

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

Review CEO Endorsement and Make a recommendation

## Basic project information

**GEF ID**

10755

**Countries**

Global

**Project Name**

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

**Agencies**

WWF-US

**Date received by PM**

1/8/2021

**Review completed by PM**

5/5/2021

**Program Manager**

Jurgis Sapijanskas

**Focal Area**

Biodiversity

**Project Type**

MSP

## CEO Approval Request

### Part I ? Project Information

**1. Focal area elements. Is the project aligned with the relevant GEF focal area elements as indicated in Table A and as defined by the GEF 7 Programming Directions?**

Secretariat comment at CEO Endorsement Request

- JS 5/13/2021 - Cleared, thank you.

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- JS 5/13/2021 - The executing partner, UNEP FI, is classified as "donor agency" when it should be classified as "GEF Agency". Please correct:

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<b>GEF ID</b> 10755			<b>Project Type</b> MSP
<b>Type of Trust Fund</b> GET	<b>CBIT/NGI</b> CBIT No	<b>NGI No</b>	<b>Project Title</b> ⓘ Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)
<b>Countries</b> Global			<b>Agency(ies)</b> WWF-US
<b>Other Executing Partner(s)</b> ⓘ UNEP FI			<b>Executing Partner Type</b> Donor Agency

- JS 5/5/2021 - All cleared, thank you for the revisions.

### Additional Comments 04/09/2021

1) OK, this has been corrected in table B but not on page 49 of the ProDoc where it is still a " the objective [] a widely supported TNFD framework". Please amend.

2) OK

3) OK

4) Additions in the risk section are welcomed. We note that the agency considers that the development of tools, methodologies and data are beyond the scope of the project,

which is at a higher level. However, the matter is still not satisfactorily addressed as the incremental cost reasoning (ICR) section and the ToC are still not sufficiently clear and explicit about the data, methodological challenges. A review and synthesis can identify gaps but they are not sufficient on their own to address gaps in data and tools, of which the ICR still talks about:

"this project will support to review and synthesis of existing data and methodologies, which will be used to help in the gaps in the existing tools assessing nature-related risks, and help fill those gaps by developing the TNFD framework."

"The TNFD is intended to bring all of these tools and metrics and reporting methodologies together to understand where the key data gaps lie"

"The data produced from these tools is also not yet 'decision grade' for financial sector use".

Please :

a) revise the ICR section to reflect that, as we understand it, the project is only to identify data and methodological gaps but will not contribute to directly address them.

b) Confirm that you assess the risk to achieving project objectives due to inadequate data availability or methodologies as "medium" only;

c) add in the ToC an explicit assumption that existing data & methodology, or related developments funded outside of this GEF project will be sufficient to allow for project's outcomes, in particular an effective and practical identification of nature-based risks.

5) See comment 4)

6) OK

7) OK

8) OK

#### Agency Response

1) 5/4/21: Thank you. This has now been corrected on pg. 49 of the ProDoc.

Additionally, the overall TNFD Goal wording has been updated per an IWG Steering Committee decision, which now reads: **The overall TNFD goal** is to support a shift away from nature-negative impacts and toward nature-positive global financial flows, by providing a framework for organizations to report and act on nature-related risks, including impacts and dependencies. This has been updated in the Executive Summary, Project Execution Strategy section, and Stakeholder Engagement Section.

4) - 5/4/21:

- a) The following text has been included in the ICR section to clarify the scope of the TNFD:

Within the 2 year development phase of the TNFD framework the taskforce will work to identify data based on existing frameworks, and help create a normative framework that brings together existing dispersed approaches and creates a global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.

This project will not be delayed due to the absence of data or tools, and there are ongoing developments to which the project development will be linked. The project will support to review and synthesize existing data and methodologies.

- b) Level is confirmed as medium.
- c) Text on this explicit assumption of the project has been added to the executive summary, the TOC narrative, and in the strategy section under Component 2.

5/13/2021: Thank you, This has been corrected in the Portal entry.

**2. Project description summary. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?**

Secretariat comment at CEO Endorsement Request

- JS 5/5/2021 - All cleared, thank you.

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- The objective should be revised to make explicit what the framework is about and that it is global in scope, e.g.: ?To support the establishment of a Taskforce on Nature-related Financial Disclosures (TNFD) to develop and disseminate a ~~widely-supported TNFD framework~~ global framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature?

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- The narrative explaining the relevance of the project in helping GEF recipient countries achieve their biodiversity goals under the CDB / contribute to global biodiversity benefits in the developing world **should be strengthened.**

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- We understand the challenge to set targets against the GEF core indicators. However, there are almost no targets with respect to what is under the control of the project.

Please provide the target number of FIs and companies that will be supported by this project to test a draft TNFD framework (indicator 6 in the results framework) so that cost-effectiveness of what is under the control of the project can be assessed.

