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# Annual Progress Report to the FCPF for Paraguay for the period 1 January – 31 December 2018

United Nations Development  
Programme

Approved by:

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Date:

24/5/2019

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The United Nations Development Programme (UNDP) partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in more than 170 countries and territories, UNDP offers global perspective and local insight to help empower lives and build resilient nations.

The Participants Committee (PC) at its ninth meeting in June 2011 approved UNDP to serve as Delivery Partner under the Readiness Fund. The Transfer Agreement was signed between the World Bank, acting as the Trustee of the FCPF, and the UNDP on August 9, 2012.

To ensure a uniform set of safeguard standards, the Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners was also approved at the ninth FCPF PC meeting. The Common Approach is designed to provide the World Bank and the Multiple Delivery Partners with a common platform for risk management and quality assurance in the REDD+ Readiness Preparation process which is substantially equivalent to the World Bank's applicable policies and procedures on environmental and social safeguards, disclosure of information, and grievance and accountability mechanisms.

The report has been prepared by UNDP and solely reflects the perspectives of UNDP as a Delivery Partner.

## Summary

Country:	Paraguay
Project Title:	Support the implementation of the REDD+ readiness process in Paraguay - Forests for Sustainable Growth (BCS).
Implementing Partners:	UNDP Paraguay
Responsible Parties:	Ministry of Environment and Sustainable Development - (MADES, by its acronym in Spanish)
Implementation Modality:	DIM

Project Timeline			
FCPF PC Resolution Approving R-PP	<a href="#">PC/17/2014/25</a>	Transfer of Funds to Country Office	USD 3,800,000 (Exclusive of GMS)
Preparatory Grant		Inception Phase	<u>Launch:</u> 11 Oct 2017 <u>PMU Staffed:</u> Oct 2017 – May 2018 <u>First Board Meeting:</u> July 3th, 2018
Project Appraisal Committee	07 Aug 2017	Mid-term Review	N/A
Project Signature	26 Sep 2017	No-Cost Extension:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Duration of Project	3 years	New End Date:	

## 2018 Results

### 1. Achievements

This is the 2<sup>nd</sup> annual progress report of the Forests for Sustainable Growth Project (BCS). The previous report highlighted the finalization of preparatory activities, including: end of inception phase; signature of the Project Document; official launch of the Project; and key meetings and trainings for the Projects' Technical Committee.

In the period January - December 2018 the Project Management Unit (PMU) became fully operational (i.e. staffed) by mid-May. The main Project's milestones include: final draft of Paraguay's REDD+ NS, including a section on stakeholder engagement; Stakeholder Engagement Plan advanced draft; Concept Note of a funding proposal to partly finance Paraguay's REDD+ NS; definition of needs to adjust Paraguay's FREL; development of new data for the NFMS, including capacity building; submission of the REDD+ Technical Annex (showing REDD+ results for years 2016 and 2017); and development of a detailed roadmap towards the SIS, Sol, GRM, and other safeguards related commitments.

#### a. Progress on how the project activities are being coordinated with other REDD+ related initiatives, included those funded by others.

As mentioned in the previous report, there are several initiatives that are linked to REDD+, taking into consideration the measures established in Paraguay's REDD+ NS (named as National Strategy on Forest for Sustainable Growth – ENBCS in Spanish), and with which joint activities have been developed, in order to make efficient use of resources and increase impacts. The previous includes the following initiatives:

- **PROMESA CHACO** whose objective is the certification of forests in the biosphere area of Paraguay's Western Region. With this initiative, the Project coordinated the remeasurement of the National Forest Inventory plots, in the Western Region (Chaco) from July to November 2018.
- **The Green Productive Landscapes** project works towards the production of green commodities in Paraguay's Eastern Region. It includes concrete actions linked to REDD+ policies, actions, and measures (PAMs) of the ENBCS. With this initiative, the Project has developed a diagnosis of the state of the farms on [“yerba mate” production by families located in the district of Tavaí on the Department of Caazapá](#), in consistence with the “land-in-grain” measure of the ENBCS.
- **Generating Responsible Demand for Reduced Deforestation Commodities** and **Support for the Reduction of Deforestation in the Production of Commodities** are two initiatives that promote sustainable production processes in Paraguay's Western Region. These initiatives include concrete actions linked to REDD+ PAMs, which are included in the ENBCS.
- **Community Based REDD+ (CBR+)** is a partnership between the UN-REDD Programme and the GEF Small Grants Programme to deliver grants directly to indigenous peoples and local communities to empower them to fully engage in the design, implementation, and monitoring of REDD+ readiness activities. It also aims at developing experiences, lessons, and recommendations at the local level that can feed into the national REDD+ process.

