

PROJECT IMPLEMENTATION REPORT (PIR) FY 2021

GEF - IDB
PIR # 2

IMPORTANT: The reporting period is GEF Fiscal Year (July 1st, 2020, to June 30th, 2021)

PROJECT GENERAL INFORMATION

Project Name:	Water Funds: A Conservation/Climate Resilient Model for Stressed Watersheds in Latin America and the Caribbean				
Project's GEF ID:	10048	Project's IDB ID:	RG-T3177	Overall Stage:	Disbursing (From eligibility until all the Operations are closed)
Country/ies:	Argentina, Brazil, Chile, Colombia, Guatemala				
GEF Focal Area:	International Waters, Biodiversity				
Executing Agency:	THE NATURE CONSERVANCY				
Project Finance:	Total disbursements of GEF Grant resources as of end of June 30th, 2021 (cumulative)				US\$382,184.28
Project Dates:	Date of First Disbursement				7/9/2020
	Agency Approval Date				10/4/2018
	Effectiveness (Start) Date				3/29/2019
	Original Last Disbursement Expiration Date ¹ (OED)				9/29/2022
	Current CED				9/29/2022
	Estimated Operational Close Date ² (EOC)				12/28/2022
Project Evaluation:	Actual Date of EOC, if applicable				
	Mid-term Date (Expected)				12/29/2021
	Terminal evaluation Date (Expected)				3/29/2023

¹ For the GEF, this is equivalent to the project's "Expected Completion Date".

² For the GEF, this is equivalent to the project's "Expected Financial Closure Date".

DEVELOPMENT OBJECTIVE RATING (DO) & ASSESSMENT

Make an overall assessment and provide a rating³ of “likelihood of achieving project objective” during the period (2020-2021). Describe any significant environmental or other changes attributable to project implementation.

Project Objective: The objective of this TC is to consolidate and expand the WF model throughout LAC. The four specific objectives of this TC are: (i) to improve and consolidate existing Funds; (ii) to expand the WF model to additional urban watersheds affected by water stress; (iii) to promote policy change and an enabling regulatory environment (national and/or local) to unlock public and private funding for land/water conservation activities; and (iv) to systematize the model's methodology through knowledge, capacity building and dissemination tools and platforms. With these resources, five WFs will be created/strengthened to protect upper watershed biodiversity and improve the water security of 14 million people in five major LAC cities by connecting water users in urban areas with upper watershed land stewards.

OVERALL ASSESSMENT (DO)

RATING

Marginally Unsatisfactory (MU) performance of the project is progressing with most components delayed and not in substantial compliance with the plan. Facing severe delays related with COVID-19 which has affected activities related with stakeholder engagement and on the ground interventions. An extension of the project execution period will be required to comply with the project's plan.

MU

PROJECT STATUS UPDATE

The project has continued to suffer shortcomings during the reporting period due to COVID-19 restrictions in most Latin America and the Caribbean (LAC) countries. Due to seasonal weather restrictions and quarantine, restoration activities have been delayed. Because of this, it is envisaged that a project extension of 12 months (until 2023) will be necessary to attain expected project objectives regarding outcome 1.1 Hectares directly intervened.

Most of the activities carried out during the reporting period have been related to providing technical support for advancing the Curitiba Water Fund (WF) (Brazil); Guatemala City WF (Guatemala); Mendoza WF (Argentina); and Santiago WF (Chile) in their design, creation, or implementation activities, depending on the stage each of the funds is currently transiting.

During the first semester of 2021, the local team of the Executing Agency (EA) in Colombia identified that it is not feasible to create a Water Fund (WF) in Cali, due to the existence of the Collaborative Platform for the Recovery of the Upper Cauca River Basin, formalized on August 21, 2020. Collaborative Platforms are being promoted by the Ministry of Environment and Sustainable Development (MADES) within the framework of the National Development Plan 2018-2022, for the articulation of investments and public and private actions around watersheds. It is important to note that the Platform is not a Water Fund as such, and there is no interest in it being so.

