



GEF/C.64/13
June 8, 2023

64th GEF Council Meeting
June 26 – June 29, 2023
Brasília, Brazil

**MANAGEMENT RESPONSE TO:
EVALUATION OF THE GEF'S APPROACH AND INTERVENTIONS IN WATER SECURITY**

Recommended Council Decision

The Council, having considered document GEF/E/C.64/01, *Evaluation of The GEF's Approach and Interventions in Water Security*, and GEF/C.64/13, *the Management Response*, takes note of the related evaluation recommendations and endorses the management response to address them.

INTRODUCTION

1. The GEF Secretariat welcomes the IEO's Evaluation of ***GEF's Approach and Interventions in Water Security***. The Secretariat values the attention to water security which is of cross-cutting importance and a foundation to success of most - if not all - of GEF's interventions and to the achievement of the Sustainable Development Goals. The evaluation is especially timely in the wake of the UN 2023 Water Conference, the report of the Global Commission on the Economics of Water, and the IPCC AR6 Summary report which are clearly linking climate change, water security, food security, biodiversity and ecosystems and human health (among others).

2. The Secretariat highly values the positive dialogue with the IEO including through the reference group on increasing the attention to water security as a cross-cutting dimension across GEF focal areas and IPs. In that context the Secretariat notes the Evaluation's finding that water security is a key development priority in almost all case study countries and is pleased that the Evaluation highlights that GEF projects with a significant focus on water security do include activities that address stakeholders' water security priorities; that GEF projects on water security overall are in geographies facing high water insecurity with the Africa region, and especially the Sahel, being the most represented region within the Evaluation's portfolio; and that local activities to improve water security were well sustained in post-completion assessment of ongoing projects.

3. Taking note of the Evaluation's conclusion of the need for a cross-sectoral and systems approach to water security, the Secretariat would like to point to the considerable changes that have already been initiated starting in GEF-6 to move away from a focal area by focal area approach towards systems approaches in GEF programming not only to address water security, but to systemically address the interlinkages of the triple crisis of climate change, nature and biodiversity loss, and water stress and pollution. As highlighted in the evaluation the International Waters Focal area has been addressing cross-sectoral approaches since its creation and the overall GEF Trust Fund has taken up the need for integration through an increasing proportion of multi-focal and multi-trust fund projects across the portfolio over the lifetime of the GEF. More prominently GEF's move towards integrated approaches through the IAPs, initiated in GEF-6, the Impact Programs in GEF-7 and the Integrated Programs in GEF- 8 have formalized the need of a system approach to address multiple drivers of environmental degradation. Through global multi-stakeholder partnerships the IPs, for example, are aiming to transform entire value chains from sustainable raw material production to influencing consumer demands and choices for circular approaches such as, e.g. in the *GEF-8 Eliminating Chemicals from Supply Chains Integrated Program*. Another example is the *Amazon Sustainable Landscapes Program, Phase 3*¹, which is addressing the overexploitation, fragmentation and degradation of forest and freshwater resources in an integrated manner. Recognizing that these processes take time to lead to transformational shifts the Evaluation findings on water security support that GEF clearly is on the right track.

¹ Both the *Eliminating Chemicals from Supply Chains Integrated Program* and the *Amazon Sustainable Landscapes Program, Phase 3* are part of the current Work Program being presented to Council.

RECOMMENDATIONS

4. The GEF Secretariat fully agrees with the overall preamble of the IEO recommendations highlighting the fundamental importance of water as a basis for life and connector of people, ecosystems, sectors and countries across scales. The Secretariat is pleased with the overarching statement of the IEO recommendations that *“the evaluation highlighted several diverse GEF outcomes that improved water security or improved the enabling environment to achieve water security.”*

