

United Nations Development Programme



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23 March 2023

Dear Audri Mukhopadhyay,

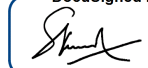
**Subject: Accelerating Green and Climate Finance in the Philippines:
Nature-based Solutions
Progress Report**

Reference is made to the contribution agreement between the Government of Canada and UNDP for the project Accelerating Green and Climate Finance in the Philippines: Nature-based Solutions (Climate Finance PH for NBS) effective December 2022.

I am pleased to submit herewith the Progress Report for the abovementioned project.

The report summarizes the progress of the project from the signing of the grant agreement in March 2022 until December 2022, including project pre-implementation activities, and provides an overview of the achievements, challenges, lessons learned, interim financial status, and ways forward.

I thank the Government of Canada for its contributions to UNDP and look forward to strengthening our partnership in support of development in the Philippines.

DocuSigned by:

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Selva Ramachandran
Resident Representative
UNDP Philippines

Attached:

Accelerating Green and Climate Finance in the Philippines: Nature-based Solutions Progress Report and Annexes

Audri Mukhopadhyay
Director, Southeast Asia and Oceania Division 1 (OSP)
Department of Foreign Affairs, Trade, and Development (DFATD)
Government of Canada

PROGRESS REPORT

United Nations Development Programme Philippines (UNDP)

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

March 2022 to December 2022



Officials from key partners from the Philippine government pose for a group photo with representatives from Government of Canada and UNDP Philippines during the Project Launch of the Accelerating Green and Climate Finance in the Philippines: Nature-based Solutions on 23 November 2022 in Pasay City. *In photo (left to right): Ma. Ciefrel Desquitado of BSP; Willa Nicole Tac-an of DoF; Krizia Ferrer of SEC; John Mostovac of the Embassy of Canada to the Philippines; Dir. Al Orolfo of DENR; John Lok of the Embassy of Canada to the Philippines; Dr. Selva Ramachandran of UNDP; Commissioner Rachel Herrera of CCC; and Dir. John Dominic Zafe of PPP Center.*

Reporting Period	March 2022 to December 2022 <i>(including pre-implementation activities)</i>
Donor	Government of Canada: Department of Foreign Affairs, Trade, and Development (DFATD)
Country	Philippines
Project Title	Accelerating Green and Climate Finance in the Philippines: Nature-Based Solutions (Climate Finance PH for NBS)
Project ID (Atlas Award ID) Outputs (Atlas Project ID and Description) Strategic Plan and/or CPD Outcomes	00130666/00123916 2: Urbanisation, economic growth, and climate change actions are converging for a resilient, equitable, and sustainable development path for communities.
Implementing Partner(s)	United Nations Development Program (UNDP) Philippines
Project Start Date	December 2022
Project End Date	December 2025
2022 Annual Work Plan Budget	USD60,500
Total resources required	USD3,308,823
Revenue received	<ul style="list-style-type: none"> • Regular • Other <ul style="list-style-type: none"> ○ Donor USD3,308,823 ○ Trust Fund Cost Sharing ○ Thematic Trust Fund C/S ○ Special Activities ○ EU funding ○ Total USD3,308,823 •
Unfunded budget	N/A
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I. **Executive summary**

The grant agreement for the Project on Accelerating Green and Climate Finance in the Philippines: Nature-based Solutions (Climate Finance PH for NBS) was signed on March 2022 between the Department of Foreign Affairs, Trade, and Development (DFATD) of the Government of Canada and the UNDP Philippines Country Office. This landmark project aims to increase private sector investments into gender-responsive nature-based solutions (NBS) for climate-resilient technologies, innovations, practices, and approaches in support of a just transition to resilient and low-emission development that sustains nature and ecosystems and protects the rights of all who are affected and at risk.

With the full implementation of the project pending prior to the issuance of the SPA, this 2022 Progress Report is yet to provide perceptible change and/or verifiable progress on the value of indicators at the Project's intermediate and immediate outcome levels. However, much work has been done to achieve progress towards achieving interim Project targets and pre-implementation activities especially towards engaging with and securing buy-in from key national government agencies including the Department of Finance (DoF); Bangko Sentral ng Pilipinas (BSP); Securities and Exchange Commission (SEC); Climate Change Commission (CCC); National Economic and Development Authority (NEDA); Department of Environment and Natural Resources (DENR); and the Public-Private Partnership Center (PPPC) in finalizing the project scope and outputs specified in the Project Document.

