



PROJECT IMPLEMENTATION REPORT (PIR)

for the project:

INNOVATIVE USE OF A VOLUNTARY PAYMENT FOR ENVIRONMENTAL SERVICES INCENTIVE PROGRAM TO AVOID AND REDUCE GREENHOUSE GAS EMISSIONS AND ENHANCE CARBON STOCKS IN THE HIGHLY THREATENED DRY CHACO FOREST COMPLEX IN WESTERN PARAGUAY

FY21

July 1, 2020 – June 30, 2021



Executing Partners



Project Information

Project Title:	Innovative Use of a Voluntary Payment for Environmental Services Incentive Program to Avoid and Reduce Greenhouse Gas Emissions and Enhance Carbon Stocks in the Highly Threatened Dry Chaco Forest Complex in Western Paraguay		
Country(ies):	Paraguay	GEF ID:	5668
GEF Agency(ies):	Conservation International	Duration In Months:	85
Executing Agency(ies):	Ministry of the Environment and Sustainable Development (MADES) World Wildlife Fund (WWF)	Actual Implementation Start Date:	05/15/2016
GEF Focal Area(s):	Climate Change	Expected Project Completion Date:	06/30/2022
GEF Grant Amount:	USD 2,201,614	Expected Financial Closure Date:	12/31/2022
Expected Co-financing:	USD 2,117,460	Date of Last Steering Committee Meeting:	12/17/2020
Co-financing Realized as of June 30, 2021:	USD 1,290,202	Mid-Term Review-Planned Date:	07/01/2018
Date of First Disbursement:	05/15/2016	Mid-Term Review-Actual Date:	07/16/2018
Cumulative disbursement as of June 30, 2021:	USD 1,607,120	Terminal Evaluation-Planned Date:	01/03/2022
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The CI-GEF Project Agency Project Implementation Report (PIR) is composed of six sections:

- Section I: Project Implementation Progress Status Summary:** provides a brief summary of the project as well as the implementation status and rating of the previous and current fiscal years;
- Section II: Project Results Implementation Progress Status and Rating:** describes the progress made towards achieving the project objective and outcomes, the implementation rating of the project, as well as recommendations to improve the project performance, when needed;
- Section III: Project Risks Status and Rating:** describes the progress made towards managing and mitigating project risks, the project risks mitigation rating reassessment as needed, as well as recommendations to improve the management of project risks;
- Section IV: Project Environmental and Social Safeguards Implementation Status and Rating:** describes the progress made towards complying with the Environmental & Social Safeguards and the Plans prepared during the PPG phase, the safeguard plans implementation rating, as well as recommendations to improve the project safeguards;
- Section V: Project Implementation Experiences and Lessons Learned:** describes the experiences learned by the project managers and the lessons learned through the process of implementing the project; and

SECTION I: PROJECT IMPLEMENTATION PROGRESS STATUS SUMMARY

PROJECT SUMMARY

This project is based on the internationally-recognized concept of Payment for Environmental Services (PES) as a policy for climate change mitigation. The project is relevant for the Government of Paraguay because it strengthens their capacities in implementing the Law N° 3,001/06 which created an Environmental Services Regime (ESR) for deforestation reduction and forests conservation. The ESR objective is to certify forest area and issue certificates, once the process is completed and approved by the Ministry of Environment (MADES). These certificates are not the same as Reduction of Emissions Certificates, but are instead a particular scheme established by MADES, which includes a more comprehensive set of natural resource values for the multiple environmental services that they provide, each certificate is equal to one hectare of forests.

Law N° 3,001/06 serves as an additional legal instrument to create incentives for private landowners to conserve surpluses of native forests (without considering 25% required by Law N° 422/73). The goal of this project is to prevent Greenhouse Gases (GHG) emissions in line with the GEF-5 Climate Change Mitigation Strategy. The overall outcome of the project is to establish a fully operational ESR that will result in the reduction of at least 5.75 million metric tons of greenhouse gas emissions, measured as tons of equivalent carbon dioxide (tCO₂e) within the project area in four (4) years of implementation.