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Please clarify how the final deliverable of the IWG TNFD (20 pages report) will feed into the project: since that report is necessary to the launch. Since the IWG has set the TNFD objective to include ? practical templates, tools and support that corporates and FIs can use to facilitate adoption? we would suggest to include this in the project summary (and throughout the document).

We have followed the discussions part of the IWG and understand it is not the intention of the TNFD or this project to develop standards. However, since the IWG has set the TNFD objective to include ? practical templates, tools and support that corporates and FIs can use to facilitate adoption? we would suggest to include budget to the task of recommendations of tools/sources/methodologies measurements for TNFD users. So far, the assumptions and underlying approach related to outcome 2.1 is not expanded in the ToC, neither is the draft ProDoc clear on the scope of component 2: is it restricted to review and synthesis of existing data and methodologies.

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Additionally, Given the importance of industry classification based on materiality, ( IWG TEG work that includes a classification system for nature-related financial risks by industry sectors) we would suggest to include a specific output related to this. Output 2.1. should specifically result in a classification of financial materiality by industry (so far assets and geographies are there but no mention to industry classification).

Finally, outcomes only contemplate to deliver a ?draft? of the TNFD reporting framework ( Outputs 2.2.1 and 2.2.2); we would request a specific output with a finalized/updated framework as part of component 2 (after testing of the TNFD); the word ?improved? in 2.2.3 does not necessarily mean final product is provided. The final report as deliverable 3.1.2 should specifically include the finalized TNFD framework (this is not clear in the language used throughout the document).

Please explain the differences between 3.1.3 and the whole component 4: shouldn't 3.1.3 belong to component 4? Additionally, part of output 3.1.3 is duplicative of output 3.2.1. The question we are trying to answer is why we have two very similar outputs to deliver the same goal?

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- 4.2.1 mentions a midterm evaluation but it is not budgeted and not reflected in section 9 Monitoring and Evaluation. A MTE is not required for MSP and does not seem needed for a 3-year project like this one.

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### Agency Response

1) The GEF project objective wording was revised accordingly to: '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?'. Text has been added to the ProDoc (Executive summary, sections 1.1 on Project Scope and Environmental Significance and 3.5 on Consistency with National Priorities or Plans) to clarify how the project will assist GEF recipient countries achieve their biodiversity goals under the CBD.

2) Current membership in IWG does not reflect the number of institutions that will test the framework with GEF financing. Currently, given the estimates for testing (around USD \$20-25,000 excluding organization costs), it is expected that 95 organizations (50 financial institutions and 45 companies) will have tested the draft framework by the end of the GEF project (Year 3). Indicator 7 of the Results Framework has been updated accordingly.

3) It is expected that the IWG and TEG of the TNFD will hand over the work to the TNFD Chair/Secretariat in the second half of 2021. This handover will include a document of 20 pages (plus annexes as outlined below) that summarizes the work of the various workstreams and includes among others a risk management and opportunity matrix. The document will reflect the latest thinking and materials developed by the IWG and TEG members. The 20-page document will serve as the action plan towards the implementation of the TNFD. Text to this effect and a graphic showing a comprehensive overview of this work has been added to the ProDoc in the baseline section.

4) The team agrees that there is a need for recommendations on tools/sources/methodologies/measurements for TNFD users, however, that goes beyond the scope of the 3.5-year GEF project which will deliver the report on existing tools, methodologies and regulatory frameworks. Language has been added to the Risks section (3.4) of the ProDoc around data/methodological limitations.

5) The suggestion is noted, and the latest version of the TEG scoping paper (version 3) includes discussion about what is a sector or industry. However, at this stage, the team considers a specific output on classification of financial materiality by industry to be beyond the scope of the current project and might be taken up by the TNFD once it is set up as part of its 2-year workplan. No changes to Project Document.

6) Language in outputs in Component 2 were revised to specify that they are drafts, and Component 3 will deliver the final framework.

2.2.1: Draft 1 of the TNFD reporting framework developed.

2.2.2: Draft 1 of the TNFD reporting framework tested with FIs and companies, in close collaboration with relevant financial regulators.

2.2.3: Draft 2 of the TNFD reporting framework revised based on input from the testing phase.

3.1.1: A report on Draft 2 of the TNFD reporting framework developed and publicly consulted with representatives from both Northern and Southern countries.

3.1.2: Final report on TNFD framework produced after public consultation, including guidelines to companies, financial institutions, and regulators on nature-related impacts and financial risks, including outlined guidance on where the opportunities are at a policy level, and disseminated through public in-person or virtual events (unchanged).

7) Dissemination of the framework report itself (3.1.3) is considered distinct from dissemination of project-specific KM/Comms products (4.1.1). Where 3.1.3 focuses on communication about the framework report, component 4.1.1 refers to more general knowledge management. In this way 3.1.3 leads to verification and broad support for the TNFD framework from FIs, companies, regulators and

their stakeholders, and 4.1.1 to increased uptake of TNFD knowledge and communication amongst stakeholders. Similarly, guidelines and Q&A for companies, FIs and governments (output 3.2.1) to be published in the TNFD online hub are distinct from the dissemination of the Framework itself (3.1.3), hence the separation of these outputs. No changes to the Project Document.