³ See Annex 1: Definition of Ratings.

Based on this situation, the project team has analyzed with the Bank's Colombia Country Office (COF) the possibility of supporting a different WF in Colombia with the funds initially allocated to the creation of the Cali WF. It has been agreed that, to comply with Technical Cooperation (TC) commitments, the Bogota WF will be supported. This change in WF does not modify the general objective and outcomes of the project in any way.

IMPLEMENTATION PROGRESS RATING (IP) & ASSESSMENT

Insert here an assessment and provide ratings⁴ of overall Implementation Progress, including information on progress, challenges, and outcomes on project implementation activities from July 1st, 2020, until June 30th, 2021. **As applicable, please include information on issues and solutions related to COVID-19.**

OVERALL ASSESSMENT (IP)	RATING
<p>Marginally Unsatisfactory (MU): The project is experiencing significant delays in execution. The reasons are explained below:</p> <ol style="list-style-type: none"> 1. The TC was approved in October 2018. There was a delay in fulfilling the eligibility conditions, mainly agreeing on the Operations Manual of the TC which includes the execution process between TNC, the executing agency, and the Bank. The eligibility was declared in September 2019 and the project started its execution. 2. The COVID-19 crisis has continued and has led to severe restrictions and cumulative delays in project implementation. Due to seasonal weather restrictions and quarantine in most of the LAC countries, restoration activities have continued to be delayed due to limitations on staff mobility and access to certain sites. Meetings, workshops, and field visits (e.g., partners engagement and technical support) are still being adapted to reach the best results under the scenario of social isolation. The following considerations have been implemented in all ToRs due to pandemic restrictions: <ol style="list-style-type: none"> a. Communication between each Fund and the consulting company that is contracted are being held by telephone, email, or teleconference. b. The exchange of information is being done by email or telematic download. c. The meetings are held virtually. In the cases that a face-to-face meeting is necessary, the protocol adopted by each Water Fund to access its facilities must be strictly followed and, in its absence, all the measures provided by the health authorities (use of masks, distance, etc.) must be observed. 3. The Guatemala WF is experiencing governance and financial sustainability shortcomings that need to be addressed before continuing to move forward in the WF model, which has led to delays in compliance with the plan. 4. In the case of Mendoza, it has been agreed that pilot demonstration projects will not begin until the strategic plan is developed and the WF is legally established, to ensure sustainability of actions, and based on previous experience with other WFs. 5. The initial analysis of the Cali WF and the conclusion of its creation not being feasible, has also led to delays in implementation as a decision had to be made for supporting a new WF. 	<p>MU</p>

⁴ See Annex 1: Definition of Ratings.

RISK RATING & ASSESSMENT

Make any adjustments necessary to the assessment ratings⁵ of overall Project Risk⁶ that you provided in the last PIR (2019-2020). Please include details and remedial measures for High and Substantial Risks, specifying who will be responsible for these measures.

OVERALL ASSESSMENT (RISK)	RATING
<p>Modest Risk (M) Due to the delays in ecosystem restoration activities, there is a high probability that the goal for outcome 1.1 will not be met during the current project timeframe.</p> <p>A 12-month extension of the project execution period, which will be requested at the beginning of 2021, will significantly decrease this risk, allowing the WF to fulfil site visits and on the ground implementation activities.</p>	M

STAKEHOLDER ENGAGEMENT

Please add information on any progress, challenges, and outcomes with regards to stakeholder engagement, based on the project's activities during its implementation through the 2020-2021 GEF Fiscal Year. **As applicable, please include information on issues and solutions related to COVID-19.**

Progress & outcomes:

- **Santiago:** With the new Water Fund created, the Director Claudia Papic was hired in August 2020. Her main role has been to keep stakeholders engaged and updated on the work of the fund. A communication plan has been developed, and a public virtual event was held to launch the strategic plan of the Fund that had the participation of 63 organizations. In addition, the Water Fund is actively managing a web page <https://www.fdasantiagomaipo.org/> with blogs to update the work on the Water fund, as well as with Instagram and LinkedIn.
- **Mendoza:** The "Grupo promotor" in Mendoza has continued to be active but with less interaction due to COVID-19 but maintaining the same members: (i) Irrigation Authority (Environmental Secretary Mendoza); (iii) water utility (Aguas Mendocinas); private sector (bottling & brewery); and (iv) civil society (The Nature Conservancy (TNC)). With the development of the strategic plan, participation of different stakeholders has been more active in the second quarter of 2021.
- **Guatemala:** The Guatemala Water Fund completed the Strategic Plan (SP) with the engagement of all the members of the board. This is a key document for aligning all the board members under the same vision, water security challenges and intervention priorities. The SP also identifies funding needs for implementing the prioritized interventions. The SP was developed with a first in person meeting in the first quarter of 2020, but the rest was done virtually due to COVID-19. In October 2020, in a virtual workshop the SP was presented to the Water Fund board.

⁵ See Annex 1: Definition of Ratings.

⁶ These should include risks identified at CEO Endorsement AND any new risks identified during implementation.

- **Curitiba:** TNC has worked closely with the Viva Água movement (MVA), led by the Grupo Boticário Foundation (a reference institution on a national scale, with more than 30 years focused on nature conservation), a member of the Boticário Group (one of the largest cosmetics companies in Brazil). The movement seeks to involve different actors around a common objective - water security, to be achieved through orderly territorial development and the application of nature-based solutions, contributing to increase the region's resilience to events arising from climate change in an area of relevant interest for supply in the Metropolitan Region of Curitiba. It is important to mention that the strong drought in Paraná has been of a very big concern of the local water company and other local stakeholders.

Challenges:

- During 2020 and 2021, work with stakeholder engagement had limitations as with the pandemic meetings in person were not possible. Important efforts have been done to keep stakeholders engaged on the Water Fund process using virtual tools.

GENDER

Please add information on any progress, challenges, and outcomes with regards to any and all gender-responsive measures that were undertaken in the project's activities during the 2020-2021 GEF Fiscal Year. Also: Were indicators on gender equality and women's empowerment incorporated in the project's results framework? (Yes/No). If applicable, include the indicator with its baseline, target, and current value (2020-2021).

Progress & outcomes:

- The Executing Agency (EA) project manager and other project staff have been trained on gender integration. In March 2021, 60 TNC staff participated in a Gender Integration workshop. The workshop featured four modules: (i) Gender Analysis; (ii) Gender Action Planning; (iii) Gender Equity Monitoring, Evaluation, Adaptation & Learning; and (iv) Gender Based Violence & Safety. In addition to being a space for learning and exchange, the workshop has strengthened a Community of Practice for TNC staff in Latin America. TNC staff will continue to receive coaching services and learning exchanges and trainings.
- In collaboration with a student from Edinburgh University, a survey for Water Funds was developed to have a baseline in terms of how Water Funds are integrating different socio-economic aspects, including gender. The results of the survey and recommendations will be presented to the Water Funds Network in August 2021. Gender has been included as a priority topic in the capacity building plan for Water Funds. It is expected that a training session will take place before the end of 2021.

Challenges:

- Work on the field is still delayed due to COVID-19. COVID-19 has had important impact across Latin America with several restrictions in the countries, which has not allowed to have meetings in person and has also limited capacity building training around gender.