Following the endorsement of the Project Document from the key NGA partners, the Project Launch, with support from the DoF, was held on 23 November 2022 in Pasay City. The Launch provided a platform to introduce the Project and for officials of DoF, DENR, CCC, PPPC, SEC, BSP to express their support to the Project and attest the relevance of the Project towards addressing the huge gap in climate financing and investments in the country. The event was attended by representatives from 12 different organizations including NGA partners and other potential stakeholders from multilateral organizations, non-government organizations (NGOs), and other diplomatic representatives – including the Philippine Guarantee Corporation, USAID, Forest Foundation Philippines, British Embassy Manila, Embassy of Sweden, and Embassy of the Republic of Korea, among others. During the Launch, the UNDP, together with officials from the partner NGAs, expressed gratitude to the Government of Canada for its generous support to accelerate the flow of private capital investments in NBS in the Philippines. Moreover, the Project's commitment to improve the integration of gender-responsive and climate-related policies in the lending programs of financial institutions as well as to strengthen the monitoring and reporting on the impacts of green and climate investments was lauded.

Furthermore, in 2022, the Project has explored complementation with the implementation of the regional project, Climate Finance Network (CFN) and the Biodiversity Finance Initiative (BIOFIN). The CFN serves as a peer-to-peer network, knowledge management, and technical support facility. The Climate Finance PH for NBS and the CFN are jointly coordinating with identified NGA partners (e.g. CCC, NEDA, SEC) in the development of a Climate Finance Knowledge and Data Platform and in enhancing the governments' and other country partners' capacities for effective governance of climate finance. The Climate Finance PH for NBS can also take advantage of CFN's regional knowledge exchange initiatives towards an inclusive and integrated approach to climate finance. Meanwhile, the BIOFIN Project was initiated ten years ago by UNDP and the European Commission

to respond to the urgent need to divert more finances towards global and national biodiversity goals. Areas of complementation in the implementation of the BIOFIN Project in the Philippines would include the piloting of the public-private partnership guidelines in protected areas (PAs) in partnership with the PPC and in developing a pipeline of PPP projects in PAs and exploring the possibility of implementing the results of the scoping study on Task Force on Nature-related Financial Disclosures (TNFDs).

II. Background

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

There are four main components to achieve the above objective:

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

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

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

Component 4: Independent monitoring system on gender and SDG impacts of green and climate investments. The Project will support the Securities and Exchange Commission (SEC) to improve the measurement and reporting guidelines to assess application of ESG reporting to non-publicly listed companies, ensure investors have access to impacts generated by investments, with the aim to attract more gender responsive capital in green and climate projects in the Philippines. It will draw on and provide critical data element generated from component 1 and in turn provide data to inform policies.

This Project is expected to contribute towards UNDP CPD Outcome 2: Urbanisation, economic growth, and climate change actions are converging for a resilient, equitable, and sustainable development path for communities. Specifically, each of the Project component is anticipated to contribute to the following indicators: number of public and private entities making investments in low emission solutions and schemes through UNDP support (IRRF 2.5.1.1); area of UNDP-assisted protected areas with high biodiversity effectively managed (IRRF 1.4.1.2); value of financing generated for conservation and sustainable use of biodiversity and ecosystems; and, under the 2022-2025 UNDP SP IRRF Output Indicator, number of people directly benefitting from initiatives to protect nature and promote sustainable use of resources; and, lastly, natural resources that are managed under a sustainable use, conservation, access and benefit-sharing regime.

The combination of all the four interventions is expected to support green recovery, contribute to accelerate the achievement of the country's targets under the Nationally Determined Contributions (NDCs), Philippines Biodiversity Strategy and Action Plan (PBSAP), and related policies and programmes thereby enhancing resilience and environmental security for Filipino women and vulnerable communities in the Philippines.

III. **Progress Review**

A. Progress on or towards the Intermediate and Immediate Outcomes

Pending the full implementation of the Project prior to the issuance of the Special Presidential Authority (SPA) from the Office of the President, there is a lack in significant and verifiable progress on the indicators of the ultimate and intermediate outcomes. Thus, the succeeding narrative report would primarily focus on the achieved progress made towards the immediate outcomes at the output and activities level per Project Component.

The Outcome Reporting Worksheet (see Annex A) summarizes the targets and achievements for each indicator of the intermediate and immediate outcomes and project outputs as well as the analysis of progress and variance.

Component 1: Gender-sensitive platforms for data-driven policymaking and regulatory strengthening for climate finance.

1100 Improved effectiveness of gender-sensitive climate finance platforms for evidence-based policy dialogue between government, development partners and private sector in the Philippines

1110 Strengthened gender-sensitive platforms for evidence-based policy dialogue between government, development partners and private sector on climate change and NBS

Progress contributing towards achievement of this intermediate and immediate outcome has been made as follows:

For this Project Component, preliminary activities focused on reaching consensus about the need to set up the Climate Finance Knowledge and Data Platform (or the Climate Finance Dashboard), target users, data parameters and analytics to be included. The intent is for the platform to prioritize building on existing NGA partner's data-sharing infrastructure and systems. To facilitate this, an initial stocktaking of NGA partners' existing relevant data-sharing platforms is conducted. An initial mock-up of Platform and the proposed platform contents and datasets were prepared and presented during the Project Launch. The Platform is envisioned to have four main components: a knowledge and data library which shall serve as a repository of curated documents and datasets; a dedicated website with data visualizations containing pages per theme with embedded data visualizations and/or dashboards; a community and opportunities board where call for proposals, bids, requests, and other opportunities are posted; and, lastly, user groups with contributors and editorial reviews which would enable communities of practitioners and recognized experts to contribute and approve content for the Platform.