8) In line with one of the key recommendations from the recent IEO evaluation of MSPs (GEF/E/C.59/03) which states that the MTR and final evaluations should be conducted on MSPs designed as innovative or transformative, to provide lessons for scaling up or replication, WWF GEF and UNEP FI consider it valuable to budget for a MTE to help with mid-way course corrections. The project budget and corresponding section of the ProDoc (2.8) have been updated accordingly.

**3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?**

Secretariat comment at CEO Endorsement Request

N/A

Agency Response

**4. Co-financing. Are the confirmed amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, consistent with the requirements of the Co-Financing Policy and Guidelines?**

Secretariat comment at CEO Endorsement Request

•JS 5/5/2021

All cleared, thank you for the new co-financing letters. We note the email from UNDP confirming the breakdown of co-financing between grants and in-kind.

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**Additional Comments 04/09/2021**

Letter from UNDP is ok. Two other co-financing letters mention time frames of co-financing that precede project implementation " funds will be contributed as co-finance between January to March 2021" or " Funds will be contributed as co-finance from Oct 1st to May 2021". Corresponding amounts can not be counted as co-finance of this project. Please advise or change dates.

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•The letter from UNDP does not specify the amounts for each category of co-funding. We will need a new letter or an email confirming it is 400,000 in grant and 100,000 in-kind.

The letters from F4B and from Global Canopy do not specify for which project the co-financing is.

Agency Response

9) UNDP has provided an email (dated January 25, 2021) confirming the \$400,000 cash and 100,000 in-kind co-finance to the GEF project.

Thank you. These letters have been updated to reflect project title.

5/4/21: F4B and Global Canopy co-finance letters and amounts have been updated. Overall co-finance to the project has increased and this has been updated in the tables B and C in the CEO ER and budget section of the ProDoc. The results framework indicator 3 on resources leveraged for TNFD has also been adjusted accordingly.

5/5/21: Thank you.

**5. GEF resource availability. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

Secretariat comment at CEO Endorsement Request  
JS 5/5/2021 - Cleared.

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Please see comments on M&E budget in the section below (since allocation to M&E is above limits).

**Additional Comments GEF SEC 04/09/2021**

OK.

Agency Response 10) Comment answered in M&E section below.  
**STAR allocation?**

Secretariat comment at CEO Endorsement Request None.

Agency Response  
**Focal Area allocation?**

Secretariat comment at CEO Endorsement Request None.

Agency Response

**LDCF under the principle of equitable access?**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**SCCF (Adaptation or Tech Transfer)?**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**Focal Area Set Aside?**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**Impact Program Incentive?**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**6. Project Preparation Grant. If PPG is requested in Table E.1, has its advanced programming and utilized been accounted for in Annex C of the document?**

Secretariat comment at CEO Endorsement Request Yes, cleared.

Agency Response

**7. Non-Grant Instrument. If this an NGI, are the expected reflows indicated in Annex D?**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**8. Core Indicators. Are the targeted core indicators in Table E calculated using the methodology in the prescribed guidelines? (GEF/C.54/Infxxx)**

Secretariat comment at CEO Endorsement Request

JS 5/5/2021 - All cleared, thank you.

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We understand the challenge to set targets against the GEF core indicators. However, there are almost no targets with respect to what is under the control of the project. Please see comments to question 2 (comments to Table B). Since the IWG already has close to 100 institutions affiliated we believe that 100 FIs and companies is not enough. Please provide an assessment of the # of companies that will test the project and make it an output of Component 2. This estimate is necessary (indicator 6 in the results framework).

Number of beneficiaries: We do not think 3 individuals per company is a realistic estimate of the beneficiaries; we recommend higher numbers since the companies/FIs we are talking to have thousands of employees (perhaps taking TCFD as reference for proxy).

#### **Additional Comments GEF SEC 04/09/2021**

The target set for Indicator 7 of the results framework (95 organizations to test TNFD) is adequate. However our comment was on indicators 6-11 (#of organizations that report increased awareness) and 10 (#of expressions of support). 100 seems a pretty low number given the IWG membership and signatories to the finance pledge for BD. Please review and update.

Cleared on the # of beneficiaries.

#### **Agency Response**

11) Although the IWG membership currently has a high number of institutions, this does not reflect the number of institutions that will test the framework with the GEF funds. Currently, given the estimates for testing (around USD \$20-25,000 excluding organization costs), it is expected that 95 organizations (50 financial institutions and 45 companies) will have tested the draft framework by the end of the GEF project (Year 3). Indicator 7 of the Results Framework has been updated accordingly.

- 12) Although TNFD reporting is expected to eventually mirror the TCFD uptake, this may be lower for TNFD given that TCFD had a longer lead-time and more baseline awareness at the point of TCFD launch (TNFD launch expected in second half of 2021). The TNFD number may also be lower as there is no equivalent of the 1.5 degree Paris Agreement goal and impact on nature is highly complex and will vary by sector.