These outcomes will be fulfilled through three technical components. The first component strengthens Paraguay's policies and decision-making procedures and associated institutional structures and mechanisms, mainstreaming sustainable land and forest management, low carbon development, and ecosystem accounting into the government's budget and actions. The second component focuses on strengthening the capacities to carry out the technical assessments and monitoring procedures to certify forest lands for carbon sequestration. The third component focuses on strengthening institutional and individual capacities to support the PES scheme.

PRIOR PROJECT IMPLEMENTATION STATUS

In the first three months of FY20, there was no success in certifying areas because of the lack of documentation needed to comply with the ESR requirements. Most of the issues are related to incomplete land tenure documents, and unclear and sometimes overlapping land rights and claims. The project team made efforts to complete the documentation and identify new areas with no success. Only one area of forest (2.923 hectares) out of the 38.061 hectares under review by MADES completed the certification process. In addition, no progress was made in the capacity building program, sustainable agriculture practices, and monitoring system because of poor coordination between the co-executing institutions and lack of areas identified either to implement agriculture practices or to monitor certified areas. One consultancy was completed and approved by MADES - Updating of the nominal values of the Environmental Services Certificates which was presented to key stakeholders in October and approved by MADES in November 2019. In October 2019, CI-GEF completed the last supervision visit during which jointly with the government, the Agency confirmed that no progress was made during the last year and that the project faces significant delays. Given the few results the project has achieved in the past three years of implementation, it was agreed that if no results were presented in the next two months, the Government and CI-GEF would adjust the project.

In December 2019, the Ministry of Environment of Paraguay (MADES) had a meeting with GEFSEC and CI-GEF during the Council meeting. MADES requested CI-GEF to end the grant agreement with the Executing Agency Guyra Paraguay and to start looking for a new Executing Agency to support the government in the adjustment of the project and extend the implementation period at least for one year.

In January 2020, MADES requested CI to change the EA to WWF-Paraguay. Since then, CI-GEF worked to close the grant agreement with Guyra as per the Agency policies and procedures. Also, the Agency worked with MADES and WWF-PY in officializing the new EA through written agreements between the institutions. Subsequently, WWF-PY and MADES worked in adjusting the results framework of the project (see annex I), FY21 workplan, budget, and institutional arrangements. The process to close the grant agreement with Guyra has been significantly delayed due to COVID-19 restrictions in Paraguay. The legal offices have been closed for the past four months, which made it difficult for Guyra to legalize the hand-over process of the vehicles and equipment purchased by the project.

CURRENT PROJECT IMPLEMENTATION STATUS (FY21)

The CI-GEF Agency finalized the process to change the Executing Agency for the project from Guyra to WWF Paraguay in August 2020. CIGEF started the second phase of the project with WWF Paraguay as the new Executing Agency in close coordination with MADES. The FY21 workplan, budget, and updated institutional arrangements were developed by WWF and approved by MADES and CI-GEF. The grant agreement between CI-GEF and WWF Paraguay was signed in September 2020. WWF started hiring the project team in line with the agreement with MADES and resumed activities from phase 1, starting with those agreed on by the government. The challenge was to continue working on the project while closing the agreement with Guyra Paraguay and managing the COVID-19 restrictions in the country. However, the EA has managed to resume activities and execute in line with the workplan although activities are executed slower than expected due to the restrictions. Activities started execution in October 2020 (Q2 FY20). The close collaboration between WWF Paraguay and MADES as well as the good relationships between both institutions have made it possible to restart the project prioritizing actions for this year.

In this phase II, progress has been made in the development of activities considering the objectives and indicators of the project. At the end of 2020, MADES approved the resolution that adapts the requirements and conditions to promote the access of indigenous communities to the RSA, taking into account the role of these communities in the conservation of large forest areas in the national territory; at the same time, the National Forestry Institute - INFONA has approved the resolution that exempts the payment of fees in the registration of native forests to indigenous communities.