Recommendation 1

5. ***The GEF Secretariat should ensure that aspects of water security that are key to each GEF focal area are represented in the results measurement framework and project and program design.*** *Explicit language related to freshwater resources should be added to some of the focal area indicators in the GEF-8 Results Measurement Framework to better highlight linkages with water security. This would encourage countries and Agencies to design projects across all focal areas that better consider the importance of water security and freshwater resources. Furthermore, design and theories of change for projects and programs with strong links with freshwater resources should integrate elements of water security to help improve holistic integration of water security across GEF’s portfolio. Considerations could also be made to integrate water security as a cross cutting theme in relevant IPs.*

6. The GEF Secretariat partially agrees with this recommendation.

The GEF-8 Results Measurement Framework was agreed by Replenishment Participants for a period of four years² and allows to ensure adequate targeting of water security benefits. It therefore cannot be changed during the ongoing GEF-8 programming cycle. Looking ahead, water security aspects will be considered within the context of guidelines to the use of Tier 1 Core and Sub-Indicators in the next iteration of the GEF Results Measurement Framework in GEF-9. This would be cognizant of the fact that standard indicators may not lend themselves well to tracking the multiple dimensions of water security that do not allow for cross-portfolio aggregation of data (including, for example, various forms of pollution).

7. Going forward and already in GEF-8, regular project reviews of those projects and programs with *strong links with freshwater resources* will place an emphasis on ensuring that elements of water security are featured adequately in their Theories of Change and Monitoring & Evaluation frameworks which include a detailed results framework. This includes using custom indicators for each project and clarifying how the logic of interventions enhances water security.

² The Summary of Negotiations of the 8th Replenishment of the GEF Trust Fund are available here: <https://www.thegef.org/council-meeting-documents/gef-c-62-03>

8. The Secretariat would like to point to several actions that have already been put in place to address water security beyond the International Waters Focal Area. Specifically, the LDCF-SCCF results framework already includes clear sub-indicators to capture water security related results³. Furthermore, to address the impacts of water security on the project's outcomes and vice versa, the GEF Environmental and Social Safeguards (ESS) Policy, Minimum Standard 7 already includes explicit language to “*promote the efficient use of water and where significant water consumption is involved adopt measures to avoid or reduce water use to avoid significant adverse impacts on communities, other water users, and the environment*”.⁴ These aspects are therefore already a requirement for project preparation.

9. The Secretariat is confident that the GEF will continue to progress positively on the inclusion on water security dimensions in its programming. During GEF-8 project reviews the GEF Secretariat will emphasize that risks associated with water security are assessed and adequate mitigation measures are provided for projects and programs with strong links with freshwater resources.

Recommendation 2

10. ***The GEF Secretariat and Agencies should prioritize creation of sustainable financing mechanisms and other activities aiming to scale up interventions that successfully improve water security. Many GEF projects incorporate some factors into project implementation that encourage scaling up of water security activities, such as IW projects which develop water policy. However, more ambition for scaling up is needed to meet the water security needs of people and ecosystems. All projects that deal with water security should include sustainable financing and other activities to support scaling up efforts, including projects that improve water security at the community level. IW projects, in particular, should offer guidance that sustainable financing must be considered as part of the preparation for the SAP implementation phase of the TDA/SAP process. Activities could include creating novel and innovative financial mechanisms in watersheds or aquifer areas, enhancing existing mechanisms or partnering with the private sector and entities with expertise in financial inclusion. Addressing the issue of sustainable financing in the framework of the SAP implementation in various geographies of the world would also increase the likelihood of scaling up water security outcomes.***

11. The GEF Secretariat agrees with this recommendation.

The GEF agrees with the recommendations that GEF projects should include mechanisms that increase the likelihood of sustaining and scaling-up water security benefits beyond the project's

³ The GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF for the GEF-8 Period of 1 July 2022 to 30 June 2026 and Operational Improvements can be found here:

<https://www.thegef.org/council-meeting-documents/gef-ldcf-sccf-32-04-rev-01>

⁴ The GEF's Policy on Environmental and Social Safeguards (ESS) can be found here:

https://www.thegef.org/sites/default/files/documents/gef_environmental_social_safeguards_policy.pdf and GEF Guidelines on GEF's Policy on Environmental and Social can be found here:

https://www.thegef.org/sites/default/files/documents/guidelines_gef_policy_environmental_social_safeguards.pdf

duration, including the creation or strengthening of innovative and sustainable financing mechanisms. This is considered in the GEF-8 programming directions and identified as a lever of change for Integrated Programs, therefore applying to the relevant projects that are addressing water security. The Secretariat would like to point to the fact that the scope of relevant and feasible sustainable finance depends on the country and regional circumstances especially in light of the fact that many GEF intervention take place in fragile and conflict affected locations.