Initial proposed Platform content would include the following:

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

The Project Team had initial discussions with the technical staff of the Climate Change Commission (CCC) to explore possibility of the Platform to take off on their integrated climate information portal, the National Integrated Climate Change Database Information and Exchange

System (NICCDIES) and their Climate Change Expenditure Tagging (CCET), a tool that enables government entities to track and monitor their climate-related expenditures.

Succeeding bilateral meetings with the CCC and key NGA partners is scheduled early January 2023 to further explore other relevant data-sharing platforms and ensure consensus-building on data sharing agreement and protocols.

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

1200 Increased access to innovative and gender responsive green and climate finance solutions that will support bankable nature-based climate solutions and biodiversity conservation projects, and will scale up investments towards NDC, PBSAP, and SDGs.

1210 Innovative and gender-responsive green and climate finance solutions designed and implemented to scale up investments towards NDC, PBSAP and SDGs.

Progress contributing towards achievement of this intermediate and immediate outcome has been made as follows:

For Output 1211: Established Philippines Climate Finance Lab

Following the finalization of the Terms of Reference (TOR) and conduct of micro-assessment, the engagement of the Climate Policy Initiative (CPI) for a Responsible Party Agreement via Collaborative Advantage has been approved by UNDP. The CPI, founded in 2010, is an analysis and advisory organization with deep expertise in finance and policy and is a leading authority in tracking and analyzing climate finance. CPI will be primarily responsible for the setting-up the Lab Program (Philippines Climate Finance Lab) and its operations, convene private sector entities, investors, development finance institutions, and public sector experts to identify potential project ideas that can be developed and implemented, and manage the call for proposals on new financing solutions, including selection process, stress testing, crowd sourcing and developing and supporting the piloting of innovative instruments to unlock private finance at scale.

For Output 1212: Established database to enable better decision-making around policy and financing

The Project Team has been undertaking initial discussions with potential Responsible Parties to carry out impact investments and development of bankable projects with local communities. Guidance from the climate and Sustainable Development Goals (SDG) finance experts from UNDP Bangkok Regional Hub and Headquarters have also been sought on potential impact investors and possible appropriate blended finance solutions. They have also provided technical inputs on the baseline assessment for structuring a financing instrument for nature-based solutions incorporating legal analysis and appropriateness; prioritize ecosystems and geographical focus;

assessment of business opportunities and investment size; and engagement of financial institutions.

By the first and second quarter of 2023, the Project Team will be meeting with other potential organizations and will be drafting the TOR for the Responsible Party to be engaged for this specific workstream.

For Output 1213: Strengthened capacities of PPPC to promote investments in NBS

The Public-Private Partnership Center (PPPC) is a key partner in the achievement of project deliverables, particularly under Component 2 on promoting the development of new finance solutions and facilitate the financing and implementation of tested approaches to achieve scale.

An initial meeting with the PPPC Officials and Technical Staff was conducted on 11 November 2022 to provide project updates and level off on the roles and responsibilities for the PPPC Workstream. During this meeting, the PPPC Team requested to conduct a knowledge-sharing session to enhance their understanding of key concepts in the Project including nature-based solutions and gender components. A Knowledge-Sharing and Work Planning Session is scheduled for the second week of January 2023. Objectives of the activity include the preparation of a multi-year work plan for the PPPC workstream; share knowledge and definitions of nature-based solutions, gender-sensitive, and gender-responsive; determine where the PPPC is now in terms of implementing and/or supporting public-private partnerships on NBS and other climate-related investments and emerging models that can be replicated and/or upscaled in the country, and, lastly, stock-take on PPPC's existing initiatives on data platforms, climate finance data gaps, and identified strategies to address these.

To note, this workstream will take-off from and the current ongoing work of UNDP BIOFIN Project that is currently working on the development of: (i) guidelines on Public Private Partnerships (PPPs) in Protected Areas (PAs); (ii) menu of bankable PPPs in PAs; (iii) project studies of PPPs in PAs; and (iv) conduct of capacity-building activities on PPPs in PAs.

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

1300 Improved overall lending and investments practices and behaviour of financial institutions in incorporating gender-sensitive, and green and climate-related policies in the Philippines.