Original figure of 300 direct beneficiaries included in first submission has been re-assessed during the revision process and increased to 543 ? this reflects the number of staff of each financial institution or company that will be involved directly in the implementation of the TNFD framework (direct benefits) and those that stand to benefit from the delivery of the Framework, guidance and knowledge products (indirect benefits). This number does not include, however, the amount of beneficiaries/impact beyond the project lifetime, i.e., during the uptake phase of the framework.

Based on the TCFD development and noting the variations above, it is expected that a total 137 organizations and 543 individuals will directly benefit from the delivery of the Framework, guidance and knowledge products.

The indicative breakdown per stakeholder group is:

Financial institutions: 50 / 250 individuals

Corporations: 45/125 individuals

Rating agencies and data providers: 3/12 individuals

Governments: 12/60 individuals

Financial Regulators/Central banks: 8/30 individuals

International Organizations: 8/30 individuals

NGOs and CSOs: 8/30 individuals

Academia: 3/6 individuals

Results Framework Indicator 2 target has been updated to 543 and a more detailed description of the indicative breakdown has been included in section 3.1 Incremental Cost Reasoning and Global Environmental Benefits. These figures will be validated and updated at the inception workshop.

5/4/21: Indicator 6 has been increased to 150 and Indicator 11 have been updated to 200 FIs and organizations. Indicator 10 has been increased to 200 organizations expressing levels of support, given that the framework launch will only take place in the last year of project implementation. All indicators will be reviewed at project inception and updated during implementation as part of adaptive management.

**9. Project taxonomy. Is the project properly tagged with the appropriate keywords as in Table G?**

Secretariat comment at CEO Endorsement Request Yes.

Agency Response

**Part II ? Project Justification**

**1. Project Description. Is there sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?**

Secretariat comment at CEO Endorsement Request

JS 5/5/2021 - Cleared.

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Please strengthen the narrative explaining the relevance of the project in helping GEF recipient countries achieve their biodiversity goals under the CDB / contribute to global biodiversity benefits in the developing world.

We would appreciate a table on how Components of this project and WS of the IWG feed into each other.

**Additional Comments GEF SEC 04/09/2021**

13) Thank you for the revisions; however please remove UNCCD National reports" These are currently unavailable due to a technical issue with UNCCD PRAIS portal." from the section on Consistency with National Priorities, as the PRAIS portal is functional; and review the paragraph dedicated to UNCCD.

14) OK

Agency Response

13) Text to this effect has been added to the narrative in ProDoc Executive Summary, Sections 1.1. on Project Scope and Environmental Significance, and section 3.5 on Consistency with National Priorities or Plans.

14) A Table has been added to section 2 on Project Execution strategy of the ProDoc.

13) 5/4/21: Reference to the National UNCCD reports has been removed.

**2. Project Description. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?**

Secretariat comment at CEO Endorsement Request

Cleared.

Yes.

Comment: The TOC includes language on the goals to measure positive financial flows into nature-whereas the rest of the proposal only measures the negative impacts (please amend TOC or document as you see fit).

**Additional Comments GEF SEC 04/09/2021**

**OK**

Agency Response 15) The TNFD will look at 'nature-related risks' to refer *collectively* to impacts and dependencies on nature (following definitions offered by the Science-Based Target Network SBTN), and financial risks resulting from these impacts and dependencies. The TOC language has been modified accordingly and SBTN definitions of impacts and dependencies have been added to the ProDoc in section 1.2 on Environmental Problem, Threats and Root Causes.

**3. Project Description. Is there an elaboration on the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there more clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?**

Secretariat comment at CEO Endorsement Request

JS 5/5/2021 - All cleared thank you.

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Yes, with the following comments:

-The assumptions and underlying approach related to outcome 2.1 is not expanded in the ToC, neither is the submission clear on the scope of component 2: is it restricted to review and synthesis of existing data and methodologies , or, as stated in the incremental cost reasoning section, is the project also to ?help fill the gaps in the existing tools assessing nature-related risks??

-As part of the methodological and data challenges that will be faced, please confirm that sufficient support from the project is planned and budgeted for draft TNFD framework testing (output 2.2.2). We understand that only guidance and ?regular check-ins? with technical staff are planned, meaning that actual testing would entirely be covered by co-financing / contribution of piloting entities.

Since the IWG has set the TNFD objective to include ? practical templates, tools and support that corporates and FIs can use to facilitate adoption? we would suggest to include it as part of the project description more clearly.

#### **Additional Comments GEF SEC 04/09/2021**

16) See Comment 4

17) OK well noted

18) See comment 4

#### **Agency Response**

16) The ICR section has been modified to clarify that the scope of Component 2 is limited to *review and synthesis* of existing data which will contribute to filling the gaps in existing tools assessing nature-related risks and help fill those gaps by developing the TNFD framework. Given the fast-moving developments in this space, the updated stocktake is needed in Component 2. ToC diagram was revised to reflect outcome language accordingly.