Specialists have been hired to strengthen the DSA team, including one specialist in indigenous communities to provide technical support to the DSA for the management of files in the certification process, in addition to other activities associated with the objectives of the project. The inter-institutional working group between INDI (Instituto Paraguayo del Indígena) and MADES, which is key to supporting the certification process of indigenous territories, was reactivated. As a result, work strategies have been jointly coordinated to facilitate the CCPLI (Free Prior and Informed Consent) for indigenous communities in the process of certification, considering the sanitary restrictions of Resolution P/N° 171/20, and the MSPBS (Public Health and Social Welfare Ministry) protocol in accordance with COVID-19; this CCPLI is scheduled to take place in the first half of July. The preparation and dissemination of communication materials for the indigenous communities in support of the community processes are underway, with consultants in the process of being contracted for this purpose.

With regard to the follow-up of properties in the process of Phase I certification, the evaluation of portfolios sent for certification has been carried out, reactivating 2 properties belonging to indigenous communities (approximately 21,000 ha) and 2 private properties (approximately 1,911 ha); 1 of these private properties obtained certification in April of 2021 (411 ha). With respect to new properties for this phase II, 6 new properties were identified with a total of approximately 42,000 ha, 5 belonging to indigenous communities and 1 private property; all of these are already underway, and others have been submitted for certification. The project is strengthening the RSA (Environmental Services Regime) monitoring system. This is being done through the purchase of necessary equipment and its donation to MADES, trainings developed, and others planned for the coming months. Currently, Paraguay is facing a new wave of COVID-19 and the health system has collapsed. Travel has been suspended and in person meetings reduced completely. Remote meetings are taking place.

SUMMARY: PROJECT IMPLEMENTATION PROGRESS STATUS

PROJECT PART	PRIOR FY20 IMPLEMENTATION PROGRESS RATING	CURRENT FY21 IMPLEMENTATION PROGRESS RATING ¹	RATING TREND ²
OBJECTIVE	HU	S	Increasing
COMPONENTS AND OUTCOMES	HU	S	Increasing
ENVIRONMENTAL & SOCIAL SAFEGUARDS	MS	S	Increasing

PROJECT RISK RATING³

¹ **Implementation Progress (IP) Rating:** Highly Satisfactory (HS), Satisfactory (S), Moderately Satisfactory (MS), Moderately Unsatisfactory (MU), Unsatisfactory (U), and Highly Unsatisfactory (HU). For more details about IP rating, please see the Appendix I of this report

² **Rating trend:** Improving, Unchanged, or Decreasing

³ **Risk Rating:** Low (L), Moderate (M), Substantial (S), High (H)

RISKS	S	M	Decreasing
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SECTION II: PROJECT RESULTS IMPLEMENTATION PROGRESS STATUS AND RATING

This section describes the progress made towards achieving the project objective and outcomes, the implementation progress rating of the project, as well as recommendations to improve the project performance. This section is composed four parts:

- a. Progress towards Achieving Project Expected Objective: this section measures the likelihood of achieving the objective of the project
- b. Progress towards Achieving Project Expected Outcomes (by project component)
- c. Overall Project Results Progress Rating, and
- d. Recommendations for improvement

a. Progress towards Achieving Project Expected Objective:

This section of the report assesses the progress in achieving the objective of the project.

PROJECT OBJECTIVE:	Avoid and reduce GHGs from deforestation and increase carbon stocks in the Chaco Forest Complex (see current project area) by establishing an incentive system for carbon sequestration by stakeholders in payment for environmental services
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OBJECTIVE INDICATORS	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁴	COMMENTS/JUSTIFICATION
Indicator a: Number of PES incentive systems operational in Paraguay	One mechanism (Environmental Services Regime) is fully operational.	CA	The PES incentive system is fully operational. The certification mechanism is currently active. In this phase, 1 private property that had begun its processes in Phase I has been certified. There is a new legal framework, updated and approved by MADES, which regulates requirements for indigenous peoples to adhere to the regime, streamlining the certification process. In addition, the National Forestry Institute (INFONA), together with the Paraguayan Indigenous Institute (INDI), has prepared a document for exempting indigenous communities from paying taxes for registering their forests; this document is currently approved.
Indicator b: Number of people aware of the PES incentive scheme	158 people participated in two trainings organized this year.	IS	Two training courses on Environmental Services have been held, one of them for MADES technicians and the other, organized jointly with the National University of Asuncion, for government officials and people interested or working in the environmental field. There was a high level of interest in the topic of environmental services and the financial