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- **Second Paraguay's BUR**, submitted the National Greenhouse Gas Inventory (GHG-I) to the UNFCCC, as well as the REDD+ Technical Annex, which was prepared within the framework of the BCS Project, and coordinated with the GHG-I team.
  - **Capacity Development to improve decision-making related to the global environment (NCSA).** This initiative has worked on the development of monitoring tools for the Ministry of Environment and Sustainable Development, as well as other tools to support authorities in decision making.
  - **Sustainable Asuncion** is a project coordinated between the National and Municipal Government. Its main components are improvement of integrated urban planning, sustainable mobility and transport, waste and chemical management system to reduce GHG, Unintentional Persistent Organic Pollutants (UPOP) and toxic chemical emissions; implementation and management of protected areas and urban green infrastructure. With this project the development of guidelines for urban and territorial planning and revision of the law 3001/16 of environmental services for its future regulation in relation to forests has been coordinated.

In reference to inter-sectoral coordination, an important space of dialogue has been developed at the National Commission of Climate Change (CNCC). The CNCC is a structure constituted by the National Climate Change Law (N° 5875) in which this Project has been presented and discussed, as well as the [National Strategy on Forests for Sustainable Growth, which was approved by the members of the Committee](#) and is currently in the process of endorsement by MADES. In the same space the [forest roundtable to address REDD+ topics](#) has been created. This roundtable, formed by the members of the CNCC, will begin its sessions during the second quarter of 2019.

Interaction with other initiatives and stakeholders at an international level has been achieved through the organization and co-finance (by the UN-REDD Programme) of an international event in Asuncion. On November 6th and 7th, the ["South-South Exchange" Sustainable Livestock and its relationship with the forests was carried out](#)". The objective was to open a space for exchange and regional dialogue between government and financial institutions, producers, marketers, academia, press, and cooperation agencies to contribute to the analysis of livestock activities and its linkages with goals, commitments, and international agreements on climate change and forest conservation. Delegates from 13 countries attended the event: Argentina, Brazil, Colombia, Costa Rica, Ecuador, Honduras, Germany, Mexico, Panama, Paraguay, the Netherlands, Uruguay, and USA.

#### **b. Important changes in the technical design or approach related to the project activities**

Adjustments were made in 2018 to the Project's Results Framework, following government change in August 2018. None of these changes constitute a change in the technical design or in the budget allocations per outcome. Adjustments included mainly extending the timeframe to get targets completed, considering that the focal point of the projects has been changed, which in turned impacted the execution speed of some activities. These revisions have been presented to the TC and approved by MADES. Consequently, the budget has also been revised to ensure investments are targeted towards appropriate actions.

## 2. In Focus

Progress against the Warsaw Framework for REDD+, supported by activities implemented through the Project, is presented as follows (Table 1 below presents a summary).

### REDD+ National Strategy/Action Plan

- From May to August 2018, the process of consultation and validation of the [ENBCS](#) was carried out. In this process, 306 people participated (43% women and 57% men), from 120 institutions of the public, private, civil society, indigenous peoples, peasant communities, academia, and finance sectors. The process was closed with the final presentation to [the members of the National Commission on Climate Change](#), who validated the content of the ENBCS. This process has been [systematized](#) and the main contributions of participants compiled.
- The project developed a Stakeholder Engagement Plan (SEP), which is included in the ENBCS, where the roles of the different key actors relevant to the project are defined. These actors include delegates from: public, private, financial, indigenous peoples, local communities, academia, and civil society organizations/entities.
- Following validation of the ENBCS, the Project developed the methodology for the participatory construction of “ENBCS’s Implementation Plan” (Figure 1), as well as updated the Stakeholder Engagement Plan and the Grievance and Redress Mechanism for key actors (the two instruments are part of the ENBCS).