KNOWLEDGE

Please add information on knowledge activities and products developed in relation to the project (with GEF or non-GEF resources), with special emphasis on activities carried out during the 2020-2021 GEF Fiscal Year. **As applicable, please include information on issues and solutions related to COVID-19.**

Progress & outcomes:

- TNC Water Funds network has been active with several webinar sessions for Water Funds. A series of webinars called "From the storm to calm" was organized with the objective of discussing the role and impact of the Pandemic in the Water Funds work and take the opportunity to bring key stakeholders from the Water Funds community involved in the discussion and demonstrate their interest and leadership. A total of 7 webinars were organized with a total audience of more than 560 participants from across the region.
 - **Session 1:** Consequences of the coronavirus in society and water" <https://youtu.be/Oq9a0Q6aJaw>
 - **Session 2:** "Perspectives about the challenges derived from the pandemic and their connection to water -experience of 4 countries": <https://youtu.be/zIEVXK-b3fA>
 - **Session 3:** Facing complexity: challenges and experiences on collaboration with multiple stakeholders: <https://youtu.be/cuVUjjkHV5U>
 - **Session 4:** The value of conservation and water- testimonials from the communities: <https://youtu.be/CW0hoTiWick>
 - **Session 5:** Challenges on education to create a water culture post-covid: <https://youtu.be/piZijuLEF74>
 - **Session 6:** Leadership for a changing future: <https://youtu.be/1C16HO5NCfw>
 - **Session 7:** Conclusions <https://youtu.be/m0b4khT996Q>

Challenges:

- In person training and exchanges are not possible due to covid-19. Virtual training and meetings have been organized with good success and involvement of the Water Funds.

PROJECT MODIFICATIONS

Please report any significant modifications made to the project design since July 1st, 2020. (The basis for comparison is the Project Results Framework Matrix included in the original Request for CEO Endorsement Document.) This should be based on the Project Results Framework Matrix included in the original Request for CEO Endorsement Document.

CATEGORY	YES/NO	APPROVED BY	DESCRIPTION OF CHANGE AND EXPLANATION
Objective	No		
Outcome	No		
Output/Activities	No		
Other	No		

EXTENSIONS OR OTHER MODIFICATIONS

Has the project been granted any extension or other modification covered by the OA-420 from July 1st, 2020, until June 30th, 2021? If yes, please explain below. **As applicable, please include information on issues and solutions related to COVID-19.**

Yes, in process. It is envisaged that a project extension of 12 months (until 2023) will be necessary to attain expected project objectives.

LESSONS LEARNED / BEST PRACTICES

If the project generated any lessons learned or best practices during the 2020-2021 GEF Fiscal Year, please provide a short description. **As applicable, please include information on issues and solutions related to COVID-19.**

Successes

1. Water Funds Summit 2019

The Water Funds Summit took place from July 17th- 19th, 2019 and was presented by the Latin American Water Funds Partnership and Agua Capital, Mexico City's Water Fund. The presented the state of the art in water security at the global, regional, and national level and to make a call to urgently address the main challenges facing the cities of the region with a WFs one-day workshop and two days of plenary sessions, high-level panels and closed-meetings discussions, presentation of a digital Magazine, a publication, and a press conference.

This event brought together 370 international experts and decision makers from 26 countries from representing all sectors to accelerate the water agenda by inspiring all of them to build a better future together recognizing that "There is no Water to Waste". Amongst participants, representatives from 28 water funds attended the meeting. We had a total of 371 publications in different media outlets across Mexico and Latin America. The event was live-streamed with 1,103 connections in total over the two-days and we had a total of 6,419 visits to the Summit website. We had important partnerships with Emmanuel (singer) and ECOFILM Festival, and with Cinepolis which resulted in the promotion of the Summit in movie theaters in Mexico reaching out 4.3million people. The event followed the ISO 2021 process to minimize environmental impacts and it was a close-to-zero waste event (13.22kg of total waste).

2. P4G Award

The Partnering for Green Growth and the Global Goals 2030 (P4G) initiative announced the State-of-the-Art Partnership Awards 2019 results chosen after a global competition to recognize the most innovative and successful Public-Private Partnerships that are driving green growth and climate action, with measurable success and focused on one of the UN Sustainable Development Goals (SDGs).