1310 Improved capacities of banks and non-bank financial institutions (NBFIs) to design and incorporate gender-sensitive, green, and climate-related policies in their lending operations and investment decisions; and methods developed to measure financial risks from exposure of banks to climate change and disasters.

This Component of the project has evolved from the originally submitted version based on the discussions with counterparts from the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC). Both the BSP and SEC, have requested to expand the target beneficiaries for Component 3/immediate outcome (1310) to include non-bank financial institutions (NBFIs) in the provision of capacity building to include support for assessment of asset and investment portfolios and not only loan portfolios for banks; support for understanding exposure of certain assets/investment products to climate change and measuring their risks; and, lastly, provision of technical assistance to NBFIs to assess client suitability and integrate ESG in ratings and investment decisions.

Both banks and NBFIs play a significant role in raising debt and equity capital for green and sustainable companies, or those in transition to 'green' economy. Investors in the equity market such as financing companies, investment companies (asset managers/owners, insurance, pension funds), securities dealers and brokers. Venture capital corporations, and FinTech or digital finance are referred to as NBFIs. Meanwhile, banks cover universal and commercial banks, thrift banks, and rural and cooperative banks.

The language of "investment practices" has been used in the intermediate outcome (1300) to capture both the banks and non-bank financial institutions (NBFIs).

The main activities planned for the first quarter of 2023 are the conduct of bilateral meetings for BSP and SEC to provide project updates, level off on the roles and responsibilities during project implementation, and discuss the multi-year work plan relevant for each agency. Following the agreement with the SEC and BSP, the development of the TOR and the procurement for the consultancy services for the capacity assessment of finance institutions shall commence in the second quarter of 2023.

Discussions with the BIOFIN Team has also been initiated to explore how the Project can take-off from the findings of the initial scoping study on Task Force on Nature-related Financial Disclosures (TFNDs). This is also in partnership with the BSP and SEC.

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

1400 Improved reporting on gender and SDG impacts of green and climate investments by private sector and financing institutions in the Philippines.

1410 Strengthened policies and data analytics to improve implementation of ESG in the Philippines.

The primary activity planned for Component 4 is the bilateral meeting with NEDA during the first quarter of 2023. This meeting aims to provide updates on the Project and highlight entry points for collaboration with NEDA; present initial plans for the Climate Finance Dashboard and plans for the SDG Monitoring component of the platform; stock-take on the agency's existing

initiatives on data-sharing platforms, climate finance data gaps, and identified strategies to address these; discuss national priorities and PDP alignment in line with the SDGs; and scope existing and/or planned initiatives for monitoring SDG achievements.

The Project Team shall also commence landscape analysis of SDG monitoring of green and climate investments and conduct a review of sustainability reporting guidelines in the coming year. Findings from this activity will help contribute towards supporting the SEC in developing guidelines or policy statements for sustainability reporting of non-publicly listed companies with NBS investments.

B. Reach

Name of Partner	Type	Description of partnership and how it contributes to project results or sustainability
Department of Finance (DoF)	National government agency	DoF is the Project's key national government agency partner and is the primary agency responsible in providing support in securing the Special Presidential Authority (SPA). The DoF has also given the approval to conduct the Project Launch on 23 November 2022.
Climate Change Commission	National government agency	The CCC is identified as a key agency partner of the Project with responsibility for climate change and relevant initiatives on increasing and improving the effectiveness of climate finance in the country. Furthermore, the CCC's integrated climate information portal, National Integrated Climate Change Database Information and Exchange System (NICCDIES), has been identified as the take-off point for the Climate Finance Dashboard to be developed under Component 1.
Public-Private Partnership Center (PPPC)	National government agency	<p>The PPPC is a key partner in the achievement of project deliverables, particularly under Component 2 which also interfaces with the other project components. Under Component 2, the Project will encourage the development of new finance solutions and facilitate the financing and implementation of tested approaches to achieve scale.</p> <p>Further, in order to influence the portfolio of the country's public-private-partnership programmes, the Project will work with the PPPC to strengthen their capacities and promote greater investments in NBS (Output 2.3). The project will support the PPPC as the country's prime mover in engaging the private sector in the implementation of priority projects through partnership with government. It aims to strengthen the capacities of the PPPC to increase the scope of green and climate projects in its portfolio, and ensure the projects are assessed against climate and</p>