17) Per the precedent in the TCFD piloting, it is expected that FIs and corporations will pay to participate in the TNFD piloting. The limited support via the GEF project covers only the minimal convening of the testing and the outputs from the piloting, but that the more enhanced support would as GEF Sec suggests come from the co-financing contribution provided by piloting entities themselves.

18) Although there is a need for recommendations on tools/sources/methodologies/measurements for TNFD users, these go beyond the scope of the 3.5-year GEF project which will deliver the report on existing tools, methodologies and regulatory frameworks. Language has been added to the Risks section (3.4) of the ProDoc around data/methodological limitations.

**4. Project Description. Is there an elaboration on how the project is aligned with focal area/impact program strategies?**

Secretariat comment at CEO Endorsement Request Yes.

Agency Response

**5. Project Description. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?**

Secretariat comment at CEO Endorsement Request  
Yes.

Agency Response

**6. Project Description. Is there a better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?**

Secretariat comment at CEO Endorsement Request Cleared.

Agency Response

**7. Project Description. Is there a better elaboration to show that the project is innovative and sustainable including the potential for scaling up?**

Secretariat comment at CEO Endorsement Request  
Cleared.

The project description provides a good description of the innovative aspect and the potential for scale up.

Here we would recommend including a comment that WorkStream 3 of the IWG focuses on raising funds ahead of the Launch of the TNFD.

**Additional Comments GEF SEC 04/09/2021**

**19) OK.**

Agency Response 19) Text to this effect has been added to the Innovativeness, Sustainability & Potential for Scaling Up section in the ProDoc.

**8. Project Map and Coordinates. Is there an accurate and confirmed geo-referenced information where the project intervention will take place?**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**9. Child Project. If this is a child project, an adequate reflection of how it contributes to the overall program impact?**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**10. Stakeholders. Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

Secretariat comment at CEO Endorsement Request

JS 5/5/2021 - All cleared, thank you.

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Please provide an elaboration on the consultation made to develop the project in the portal entry. The elaboration can be short and refer to the developed section in Annexed SEP but should clarify the efforts made to engage with stakeholders from GEF recipient countries.

Please clarify in the portal entry the strategy to ensure a certain degree of geographical balance and meaningfully engage with stakeholders from GEF recipient countries during project implementation.

The SEP mentions a timetable on page 18 but it does not seem to be included. The SEP also makes several references to a PIF and the portal entry refers to a future `project preparation` when this is a one-step MSP. Please correct.

The SEP does not include any discussion on the impact of COVID on stakeholder engagement or contingency measures to respond to COVID-related restrictions. Please revise.

Please revise the table p15 which is not entirely consistent with the table on stakeholders provided in the portal entry, which states at it contains information on how stakeholder will be engaged. For example, the table p15 in SEO reads as if engagement with some of the key stakeholder categories (FIs, corporations, financial regulators) is restricted to TNFD framework testing when they will be shaping the TNFD itself. Please provide a single, consolidated table and be more specific on the anticipated means of engagement and the engagement strategy for each category of actors.

#### **Additional Comments GEF SEC 04/09/2021**

**20) OK.**

**21) OK.**

**22) OK**

**23) OK**

**24) The engagement strategy for governments to be actively engaged and obtain a wider political mandate should be strengthen. Please review and strengthen language.**

#### Agency Response

20) SEP and portal entry responses have been modified accordingly.

21) Geographic balance (North/South) has been envisioned since the inception of the IWG, given that the TNFD framework will be global in scope. Membership to the IWG (as with the eventual TNFD) is voluntary, but there have been targeted outreach efforts to ensure participation, buy-in and eventually testing of the framework by both Northern and Southern countries. The EA, Partner Group and IWG will seek to ensure geographical balance during project implementation (by, for example, proposing a limit on number of participants per continent, divided between banking, investment and finance) and actively engage with GEF-eligible countries and anywhere else where balancing may be required. Stakeholder

engagement during implementation sections in the CEO ER and ProDoc have been updated accordingly, and the Portal entry has been updated to reflect this.

22) The timetable in the SEP will be finalized early in project inception. References to the PIF and project preparation have been corrected.

23) SEP has been revised to include text on stakeholder engagement during the COVID19 pandemic, noting that all interactions of the IWG and its workstreams have been held virtually since their inception during the pandemic and will continue in this manner for the foreseeable future.

24) The table has been revised and consolidated. Anticipated means of engagement and engagement strategy will be further detailed and finalized early in project implementation.

24) 5/4/21: Engagement with governments is an ongoing process in the development of the TNFD and will continue in project implementation. Wording has been updated in the stakeholder engagement table and the SEP.

**11. Gender equality and women's empowerment. Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?**

Secretariat comment at CEO Endorsement Request

All cleared.

The gender section in the portal refers to project preparation in the future (e.g. *?How will this issue be addressed during project preparation??*). Please correct.