The Latin American Water Funds Partnership (LAWFP) received the award in the "Clean Water and Sanitation" category. Having qualified as the best in its category, the Latin American Water Funds Partnership (LAWFP) was recognized on September 23rd, 2019, in New York for its contribution implementing the Water Funds model in 25 cities in Latin America and another 14 in the process of development through the scheme of multisectoral associations that propose local solutions to the water challenges that each city faces. In this sense, the LAWFP has developed a regional perspective of the problem to be solved but promotes solutions that are analyzed and implemented at the local level.

The awarding ceremony was presided by the First Lady of Colombia at the SAP Building in New York City during the Climate Summit celebrated in 2019.

3. Launching of the Santiago Water Fund

The Santiago-Maipo Water Fund was launched on October 15th in Santiago de Chile during a press-conference led by the Mayor of Santiago, TNC and IDB, both partners of the Latin American Water Funds Partnership. This Water Fund has the commitment of the Association of Rural Municipalities (AMUR), Aguas Andinas, Nestlé, the NGO Adapt Chile, Anglo American, National Federation of Health Services Cooperatives (FESAN) and the Confederation of Canalistas de Chile. There are also some collaborative projects that add to this effort with Conaf, Fundación Cultiva and Coca-Cola de Chile.

With an area exceeding 15,000square kilometers, the Maipo River basin supplies water to more than one third of the Chilean population, a resource that is also used for different productive activities. Today there are threats to water security in the region due to various problems associated with inefficient use and the effects of climate change. For example, rainfall has decreased by 30% in the last 20 years, so - together with the retreat of some glaciers - a 40% reduction in its flow is projected for the year 2050. All this makes it necessary to create an initiative such as the Water Fund which seeks to protect and guarantee water for the region.

ANNEX 1. DEFINITION OF RATINGS

Development Objective Ratings

1. **Highly Satisfactory (HS):** Project is expected to achieve or exceed **all** its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.
2. **Satisfactory (S):** Project is expected to achieve **most** of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.
3. **Marginally Satisfactory (MS):** Project is expected to achieve **most** of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve **some** of its major global environmental objectives or yield some of the expected global environment benefits.
4. **Marginally Unsatisfactory (MU):** Project is expected to achieve **some** of its major global environmental objectives with major shortcomings or is expected to achieve only **some** of its major global environmental objectives.
5. **Unsatisfactory (U):** Project is expected **not** to achieve **most** of its major global environment objectives or to yield any satisfactory global environmental benefits.
6. **Highly Unsatisfactory (HU):** The project has failed to achieve, and is not expected to achieve, **any** of its major global environment objectives with no worthwhile benefits.

Implementation Progress Ratings

1. **Highly Satisfactory (HS):** Implementation of **all** components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
2. **Satisfactory (S):** Implementation of **most** components is in substantial compliance with the original/formally revised plan except for only a few that are subject to remedial action.
3. **Marginally Satisfactory (MS):** Implementation of **some** components is in substantial compliance with the original/formally revised plan with **some** components requiring remedial action.
4. **Marginally Unsatisfactory (MU):** Implementation of **some** components is not in substantial compliance with the original/formally revised plan with **most** components requiring remedial action.
5. **Unsatisfactory (U):** Implementation of **most** components is not in substantial compliance with the original/formally revised plan.
6. **Highly Unsatisfactory (HU):** Implementation of **none** of the components is in substantial compliance with the original/formally revised plan.

Risk ratings

Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risks of projects should be rated on the following scale:

1. **High Risk (H):** There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.
2. **Substantial Risk (S):** There is a probability of between 51% and 75% that assumptions may fail to hold and/or the project may face substantial risks.
3. **Modest Risk (M):** There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.
4. **Low Risk (L):** There is a probability of up to 25% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.