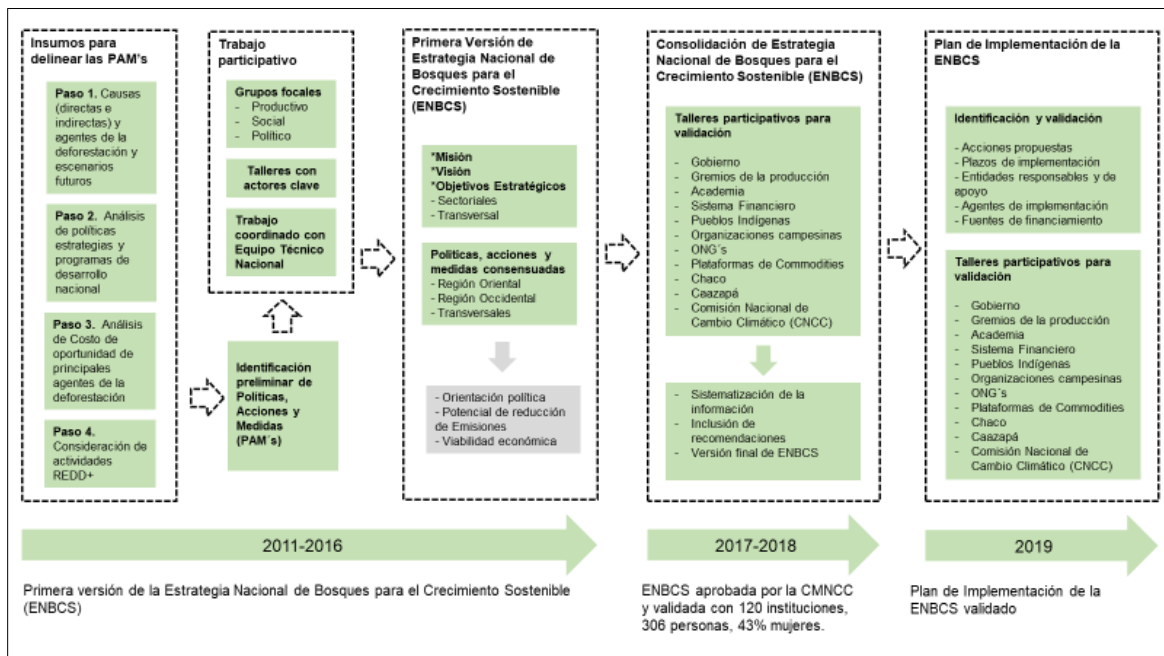


Figure 1. Process to adjust the ENBCS and develop its Implementation Plan

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- The Project's technical committee (TC) identifies the inter-institutional synergies among members, including coordination and decision making for key elements like the ENBCS. 13 national institutions compose this TC: the Ministry of Environment and Sustainable Development (MADES), National Forestry Institute (INFONA), Secretary of Planning (STP), Ministry of Social Development (MDS), Ministry of Agriculture (MAG), Rural Development National Institute (INDERT), Agrarian Technology Institute (IPTA), Indigenous Peoples Institute (INDI), Ministry of Foreign Affairs (MRE), local governments (Municipalities of Caazapá and Boquerón), Supreme Court of Justice (CSJ), and Public Ministry (MP).
  - The "forests roundtable" was constituted within the CNCC. This is a formal space where topics related to REDD+ will be discussed, engaging representatives for more than 33 institutions of the public, and private sector, academy, indigenous peoples, peasant organizations and civil society. The conformation of this space was approved by the members of the CNCC.
  - Based on one of ENBCS's PAMs, a Concept Note of a funding proposal was presented to the GCF, through the Technical Secretariat of Planning (STP) and in partnership with the Dutch Development Bank (FMO). In 2019 the funding proposal will be developed and presented for consideration to the GCF Board.