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OBJECTIVE INDICATORS	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁴	COMMENTS/JUSTIFICATION
			mechanism in Paraguay, with a total of 158 people participating in both trainings. Other trainings are planned for this new fiscal year.
Indicator c: Number of CO2 emissions avoided or reduced associated to forests are identified and eligible for certification	411 hectares certified and 64,500 hectares in the process of certification. The equivalent in CO2 emissions will be calculated in FY22.	IS	Potential areas to be certified that began their processes in Phase I were evaluated, and feasibility analyses for new areas of properties that expressed interest in being part of the PROMESA project. The project currently has 1 property certified (411 ha) and a total of 8 properties in the process of certification (64.500 ha), 2 private properties and 6 indigenous community properties.

OBJECTIVE IMPLEMENTATION PROGRESS RATING	JUSTIFICATION
S	A Satisfactory rating has been given to objective implementation progress. After the change in the executing agency and the updated results framework of the project, the PMU team has worked to advance towards the project targets. The PMU helped the Ministry of Environment (MADES) to update the ESR regulations and the mechanism is now fully operational. Progress towards certifying areas can be seen for indigenous land and private landowners. COVID-19 has been a challenge to carry activities in the project intervention site. However, the PMU has managed to continue working and adapt to the new situation. The project has made significant progress during FY21 compared to last year PIR and considering the updated results framework presented in FY20 PIR.

b. Progress towards Achieving Project Expected Outcomes (by project component).

This part of the report assesses the progress towards achieving the outcomes of the project.

COMPONENT 1	Establishment of the Environmental Services Regime in Paraguay for the Chaco Forest Complex
Outcome 1:	Outcome 1.1: The existing environmental services regime of Paraguay has met all enabling conditions needed to fully operate the natural forests category.
Outcome 2:	Outcome 1.2: Certified hectares under the Environmental Services Regime
Outcome 3:	N/A

OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁵	COMMENTS/JUSTIFICATION
Outcome indicator 1.1: Indicator 1.1: Number of ESR modalities fully	Target 1.1: 1 category - Natural	Natural Forest modality ESR fully operational, with	CA	Natural Forest modality ESR has been achieved by 1) the reactivation of the inter-institutional working group between the Paraguayan Indigenous Institute (INDI) and MADES, 2) the resolution regulating the requirements

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OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁵	COMMENTS/JUSTIFICATION
operational to oversee the certification of forests lands under Law 3001/06	Forests modality - fully operational	improvements in its operability, especially for indigenous communities.		for indigenous communities to adhere to the Environmental Services Regime mechanism approved and 3) a resolution to exempt the National Forestry Institute (INFONA) from paying taxes for the registration of forests to indigenous communities was developed. All these regulations will expedite the certification processes of properties of indigenous communities that express interest in joining the regime.
Outcome indicator 1.2.: Indicator 1.2: Number of hectares certified under ESR	Target 1.2: 20,940 ha certified	Evaluated the portfolios of properties that have initiated the Phase I process, including properties belonging to indigenous and private communities, with a total certified area of 411 ha and 22,500 ha in process of certification; both correspond to 109% of the project's goal	IS	<p>Regarding the progress of the properties of the indigenous and private communities that were already in the certification process during the first phase of the project, the new EA evaluated their potential for certification. It was decided to resume the certification process of 4 portfolios, 2 belonging to indigenous communities with a proposed area to be certified of 21,000 hectares and 2 of private properties with approximately 1500 ha to be certified, of these 1500 ha, 411 ha have obtained their certification at the beginning of this year.</p> <p>For new areas, 2 properties belonging to indigenous communities with approximately 6,850 hectares are currently in the process of certification, while 3 others are in the process of contracting a consultant to carry out the follow-up. One private property with approximately 1,300 hectares to be certified is also in the process of accession.</p> <p>Feasibility reports have been prepared for new potential properties to join the RSA.</p> <p>Communication materials for indigenous communities are being prepared and disseminated.</p>