12. For GEF IW projects, in particular, the Secretariat would like to point out that many IW foundational projects that are preparing a Strategic Action Program (SAP) do include efforts to communicate the SAP adoption, via signature by at least one Minister from each country, to all relevant country and regional stakeholders and convene donor roundtables (preceded by bilateral dialogues with development partners) to leverage finance from a variety of finance sources. More recent projects have been more consistent in explicitly budgeting for such SAP development partner round tables and regular donor coordination meetings to maintain SAP finance and reporting to donors. Long-term financial mechanisms in IW projects so far have included the first ever blue bond (in the Seychelles), Payment for Ecosystems Services schemes, such as Water Funds, and other public private partnerships. To increase private sector engagement on the project level, the GEF is confident that the IW:LEARN⁵ network which has a designated objective to enhance private sector involvement in GEF IW projects will be able to accelerate engagement with and co-finance by the private sector to reduce pressures on freshwater and marine ecosystems. The Secretariat would like to point out though that the investment needs outlined in most SAPs or basin management plans range from analytics and needed pre-feasibility and feasibility studies, to national policy and strategy reforms, to national or regional investment needs that are at the scale of requiring large national investments via national budgets and/or MDB or other engagements beyond what the GEF can finance on its own.

13. The Secretariat further would like to highlight the already significant track record of the LDCF and SCCF which consistently has been a highly reliable financing mechanism for vulnerable countries to address water related adaptation priorities. Specifically, the LDCF financing recently has doubled for LDCs and there is a dedicated window for the SIDS for adaptation financing. Also, water is identified as a priority theme⁶. Finally, the GEF-8 strategy has indicated scaling up financing for adaptation as a top crosscutting priority in all the project including those in the water sector. Engagement with private sector has also been a priority for GEF-8 which builds on GEF-7 strategy.

⁵ IW:LEARN, the GEF's International Waters Learning Exchange and Resource Network, is now progressing in its 5th phase via a project implemented by UNDP and UNEP and in the current phase housed by UNESCO-IOC in Paris. More information can be found at: <https://iwlearn.net/>

⁶ The GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF for the GEF-8 Period of 1 July 2022 to 30 June 2026 and Operational Improvements can be found here: <https://www.thegef.org/council-meeting-documents/gef-ldcf-sccf-32-04-rev-01>

14. Going forward, the GEF IW focal area will strengthen its TDA-SAP guidance toward ensuring sustainable financing is incorporated more consistently within project and program design related to Water Security. Furthermore, the GEF Secretariat will work with the agencies through the International Waters Learning Network (IW:LEARN) to deliver an IW:LEARN experience note based on the ongoing IW portfolio with regard to engagement with the private sector and to report on any capacity building efforts on financing transboundary cooperation at the end of GEF 8. The findings will inform GEF-9 programming including updates to the TDA – SAP process.

CONCLUSION

15. The GEF Secretariat welcomes and broadly agrees with the findings of the IEO Evaluation of ***GEF's Approach and Interventions in Water Security*** which is timely following the UN 2023 Water Conference in March and the increasing recognition of the clear linkages of climate change, biodiversity and nature loss, the alteration of the hydrological cycle and increasing pollution levels of water, air and soil. The GEF Secretariat will ensure that GEF support to water security takes place on an ongoing basis through high quality programming and adequate results measurement.

16. Progress on both recommendations will be tracked through the IEO's standard Management Action Record. The GEF Secretariat will also mainstream the findings and recommendations of this evaluation into the preparation of the International Waters Strategy for the GEF-9 replenishment negotiations.