The budget column in the table pp of the Gender Action Plan is all *?TBC?*. Please revise and clarify if all the action listed in the GAP will be carried out and confirm they have integrated ion the budget.

**Additional Comments GEF SEC 04/09/2021**

**25) OK**

**26) OK**

Agency Response

25) This has been corrected in the portal entry and GAP.

26) The GAP was revised and the project budget updated accordingly to integrate gender-related activities.

**12. Private sector engagement. If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?**

Secretariat comment at CEO Endorsement Request  
Cleared.

Private sector/conventions/Ngos has been engaged since inception and players in the IWG. This aspect should be further reinforced

**Additional Comments GEF SEC 04/09/2021**

**27) OK**

Agency Response

27) Participation of private/sector/conventions and NGOs from inception of IWG has been strengthened in section 2.9 of the ProDoc.

**13. Risk. Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?**

Secretariat comment at CEO Endorsement Request  
JS 5/5/2021 - All cleared, thank you.

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The project should elaborate on the risk that lack of adequate tools and standards (beyond the scope of this project) can limit the uptake from FIs/corporates.

The content of table 16 (COVID-19 opportunity analysis) does not seem related to COVID-19. Please either elaborate on COVID- related opportunities, if any, or consider removing.

**Additional Comments GEF SEC 04/09/2021**

**28) OK**

**29) It seems there may have been a misunderstanding. Our comment targeted COVID-19 opportunity analysis only but both the risk and opportunity have been removed in the resubmission. Please add COVID 19 Risk analysis.**

Agency Response

28) Text to this effect has been added to the Table in the Risks section (3.4) of the ProDoc.

29) As per the suggestion, the table has been removed. As a member of the IWG the GEF is well aware that all IWG and related activities began during the COVID19 pandemic and have continued to take place virtually. It is envisioned that the work of the IWG and its transition to the TNFD will continue to take place virtually for the time being.

29) *5/4/21: COVID 19 Risk analysis table re-inserted in Risks section.*

**14. Coordination. Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?**

Secretariat comment at CEO Endorsement Request

•JS 5/5/2021 - All cleared, thank you.

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•Please clarify the size and composition of the PMU. The GEF budget reflects only a project manager and a finance associate as staff, other human resources being charged as consultants on specific parts of the project. Please confirm that this level of human resources will be sufficient.

- - **Additional Comments GEF SEC 04/09/2021**
  - **30) In the new version of the budget, a technical manager is charged for US\$ 178,533 across all outcomes (but one) and not on the PMC. Given the technical manager will be involved throughout project implementation, he should be charged on the PMC. If some of the associated costs remain charged under certain components i.e. not just under PMC (which has a limit) please provide clear terms of reference describing outputs linked to his/her work.**

#### Agency Response

30) In addition to a Project Manager (PM) (50% FTE) and a Project and Finance Assistant (30% FTE), other project-related human resources costs will be shared with other project partners, through the full TNFD and via their in-kind support to the program. The intent is not to duplicate the structure of the TNFD Secretariat through the GEF project but rather complement it and work hand-in-hand.

30) 5/4/21:

The Technical Manager oversees delivery of the technical components as required; its time commitment is driven around the needs of the delivery of the components, not an end-to-end role. He or she will work closely with the GEF Project Manager but is limited to the component delivery, not to the overall management needs of the project; as such this role cannot be charged to the PMC.

As requested below is a brief terms of reference for the proposed role, which will be further elaborated with WWF oversight as we move to recruitment. This information has been included in the budget notes section of the ProDoc.

#### Overall responsibilities of the Technical Manager:

- To provide technical oversight within the GEF project in support of 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.

- To oversee the sound technical delivery of the technical components of the GEF project ?Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)?.

Specific outputs:

- The Technical Manager is responsible for the technical oversight of the TNFD GEF project. Within the overall TNFD governance, he/she will be responsible for:
  - Coordinate and/or oversee, depending on the final governance arrangements, the development of the draft TNFD Framework (output 2.2.1), together with the Taskforce itself, the potential technical expert group and/or other commissioned entities, under the build phase.
  - Oversee the testing of the draft TNFD Framework (output 2.2.2), which will be carried out by UNEP FI (for FIs) and WBCSD (Business) and other relevant parties, as agreed in the final governance arrangements, under the testing phase.
  - Consolidate the outcomes of the testing phase particularly in the context of the GEF project (output 2.2.3).
  - Oversee the draft framework launch with scientific and technical partners as relevant.
  - Convene, support and/or oversee the consultation of the draft TNFD framework (output 3.1.1), per the final agreed governance, with key scientific and technical stakeholder groups such as data users, data developers, financial regulators and government agencies, with the Taskforce, TEG and/or other entities as per the finally agreed governance.
  - Consolidate the outcomes of the consultation phase particularly in the context of the GEF project.
  - Oversee the launch of the TNFD framework (output 3.1.2), and support uptake among key stakeholder groups such as multilateral organisations, international standards organisations and governments (output 3.1.2, and 3.1.3).
  - Convene an online resource hub established with guidelines and Q&As for companies, financial institutions and governments, and a repository for commitments by companies and financial institutions who endorse and implement the TNFD framework (output 3.2.1)
  - Represent the technical work of TNFD externally if needed.