Name of Partner	Type	Description of partnership and how it contributes to project results or sustainability
		disaster risks in order to reduce exposure and enhance long term viability.
National Economic Development Authority (NEDA)	National government agency	NEDA plays a crucial role in climate change and sustainable development initiatives, particularly in the achievement of the Sustainable Development Goals (SDGs) in the Philippines. NEDA is expected to contribute towards relevant outputs under Component 4 on the development of independent monitoring system on gender and SDG impacts of green and climate investments.
Securities and Exchange Commission (SEC)	National government agency	SEC is a key partner in the achievement of project objectives, particularly under Component 3 on building the capacities of non-bank financial institutions (NBFIs) to increase finance flows to gender-sensitive, green, and climate solutions. Specifically for SEC, the project will discuss the sustainability of ESG reporting guidelines and metrics and will provide support in the capacity building for the NBFIs.
Bangko Sentral ng Pilipinas (BSP)	National government agency	Recognizing the BSP's role in supporting climate finance initiatives in the country, BSP has been identified as a key partner in the achievement of project objectives, particularly under Component 3 on building the capacities of banks to increase finance flows to gender-sensitive, green, and climate solutions. This component specifically aims to enable banks to design and incorporate green and climate-related policies in their lending operations and manage financial risks due to exposures to climate change and natural hazards. BSP to provide support for the capacity building of banks.
Department of Environment and Natural Resources (DENR)	National government agency	The DENR will play a crucial role in the AGCF project implementation as Chair of the CCAM-DRR Cabinet Cluster and the government lead in advancing nature-based solutions. The DENR is expected to contribute towards relevant outputs under Component 1 on the development of a gender-sensitive Climate Finance Dashboard and Component 2 on the design and implementation of green and climate finance solutions.
Climate Policy Initiative (CPI)	Non-profit Organization	The CPI is an analysis and advisory organization with deep expertise in finance and policy. It is a leading authority on tracking and analyzing climate finance. Under the Project, CPI will be responsible for setting up The Lab Program (Innovation Lab in the Philippines) and its operations.

C. Target Groups and Beneficiaries

In addition to the key national government agencies (NGAs) whose capacities on green and climate finance, and instituting public-private partnerships on nature-based solutions, as well as in SDG impact monitoring the Project aims to improve (i.e. PPPC, SEC, NEDA, DENR, among others); other beneficiaries of the Project would include banks and non-bank financial institutions, the private sector, impact investors, philanthropists; and Indigenous Peoples and Local Communities (IPLCs), among others.

D. Changes to Theory of Change, the Logic Model, and the Results Framework

As part of the pre-implementation activities for the Project, all seven of the key NGA partners of the Project has been consulted to review the Project Document. By November 2022, all comments and suggestions by the NGA partners has been addressed which prompted changes to Project outcome and output levels. Attached as Annexes are the updated versions of the Project's Theory of Change (Annex D), Logic Model (Annex E), and Results Framework (Annex F).

Following the exchanges with NGA partners, substantive changes have been made under Component 3 of the project which covers intermediate outcome 1300, immediate outcome 1310, and outputs 1311 and 1312. Based on discussions with the BSP and SEC, the scope for the capacity building under this Project Component will be expanded to include non-bank financial institutions. SEC specifically requested for the provision of capacity building to include support for assessment of asset and investment portfolios and not only loan portfolios for banks; support for understanding exposure of certain assets/investment products to climate change and measuring their risks; and, lastly, provision of technical assistance to NBFIs to assess client suitability and integrate ESG in ratings and investment decisions. The language of "investment practices" has been reflected in the intermediate outcome (1300) to capture both banks and the non-bank financial institutions (NBFIs).

Furthermore, based on exchanges with the SEC, immediate outcome 1410 has been revised to a more specific target of improving the implementation of Environmental, Social, Governance (ESG) reporting in the Philippines by enhancing and strengthening policies. Meanwhile, for output 1411, SEC suggested to widen the coverage from MSMEs to non-publicly listed companies (non-PLCs) since the roadmap will be guided by materiality assessments.

E. Embedding Gender Responsiveness in the Project

Following UNDP's gender marker criteria, the Project has been rated with gender marker 2 as it considers gender equality as a cross-cutting concern. The Project is gender responsive since gender mainstreaming is reflected in the over-all Project strategy.

Each of the four main components of the project incorporates gender concerns as follows:

Component 1: Development of gender-sensitive platforms for data-driven policymaking and regulatory strengthening for climate finance. Under this component, the Project will develop gender responsive policy briefs to improve women's access to green and climate financing; a menu of gender differentiated green and climate financing products recognized by DOF, DTI, appropriate and attractive to men and women-owned MSMEs; and local one-stop shops for gender responsive green and climate finance of NBS.

Component 2: Design and implementation of Innovative Green and Climate Finance Solutions. For this component, the Project will focus on innovative, and gender responsive green and climate finance solutions designed and implemented to scale up investments towards NDC, PBSAP, and SDGs.

Component 3: Capacity building of banks and non-bank financial institutions to increase finance flows to gender sensitive, green, and climate solutions. In this component, the project will investigate the policies and design of green and climate financing options appropriate and attractive to women-led MSMEs and financing institutions with special 'windows' catering to women-led groups engaged in nature-based solutions.

