details see [GEF IEO TE Guidelines](#).

- **Moderately unsatisfactory (MU)** -- There were significant shortcomings and quality of implementation /execution somewhat lower than expected.
- **Unsatisfactory (U)** --There were major shortcomings and quality of implementation /execution substantially lower than expected.
- **Highly unsatisfactory (HU)** -- There were severe shortcomings in quality of implementation/ execution.
- **Unable to assess (UA)** – The available information does not allow an assessment of the quality of implementation / execution.

6. Progress Towards Results and Individual Outcome Ratings

The Year 2 Targets were chosen as the most appropriate Mid-Term Target, but are not due to be achieved until April 2024 (end of Year 2). This was taken into account when deciding on the Achievement rating.

Project Strategy	Indicator (if applicable)	Baseline level	Midterm Target (Year 2)	End of Project Target	Current level of achievement	Achievement Rating	Justification
Objective To support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.	1. The TNFD is fully operational	No TNFD exists	TNFD is fully delivering against its terms of reference and the TNFD governance structure is in place with meetings occurring regularly as planned	TNFD is fully delivering against its terms of reference and the TNFD governance structure is in place with meetings occurring regularly as planned	100% achieved	S	
	2. Number of beneficiaries	Number beneficiaries	1650	1800	1825	HS	Exceeded the final target ahead of time
	3. Resources leveraged for TNFD (USD)	\$3,721,520	\$5,000,000	\$9,278,480	\$12,445,341.00	HS	Exceeded the final target ahead of time
Outcome 1. 1.1 Catalyzing support for TNFD and hand-over to TNFD Secretariat	4. TNFD Two-year technical work plan for the TNFD fully updated and incorporated with risk mitigation and financial resourcing plans	TNFD has developed a draft Workplan	Both the two-year strategic work plan AND ToR of the TNFD are fully developed AND both have agreement from the IWG	Both the two-year strategic work plan AND ToR of the TNFD are fully developed AND both have agreement from the IWG	100% achieved	S	

	5. TNFD Secretariat operational	No official TNFD Secretariat in place	Contractors and employees of the Secretariat are in post and active, delivering against their job descriptions AND the Secretariat as a whole is fulfilling its Terms of Reference on a continuous basis.	Contractors and employees of the Secretariat are in post and active, delivering against their job descriptions AND the Secretariat as a whole is fulfilling its Terms of Reference on a continuous basis.	100% achieved	S	
2.1 Increased understanding in the financial and corporate sector of nature-related risk and how to identify impacts and dependencies on nature.	6. Number of FIs and companies reporting increased understanding of nature-related risk and how to identify impacts and dependencies on nature	No companies reporting increased understanding of nature-related risk and how to identify impacts and dependencies on nature.	500	700	445	S	The Project still has a good chance of achieving the target by the end of Year 2

2.2 A draft framework for companies to report to investors on their nature related risks, refined and agreed upon through a testing process.	7. Number of FIs and companies testing and piloting the beta draft TNFD Framework and providing feedback	No companies have tested a draft TNFD Framework	200	280	246	HS	Exceeded the Year 2 target ahead of time
3.1 Verification and broad support for the TNFD framework from FIs, companies, regulators and their stakeholders.	8. Number of public expressions of support for the TNFD provided by FIs, companies, regulators and their stakeholders.	No public expressions of support for the TNFD provided by FIs, companies, regulators and their stakeholders	970	1000	1155	HS	Exceeded the final target ahead of time
	9. Final TNFD Framework and recommendations report including the beta versions (v0.1-v0.4) published and disseminated	No final TNFD Framework and recommendations report in place	5	-	5	S	
	10. Number of governments and regulatory bodies engaged by the TNFD and demonstrated their interests in further uptake of the framework as a mandatory disclosure mechanism	No TNFD Framework and recommendations report in place	50	60	51	S	
3.2 Increased awareness of nature-related impacts and financial risks among companies and financial institutions	11. Number of companies and FIs registered and looking to use the TNFD framework, recommendation and guidances	No TNFD Framework and recommendations report in place for the use of companies and FIs	300	2200	38000	HS	Huge overachievement
4.1 Increased uptake of TNFD knowledge and communication amongst stakeholders	12. Number of KM products developed	0	11	15	16	HS	Exceeded the final target ahead of time

	and disseminated by the project						
4.2: Monitoring and evaluation system in place to aid with adaptive management	13. Number of Executing Agency (EA) planning meetings or workshops held where M&E data (including RF indicators) was discussed and used for adapting the annual workplan and budget	No planning meetings or workshops held	1	1	1	S	Target achieved