#### **Forest Reference Emission Level**

- On December 27<sup>th</sup> 2018, the REDD+ Technical Annex (TA) was submitted to the UNFCCC as part of [Paraguay's Second Biennial Update Report](#) (BUR).
- The REDD+ TA was carried out in coordination with the team in charge of the preparation of the GHG-I presented in the BUR, to ensure consistency of the data reported.
- Through the REDD+ TA, Paraguay reported emission reductions of 26,793,311.02 TnCO<sub>2</sub>eq, for the period 2016 - 2017.
- Data of both, the REDD+ TA and the GHG-I, [was presented and validated with members of the CNCC](#).
- On February 13<sup>th</sup> and 15<sup>th</sup>, the Project's TC received a training on topics related to [the Forest Reference Emission Levels and the National Forest Monitoring System](#).

#### **National Forest Monitoring System**

- INFONA received support from the Project to provide updated data of the "use and land-use change" maps for years 2016 and 2017. Using the same methodological approach as in Paraguay's FREL, this data was the basis for the preparation of the REDD+ TA, which was carried out in coordination between INFONA and MADES, the latter as the institution responsible for the elaboration of the GHG-I and subsequent submission before the UNFCCC.
- The maps showed a reduction of deforestation of 105,428.02 hectares for the period reported. This data was analyzed by INFONA and validated by MADES.

- Given that the available data on deforestation in the country found a reduction of deforestation rates and GHG emissions, then a priority was set out to prepare the country to participate in the GCF’s Pilot Programme for REDD+ Results Based Payments (RBPs) or other market approaches.
- [Re-measurement of the National Forest Inventory plots](#) took place in the Chaco Region. This activity included 50% of the plots and was carried out by officials of INFONA and MADES, with support of the BCS and PROMESA Projects.

### Safeguards Information System

- As part of the ENBCS’s consultation workshops, topics related to environmental and social safeguards have been treated, as an introduction to the ESA process, which is scheduled to begin during the second quarter of 2019, together with the construction of ENBCS’s Environmental and Social Management Framework.
- The national interpretation of Environmental and Social Safeguards has been updated.
- Since October [the link to address complaints related to REDD+](#) is available. At the moment, this space is hosted on UNDP’s website; in 2019 it is expected that this link will be available on MADES’ website with greater specifications.
- A detailed roadmap was elaborated to develop Paraguay’s SIS and first Sol, as well as the ESA/ESMF, and other safeguards requirements related to accessing finance for the implementation of the ENBCS.

**Table 1. Summary of progress in FCPF funded activities**

<b>Output 1: Paraguay positioned for an effective implementation of REDD + and access to climate finance</b>			
<b>Product</b>	<b>Status</b>	<b>Timeline</b>	<b>Responsible institution (Main/involved)</b>
1. ENBCS agreed between relevant government institutions and civil society.	<a href="#">The process of consultation of the ENBCS</a> with different actors has been completed	From May to August 2018	Public sector, production sector, civil society, IPs, private sector, academic sector, associated projects
2. Relevant institutions have information and the capacities to improve their reference level of emissions due to deforestation, taking into account suggestions of the	The REDD+ <a href="#">Technical Annex have been submitted to the UNFCCC, in the 2nd BUR</a>	From may to december 2018	MADES, INFONA, Associated projects, IPTA, STP, Academy, MAG (VMA and VMG)



technical evaluation of the UNFCCC.			
3. Relevant institutions have the capacities to maintain the forest monitoring system.	Re-measurement of <a href="#">National Forest Inventory plots</a> in the Western Region has been completed (the Eastern Region will be attended in 2019)	From July to November 2018	MADES, INFONA, Associated projects, IPTA, STP, Academy, MAG (VMA and VMG)
4. Safeguards information system on social and environmental, developed, operational and with a gender focus	The <a href="#">link to address complaints related to REDD+</a> has been created, work has been done on updating the national interpretation of Safeguards, and a detailed roadmap for safeguards work developed.	From October	MADES, INFONA, Associated projects, IPTA, STP, Academy, Energy Commission, MAG (VMA and VMG), INDI
<b>Output 2: Framework for the future implementation of REDD+ developed in Paraguay</b>			
5. National Forest Strategy for Sustainable Growth officially adopted	Resolution of the MADES for approval of the ENBCS in process	From July to December 2018	MADES, INFONA, Associated projects, IPTA, STP, Academy, Energy Commission, MAG (VMA and VMG)
6. Relevant institutions have instruments and tools necessary for the implementation of the ENBCS and / or PAMs	In progress	From January to December 2019	
<b>Output 3: Enabling conditions created for the future implementation of prioritized PAMs in Paraguay</b>			
7. Relevant institutions strengthen their capacities for an effective exercise of control, monitoring and control of the legal framework that prevents the conversion of use	In progress	From January to December 2019	MADES, INFONA, Associated projects, IPTA, STP, Academy, Energy Commission, MAG (VMA and VMG)
8. Potential beneficiaries and relevant institutions strengthen their capacities for the effective implementation of the Law of Valuation and	In progress	From January to December 2019	