Component 4: Independent monitoring system on gender and SDG impacts of green and climate investments. Under this component, the Project will ensure that 100% of financed projects, introduced technologies, and other features will cause no serious harm to women's and men's capacities and responsibilities related to reproductive work (distribution of labor, participation of minors, among others). The Project will also conduct regular progress and accomplishment reports generated incorporating gender indicators; findings from these surveys shall be used to inform management and policy adjustments.

In terms of governance mechanisms, the Project will ensure gender equality and women's involvement in its governance mechanism through the following measures: (a) the design of the governance and management arrangement of the Project will ensure that the Project Board and Lab Advisory Panel (which will act as the Technical Working Group that will provide technical recommendations to the Project Board) will have members who represent the interests of both men and women; (b) in community-level interventions on nature-based solutions, the Project will ensure that there are women-led organizations being considered for involvement, and that women leaders and members are included both in the planning and implementation process.

The Project's Gender Analysis and Gender Action plan, developed in 2022, maps out the steps to mainstream the process of identifying gender barriers and taking necessary actions to address these. Initially, the project recognizes the differentiated impacts of climate change to men and women. The preliminary gender analysis conducted for the project also reflects the gaps in gender policy implementation given the lack of implementation plans and allocated adequate resources. Furthermore, a closer inspection of gender-relevant policies in the country reveals that gender indicators which monitor gender differences changes over time, and tracking progress on gender equality goals are not well defined or limited at the client or beneficiary level. Women's constraints to accessing services and goods seems not anchored on the roles, needs and concerns of women, men, and vulnerable groups. Few use the mandated gender analysis tools such as the Harmonized Gender and Development Guide and

Gender Monitoring and Evaluation Framework. Those that do have difficulty translating results into specific actions to deepen the understanding of gender-based constraints and design appropriate interventions to spur empowerment of women and men. To address these initially identified gender issues, the Project Team will closely refer to the Project's Gender Action Plan throughout the project implementation to ensure that every project outcome and output are gender-sensitive and gender-responsive. The Project will also bring in a Gender Expert who will be involved from the start till the end of project implementation to ensure that the Gender Action Plan is being fully implemented and to make necessary revisions, as necessary. The procurement for the Gender Expert is targeted for the first quarter of 2023 and will be onboard by the second quarter.

Furthermore, to ensure gender responsiveness, there will be continued analysis of gender-specific barriers, biases in policies and programmes, and a series of stakeholder-engagements (focused on women's-groups, women-led businesses) to better articulate constraints and opportunities for greater gender inclusion in the climate finance agenda. Under Component 1 of the Project, the Climate Finance Dashboard will be developed with the involvement of not only key NGA partners, academia, research institutions but will also engage women's organizations and experts from development organizations to co-create a common climate finance research agenda. Meanwhile, within Component 2, the Project will position the Philippines' Climate Finance Lab to create a demonstration effect for live cases and innovations from which national development banks, commercial and medium-scale banks, women-led MSME's, and regulators can learn from it. Furthermore, the creation of a dedicated data platform is an important tool in sourcing, collating, and curating a wide range of knowledge and insights. This platform can facilitate open dialogues between government, sector players, development partners, men, and women beneficiaries, around lessons-learnt and the exchange of best practices.

The Project has also put in place several measures to ensure women's empowerment and achievement of gender targets, including:

- Development of a Gender Analysis and Action Plan in 2022 which will be regularly updated to ensure relevance and inclusion of other gender issues that may arise during project implementation;
- Gender indicators have also been included in the Project Results Framework and Monitoring and Evaluation Plan;
- Stakeholder consultations during project design included consultations on gender-related issues in terms of financing nature-based solutions for climate as well as consultations with government agencies and NGOs on gender related work;
- Ensure that age and sex disaggregated data are generated during Project implementation and monitoring and evaluation;
- Ensure that the design of the governance and management arrangement of the Project, including the Project Board and Lab Advisory Panel, will have members who represent the interests of both men and women;
- Calls for nature-based solutions for climate investments, project design and implementation will involve gender equality and women's empowerment as criteria for selection of ideas to be supported by the Lab and Public-Private Partnership Center (PPPC); and

- Safeguard gender equality and women’s empowerment components in Project implementation, including in the conduct of policy research, access to nature-based solutions, and climate investment data platform and capacity-building programs.

IV. Project Risks and Issues

As stipulated in the Memorandum Circular No. 16 (MC No. 16) of 2017, the UNDP Philippine Country Office liaised with the Department of Finance (DoF) in securing a Special Presidential Authority (SPA) for the Project. The MC No. 16 of 2017 “requests for authorization to negotiate and sign international agreements, and agreements covering borrowings, guarantees, and foreign grants” to enhance coordination between and among the government departments and agencies in the negotiation and signing of international agreements.