- Coordinate with the GEF Project Manager in the preparation of the overall project workplan, supporting reporting as required to the project Steering Committee and the WWF GEF Agency on technical matters in the project.

Role/Outputs	Technical manager	GEF project manager
Overall output	<ol style="list-style-type: none"> <li>1. To provide technical oversight within the GEF project in support of 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.</li> <li>2. To oversee the sound technical delivery of the technical components of the GEF project ?Establishing the Taskforce on Nature-related Financial Disclosures (TNFD)?.</li> </ol>	<ol style="list-style-type: none"> <li>1. Prepare the overall project workplan;</li> <li>2. Prepare annual budgets and work plans;</li> <li>3. Manage project expenditure in line with outputs and activities;</li> <li>4. Produce quarterly expenditure and cash advance requests from project partners</li> <li>5. Report to the project Steering Committee and the WWF GEF Agency on project delivering and impact via six-month and yearly Progress Reports.</li> </ol>
Specific output ? as per output	<p>The Technical Manager is responsible for the technical oversight of the TNFD GEF project. Within the overall TNFD governance, he/she will be responsible for the following outputs:</p> <ul style="list-style-type: none"> <li>●2.2.1</li> <li>●2.2.2</li> <li>●2.2.3</li> <li>●3.1.1</li> <li>●3.1.2</li> <li>●3.1.3</li> <li>●3.2.1</li> </ul>	<p>The GEF Project Manager is responsible for the overall oversight of the TNFD GEF project. Within the overall TNFD governance, he/she will be responsible for the following outputs:</p> <ul style="list-style-type: none"> <li>●1.1.4</li> <li>●1.1.5</li> <li>●3.2.2</li> <li>●4.2.1</li> <li>●4.2.2</li> </ul>

**15. Consistency with national priorities. Has the project described the consistency of the project with identified national strategies and plans or reports and assessments under the relevant conventions?**

Secretariat comment at CEO Endorsement Request

Yes.

#### Agency Response

**16. Knowledge management. Is the proposed ?Knowledge Management Approach? for the project adequately elaborated with a timeline and a set of deliverables?**

#### Secretariat comment at CEO Endorsement Request

Cleared.

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The proposal do not outline a comprehensive KM approach. The section focusses on the development of knowledge hub to make knowledge products more available, which is only one dimension of KM. Please clarify notably the approach of the project to learn from other relevant initiatives (noting that lessons learnt from the TCFD are well captured elsewhere in the document) and to capture, assess and document information, lessons and expertise generated during the project.

Please provide an indicative list of deliverables (currently are mentioned in that section a ?knowledge hub?, as well as ?Reports, videos, webinars, conferences, articles, op-eds and framework guidance tools?) with a timeline given the 36 month duration of the project.

#### **Additional Comments GEF SEC 04/09/2021**

**31) OK**

**32) OK**

#### Agency Response

31) Text has been added to this effect in the KM Annex of the ProDoc.

32) Project-specific KM deliverables have been adjusted in the KM annex of the ProDoc and Results Framework.

**17. Monitoring and Evaluation. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?**

Secretariat comment at CEO Endorsement Request

•JS 5/5/2021

•All cleared. We note that the M&E is now just above 5% of GEF project financing and is acceptable.

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•The M&E budget is too high and should be reduced to ca. 5% of GEF funding as this project does not present particular M&E challenges. Please notably clarify why an ?Engagement and Technical associate? is charged on the M&E budget.

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•Additional Comments GEF SEC 04/09/2021

•33) OK

Agency Response

33) The M&E budget has been reduced to 5.4%. A small percentage of the Engagement and Technical associate has been included under KM output (4.1.1) and removed from the M&E budget. This consultant position will be part of the 6 full-time TNFD Secretariat team and will be providing support for stakeholder engagement and technical work across all project components.

5/5/21: Thank you.

**18. Benefits. Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?**

Secretariat comment at CEO Endorsement Request Cleared.

Agency Response

**19. Annexes:**

**Are all the required annexes attached and adequately responded to?**

Secretariat comment at CEO Endorsement Request

JS 5/5/21 - All cleared, thank you.

JS 5/5/2021:

A) Please include the result framework and the budget in the portal entry (Annex E). If needed to fit within margins in the portal, one option is to aggregate the budget at

component level instead of outcomes' level in the portal while keeping the detailed information in the attached excel file.

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Budget:

- Please clarify what is reflected as 'grants and agreements', noting that the GEF budget template categories distinguish between Grants/ Sub-grants, Sub-contract to executing partner/ entity, Contractual Services - Individual, and Contractual Services - Company. It seems that what is referred to as grants better falls into the second category. Please provide information on the anticipated executing partner, or at least the range of option that have been examined, for these budget lines.