Retribution of Environmental Services			
9. Relevant institutions and potential beneficiaries have the necessary instruments for the future implementation of prioritized PAMs	In progress	From January to December 2019	

### 3. Risks, issues and responses

The main concerns found during this period were the following:

**Table 2: Key Risks and Issues**

Issues/risks	How to resolve it	Proposed date of action	Responsibility
<i>Low involvement / interest in REDD+ by influential groups in the political sphere.</i>	The “forests roundtable” was constituted in the CNCC. This is a formal space where topics related to REDD+ will be discussed, engaging representatives for more than 33 institutions of the public, and private sector, academy, indigenous peoples, peasant organizations and civil society. The members of the CNCC approved the conformation of this space.	Ends of 2018 and 2019	MADES, PMU
<i>Delays in the administrative PMU recruitment process.</i>	Hiring short-term consultants that would focus on generating the elements and facilitating the process to implement the Project	January to May 2018	PMU
<i>Delays in the formal designation of Project Board representatives, government changes</i>	Presentation of the project, scope and strategy to new authorities, in order to ensure a close relationship with them.	December 2018	PMU, MADES, TC

	Referral of confirmation notes of institutional focal points to the institutions of the TC, after the change of government.		
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**4. Progress in addressing key capacity issues of the Programme Management unit (implementation, technical, financial management, procurement) related to this project.**

The PMU was fully operative by mid-May 2018. It is composed of the coordinator, technical specialist, technical responsible for result 1, technical responsible for result 3, technical assistant, administrator, and administrative assistant. During 2019, the communicator will be hired. Relevant capacities were ensured in the hiring process and where necessary, such capacities has been reinforced.

Additional capacity building and strengthening of intersectoral coordination has taken place on the margins of the Project’s TC work. In this context, two meetings were held in which the following topics were covered:

**Second meeting of the Technical Committee: May 3, 2018**

- Discuss the key points of the "National Strategy on Forest for Sustainable Growth”, as well as analyze the patterns of land-use change.
- Socialize and validate the Stakeholder Engagement Plan.
- Present the Project’s progress of the first quarter of 2018.

**Third meeting of the technical committee: November 27, 2018**

- Present the new institutional representatives of the Technical Committee (following government change).
- Present progress in 2018 and next steps in the framework of the Project.
- Discuss the proposals of the 2019 adjusted Results Framework and AWP.
- Present the results of consultations on the ENBCS and the roadmap for the development of ENBCS’s Implementation Plan.
- Coordinate inter-institutional activities, pointing towards the future implementation of the ENBCS.

In terms of the Project’s governance, on July 3<sup>rd</sup> 2018, [the first meeting of the project board was held](#). On this occasion the Minister of the Environment Secretariat (SEAM), today MADES, and other representatives from the same institution participated, together with UNDP’s Resident Representative and Deputy Representative, and other members of UNDP’s environment and sustainable development portfolio, including members of the PMU. In this meeting, progress of the Project was presented; and 2019 AWP approved, together with the revised results framework, and BCS’s Project Operational Manual.

**5. Progress in addressing social and environmental issues (including safeguards) related to the project. Is the SESA conducted in accordance with the Common Approach? Is the ESMF prepared in accordance with the Common Approach?**

Due to delays caused by the change of government the ESA process (or SESA), including linking the activities of the ENBCS’s PAMs, is planned to be developed during the first semester of 2019. All activities framed in this context will be led by the MADES and supported by UNDP through the PMU. The process will be guided by the Common Approach.