The lengthy process of securing the SPA from the Office of the President has been a major challenge impeding the full implementation of the Project. Without the SPA, signing of the finalized Project Document, creating the Project Board is pending, and, thus, the implementation of project activities is also put on hold. The DOF, however, allowed the Project to proceed in engaging with the agencies to fine tune the agency-specific workplans and budgets. The Project Team is closely monitoring and coordinating with the DoF regarding the status of the SPA request.

#	Issue Log	Risk Category	Like-lihood	Impact	Status	Countermeasures/Management Response <i>(What actions have been taken/will be taken to counter this risk)</i>
1.	The impacts of COVID may have negative impacts on the appetite of investors for green and climate projects.	Strategic	3	5	Not yet encountered	Trends and flows of private investments shall be closely monitored during project implementation.
2.	There may not be enough impact investors who may be attracted to invest in community NBS bankable projects	Strategic	3	5	Not yet encountered	The Project will closely monitor the emerging strong innovation ecosystem at the global and national levels.
3.	Private sector partners are not thoroughly vetted resulting in risk related with unintentionally partnering with companies engaging in malpractices	Reputational	3	3	Not yet encountered	UNDP conducts private sector due diligence which involves a thorough vetting of private sector partners and setting-up of management measures to mitigate risks. The Project, through the PMU and Technical Advisory Group, will monitor on a regular basis for the risks identified and for any potential issue related with the project sector partners.

#	Issue Log	Risk Category	Like-lihood	Impact	Status	Countermeasures/Management Response <i>(What actions have been taken/will be taken to counter this risk)</i>
4.	Private sector partners do not pass UNDP due diligence process, thus, the Project is not able to partner with them	Reputational	3	3	Not yet encountered	Private sector partnership details will be firmed up during Project implementation to allow analysis of costs and benefits involved in the partnerships.
5.	Environmental, social and governance related issues may arise that may result in UNDP's reputational risks. These issues maybe related with fraud, corruption and harmful environmental management practices, among others.	Reputational	1	4	Not yet encountered	Potential environmental, social and governance related issues will be monitored quarterly. The Project has also finalized its Social and Environmental Screening Report which outlines the potential social and environmental risks and suggests corresponding assessment and management measures to address each risk identified (e.g. conducting stakeholder consultations and involving the National Commission on Indigenous Peoples (NCIP) in project implementation to ensure project activities are compliant with the IPRA Law on environmental and social safeguards that need to be established). Furthermore, the UNDP conducts private sector due diligence to mitigate risks related to private sector partners.
6.	Specific nature-based solutions for impact investments might result in negative social and environmental impacts.	Environmental	1	3	Not yet encountered	Stakeholder consultation will be undertaken for specific project proposal development process during Project implementation. Indigenous people leaders and National Commission on Indigenous Peoples (NCIP) will be involved for projects that will affect ancestral domains.
7.	The Project may potentially result in gender discrimination against women.	Environmental	1	3	Not yet encountered	The Project will ensure implementation of the Gender Action Plan.
8.	COVID 19 may delay Project implementation.	Environmental	1	3	Not yet encountered	Risk mitigation measures will be identified by the Project Team given the status of the pandemic situation and latest guidance and advisories. Resources will be allocated to maximize use of

#	Issue Log	Risk Category	Like-lihood	Impact	Status	Countermeasures/Management Response <i>(What actions have been taken/will be taken to counter this risk)</i>
						technologies during project design, implementation and monitoring and evaluation. Adjustments will also be made regarding the scope or timing of activities.
9.	Peace and order situation in the areas where Projects will be undertaken may result in private sector shying away from providing impact investments	Environmental	3	4	Not yet encountered	The Project will ensure close coordination with government agencies tasked to maintain peace and order situation.

V. Lessons Learned

Below are lessons learned during the reporting period covered.

- Securing political support and buy-in is crucial in the project implementation to identify and strategically engage NGA champions to support specific project interventions (e.g. strengthening capacities of the PPPC for engaging with the private sector and promoting private sector investments on NBS).
- Ensuring multi-stakeholder engagement and collaboration among key agencies including not only in the national government but also crucial actors from the civil society organizations (CSOs), finance and banking institutions, and the private sector in project implementation is a key factor in strengthening climate actions especially in driving private investments towards green and climate finance.
- The Project is also preparing for engaging with the private sector as strong private sector participation is a critical factor in re-directing investments towards climate actions.