-As part of the methodological and data challenges that will be faced, please confirm that sufficient support from the project is planned and budgeted for draft TNFD framework testing (output 2.2.2). We understand that only guidance and 'regular check-ins' with technical staff are planned, meaning that actual testing would entirely be covered by co-financing / contribution of piloting entities.

- We suggest that financing for Component 1 should be reduced since 1.1.1, 1.1.2, and 1.1.3 are already happening without GEF support.

#### **Additional Comments GEF SEC 04/09/2021**

**34) OK**

**35) OK**

**36) OK**

#### **Agency Response**

34) The Category used in the budget template is sub-grants, as these will either be partnership agreements (>\$100k) or Small Scale Finance Agreements (<\$100k) as opposed to sub-contracts. Clarifying text has been added to the project budget section of the Prodoc. Information on anticipated executing partners has also been included, though this will be finalized and agreed with the IWG Steering Committee.

35) The limited support via the GEF project covers only the minimal convening of the testing and the outputs from the piloting, but it is expected that FIs and corporations will pay to participate in the TNFD piloting (per the precedent set in the TCFD

piloting), and therefore the more enhanced support would, as GEF Sec suggests, come from the co-financing contribution provided by piloting entities themselves.

36) Elements in the outputs mentioned (1.1.1, 1.1.2, and 1.1.3) have been initiated but require an injection of dedicated staff time, for which funding support has not been possible to date. The GEF financing would enable the work to move forward to deliver what is needed for the TNFD initiative to become established. The IWG and Partner Group are currently working on the 'preparation' phase of the TNFD towards its launch which is expected in the second half of 2021. No changes to document.

37) 5/5/21: Results Framework and Budget have been inserted in portal Annex sections.

**20. Environmental and Social Safeguard (ESS):**

**Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?**

Secretariat comment at CEO Endorsement Request Cleared.

Agency Response

**Project Results Framework**

Secretariat comment at CEO Endorsement Request

JS 5/5/2021 - All cleared, thank you.

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We understand the challenge to set targets against the GEF core indicators. However, there are almost no targets with respect to what is under the control of the project. Please provide the target number of FIs and companies that will be supported by this project to test a draft TNFD framework (indicator 6 in the results framework) so that cost-effectiveness of what is under the control of the project can be assessed.

**Additional Comments GEF SEC 04/09/2021**

**37) OK**

Agency Response

37) The current high number of members in the IWG does not reflect the number of institutions that will test the framework with GEF financing. Currently, given the

estimates for testing (around USD \$20-25,000 excluding organization costs), it is expected that 95 organizations (50 financial institutions and 45 companies) will have tested the draft framework by the end of the GEF project (Year 3). Indicator 7 of the Results Framework has been updated accordingly.

**GEF Secretariat comments**

Secretariat comment at CEO Endorsement Request NA

Agency Response

**Council comments**

Secretariat comment at CEO Endorsement Request NA

Agency Response

**STAP comments**

Secretariat comment at CEO Endorsement Request NA

Agency Response

**Convention Secretariat comments**

Secretariat comment at CEO Endorsement Request NA

Agency Response

**Other Agencies comments**

Secretariat comment at CEO Endorsement Request NA

Agency Response

**CSOs comments**

Secretariat comment at CEO Endorsement Request NA

Agency Response

**Status of PPG utilization**

Secretariat comment at CEO Endorsement Request Cleared.

Agency Response

**Project maps and coordinates**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**Part III ? Country and Agency Endorsements**

**1. Country endorsements. Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?**

Secretariat comment at CEO Endorsement Request NA

Agency Response

**Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)**

Secretariat comment at CEO Endorsement Request

NA

Agency Response

**Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)**

Secretariat comment at CEO Endorsement Request N/A

Agency Response

**Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)**

Secretariat Comment at CEO Endorsement Request NA

Agency Response

**GEFSEC DECISION**

**1. RECOMMENDATION.**

**Is CEO endorsement/approval recommended?**

Secretariat comment at CEO Endorsement Request

JS 5/13/2021 - Yes, this project is recommended for CEO approval.

JS 5/13/2021 - Please correct the last remaining detail (see comment box 1 - EA type) and resubmit.

JS 5/5/2021 - Yes, this project is recommended for CEO approval from a technical standpoint.

**Review Dates**

	<b>1SMSP CEO Approval</b>	<b>Response to Secretariat comments</b>
<b>First Review</b>	<b>1/17/2021</b>	<b>4/2/2021</b>
<b>Additional Review (as necessary)</b>	<b>4/9/2021</b>	<b>5/4/2021</b>
<b>Additional Review (as necessary)</b>	<b>5/5/2021</b>	<b>5/5/2021</b>
<b>Additional Review (as necessary)</b>	<b>5/13/2021</b>	<b>5/13/2021</b>
<b>Additional Review (as necessary)</b>		

**CEO Recommendation**

**Brief reasoning for CEO Recommendations**