Likewise, it is intended to involve in this process the key actors identified in the Stakeholder Engagement Plan of the ENBCS, among which are also the institutions linked to the technical and advisory committee of the Project.

**6. Progress in stakeholder consultation, participation, and disclosure of information and the FGRM, related to this project**

During the ENBCS’s consultation process, the actors mapping findings and Stakeholder Engagement Plan have been taken into account. Both instruments have ensured the participation of key stakeholders in the processes of consultation and validation. Like ways, the process to develop the ENBCS’ Implementation Plan will engage the same actors in a way to strengthen the empowerment of the institutions related to ENBCS’ implementation.

All information generated within the Project is available on the [UNDP website](#). This fact is reiterated to participants in all events and meetings related to the Project. Social networks are also used to disseminate the activities carried out within the Project, in coordination with the counterparts.

**7. In Numbers**

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)	Year 4 (2020)
Number of institutions represented in steering committee	15 (between Project Board and Technical Committee)	15 (between Project Board and Technical Committee)		
Number of women represented in steering committee	9	10		
Number of civil society organizations engaged in different aspects of the project (please indicate when possible Men/women ratio)	16	58 (39% W, 61% M)		
Number of people trained on REDD+, climate change, and related topics (please indicate when possible Men/women ratio)	32 (16 women, 16 men)	306 (43% W, 57% M)		
Number of people trained on the four WF elements (please indicate when possible men/women ratio)	32 (16 women, 16 men)	306 (43% W, 57% M)		
Number of national consultation workshops held	1	12		

Number of CSOs trained on REDD+ and climate change	0	0		
Number of information notes produced	5	22		
Number of people actively engaged in advising on the development of the national strategy	0	13 TC, <a href="#">26 member of CNCC</a>		

## 8. Financial Delivery

The table below provides up-to-date cumulative financial progress of the Project on planned, committed and disbursed funds, at the end of the reporting period and including all cumulative yearly disbursements.

IMPLEMENTATION PROGRESS				
OUTPUTS	Amount Transferred by UNDP	Cumulative Expenditures up to 31 December 2018		
		Commitments (B)	Disbursements (C)	Total Expenditures*
				(D) = B + C
Project Initiation	160.000	0	152.734	152.734
<b>OUTCOME 1</b> Paraguay positioned for an effective implementation of REDD+ and access to climate finance	973.940	60.565	293.313	353.878
<b>OUTCOME 2</b> Implementation framework for the future implementation of REDD+ developed	696.000	270	147.169	147.439
<b>OUTCOME 3</b> Enabling conditions created for the future implementation of priority PAMs in Paraguay	1.315.700	15.350	172.611	187.961
Project Management Unit	654.360	0	118.222	118.222
<b>Total</b>	<b>3.800.000</b>	<b>76.185</b>	<b>884.049</b>	<b>960.234</b>

\*Note: GMS not included

9. Project in Pictures



ENBCS socialization process, with peasant communities



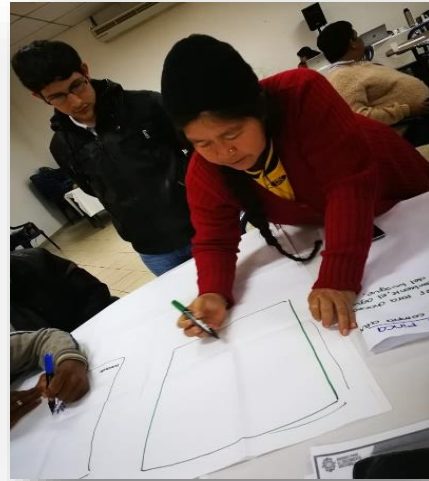
INDI and the CBR+ Project representative, supporting the ENBCS consultation process



Indigenous Peoples representative participating ENBCS consultation process



ENBCS Presentation - Final Event



Group dynamics of consultation process with representatives of peasant communities



Project presentation in western region - Chaco



["South-South Exchange" Sustainable Livestock and its relationship was carried out with the forests "](#)



Yerba Mate production analysis in farms of Tavaí, Caazapá