VI. Conclusions and Way Forward

While full implementation of the project is pending prior to the issuance of the Special Presidential Authority (SPA), the following preliminary project results have been achieved in 2022: finalized target scope and outputs in the Project Document in partnership with the key national government agencies: Bangko Sentral ng Pilipinas (BSP); Securities and Exchange Commission (SEC); Climate Change Commission (CCC); National Economic Development Authority (NEDA); Department of Environment and Natural Resources (DENR); and the Public-Private Partnership Center (PPPC); secured endorsement from key NGA partners expressing their support to the Climate Finance PH for NBS Project; officially launched the project where national government partners officials of DOF, DENR, CCC, PPPC, SEC, BSP delivered their statement of support. The

event was also attended by other potential stakeholders from the government, multilateral organizations, non-government organizations (NGOs), and other diplomatic representatives (including the Philippine Guarantee Corporation, USAID, WWF, Forest Foundation Philippines, British Embassy Manila, Embassy of Sweden, and Embassy of the Republic of Korea, among others).

The Project Team will closely monitor the status of the issuance of the SPA with the DoF and help facilitate requests from the Office of the President, if any. Meanwhile bilateral meetings and work planning sessions with key NGA partners are scheduled in the first quarter of 2023.

Furthermore, TORs are being prepared for the procurement of external consultants including the Sustainable Financing Consultant, Gender and Stakeholder Engagement Specialist, and the Climate Finance Dashboard Data Specialist targeted for the first quarter of 2023. By mid-2023, the Project Team will start the procurement process for the consultancy services of companies for the impact investments, capacity building of PPPC, scoping for the capacity assessment of banks non-bank financial institutions, and the development of the Climate Finance Dashboard and cloud-based database platform.

VII. Financial Status¹

United Nations Development Programme
Interim Financial Report to the Government of Canada
As of 31 December 2022



Contributions reference no:
Country: Philippines
Project: 00130666 - Accelerating Green and Climate Finance
Output: 00123916 - Accelerating Climate Finance
Output status: On Going
Fund: Programme Cost Sharing

(in United States dollars)

	Prior years (1)	2022 (2)	Cumulative to 2022 (3)
Income/Revenue			
Annual Contributions Revenue ^a	-	1,566,489.76	1,566,489.76
Other Revenue ^b	-	-	-
Transfer to/from other funds	-	-	-
Refunds to donors	-	-	-
Total - Income/Revenue	-	1,566,489.76	1,566,489.76
Expenses			
Staff and other personnel costs	-	-	-
Supplies, commodities, materials	-	-	-
Equipment, vehicle and furniture including depreciation	-	6,099.38	6,099.38
Contractual services	-	28,299.45	28,299.45
Travel	-	-	-
Transfers and grants to counterparts	-	-	-
General operating and other direct costs	-	2,907.43	2,907.43
Subtotal	-	37,306.26	37,306.26
Programme support costs ^c	-	2,962.57	2,962.57
Total Expenses	-	40,268.83	40,268.83
Balance^d	-	1,526,220.93	1,526,220.93
Future Expenses^e			
Balance of un-depreciated assets & inventory purchased	-	-	-
Commitments	-	682.29	682.29
Subtotal	-	682.29	682.29
Receivables Past due, less advance receipts^f			
Less: Contributions receivable from donors	-	-	-
Available Resources^f	-	1,525,538.64	1,525,538.64
Total Contributions Revenue^g	-	3,387,734.76	3,387,734.76
Total Contributions Revenue Received^h	-	1,566,489.76	1,566,489.76
Total Receivablesⁱ	-	1,821,245.00	1,821,245.00
Deferred Revenue and Advance Receipts^j	-	-	-

a. Contributions represent recognized revenue based on the payment schedule dates of signed agreements.

b. Other Revenue represents revenue resulting from miscellaneous activities.

c. Programme support (indirect) cost is calculated based on the expenses excluding amounts of foreign exchange gain/loss.

d. Balance in column (2) is inclusive of balance in column (1).

e. Amounts in column (2) are the balances outstanding as of the report date which are included in the available resources. Amounts in column (1) are shown for information purpose only.

f. Balance after future expenses, and contributions receivable from donors (i.e. amounts past due) have been accounted for.

g. Total value of donor contribution as per the signed date of the agreement.

h. Total cash received to-date.

i. Total outstanding amount due from donors, comprising both past due and future due receivables.

j. Contributions that have been received from donors but yet to be recognized as revenue in future years when payment schedules are realized.

¹ [1] *Disclaimer: Data contained in this financial report section is an extract of UNDP financial records. All financial provided above is provisional.*

Disclaimer: UNDP adopted IPSAS (International Public Sector Accounting Standards) on 1 January 2012, cumulative totals that include data prior to that date are presented for illustration only.

VIII. List of Annexes

Annex A: Outcome Reporting Worksheet

Annex B: Communications

Annex C: List of Partners

Annex D: Updated Theory of Change

Annex E: Updated Logic Model

Annex F: Updated Results Framework

Annex G: Project Launch Documentation

Annex H: 2022 Annual Work Plan