COMPONENT 1 IMPLEMENTATION PROGRESS RATING	JUSTIFICATION	RATING TREND
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S	A satisfactory rating has been given to component 1. The project has completed outcome 1.1, the ESR natural forests modality is fully operational. Also, progress towards area certified under ESR is seen both for private landowners and indigenous communities. Although certification is ongoing, the area following the certification process is above the target.	Increasing
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COMPONENT 2	Field assessments and monitoring mechanisms for the certification of areas
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Outcome 1:	Outcome 2.1 Identification of priority areas relevant for certification in the Environmental Services Regime
Outcome 2:	Outcome 2.2 Monitoring scheme for natural forests modality in ESR updated and operational

OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁶	COMMENTS/JUSTIFICATION
Outcome indicator 2.1: Indicator 2.2: Number of areas identified for ESR certification.	Target 2.1: At least 20 properties identified and analyzed	19 portfolios of private and indigenous properties that started the certification process in phase I and 5 identified in phase II were evaluated.	IS	The analysis of 19 portfolios that have started the certification processes in Phase I has been carried out. In this second phase, the project has advanced in 2 areas owned by indigenous communities and 2 areas of private property, which together result in approximately 22,000 hectares to be certified within the ESR. In addition to these, the project conducted a feasibility analysis of other properties that expressed interest in joining the regime, managing to engage with 4 new indigenous properties and 1 private property with an approximate area to be certified of 40,000 hectares in the 5 properties.
Outcome indicator 2.2.: Indicator 1.2: Number of ministerial resolutions for monitoring natural forests modality	Target 2.2.: One ministerial resolution proposal	0 proposed ministerial resolution.	NS	One draft regulation is under development following the proposal of WWF to update the monitoring requirements of the ESR. MADES is analyzing the proposed updates to the methodology and technological needs. The project is strengthening the ESR tracking system. This is being done by: purchasing the necessary equipment and donating it to MADES, planning GIS training for at least 6 MADES technicians. The project proposes that carbon emissions will be done at the end of the project to calculate the emissions avoided by the project and conduct the training with the project as a case study.

COMPONENT 2 IMPLEMENTATION PROGRESS RATING	JUSTIFICATION	RATING TREND
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S	A Satisfactory rating has been given to component 2. The project is advancing towards the targets and is on track to complete them in the next year.	Increasing
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COMPONENT 3	Institutional strengthening and training
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Outcome 1:	Outcome 3.1 Capacity of institutional stakeholders to participate of the Environmental Services Regime strengthened.
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OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁷	COMMENTS/JUSTIFICATION
Outcome indicator 3.1: Indicator 3.1.: Number of institutional stakeholders strengthen their capacities in ESR	Target 3.1.: 100 people from different MADES directions and institutions involved in the ESR	158 people trained in ESR	IS	Two training courses have been held on the Environmental Services Regime, one of them for MADES technicians and the other, organized jointly with the National University of Asuncion, for government officials and people interested or working in the environmental field. There was a high level of interest in the topic of environmental services and the financial mechanism in Paraguay, with a total of 158 people participating in both trainings. Additional trainings are planned for next year.

COMPONENT 3 IMPLEMENTATION PROGRESS RATING	JUSTIFICATION	RATING TREND
HS	A highly satisfactory rating has been given to component 3. The project target has been completed and it exceeds the initial goal. New trainings will happen in FY22 to continue strengthening stakeholders' capacities.	Increasing

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c. Overall Project Results Rating

OVERALL PROJECT RESULTS IMPLEMENTATION RATING

OVERALL RATING	JUSTIFICATION	RATING TREND ⁸
S	A Satisfactory rating has been given to the overall project results. The project has advanced towards the targets and progress is seen in each component.	Increasing

d. Recommendations

CORRECTIVE ACTION(S)	RESPONSIBLE PARTY	DEADLINE
NA	NA	NA

⁸ **Rating trend:** Increasing, Unchanged or Decreasing

SECTION III: PROJECT RISKS STATUS AND RATING

a. Progress towards Implementing the Project Risk Mitigation Plan

This section describes the activities implemented to manage and reduce high, substantial, modest, and low risks of the project. This section has three parts:

- Ratings for the progress towards implementing measures to mitigate project risks and a project risks annual reassessment
- Recommendations for improving project risks management

a. Progress towards Implementing the Project Risk Mitigation and Plan Project Risks Annual Reassessment

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	PROGRESS RATING ⁹	COMMENTS/JUSTIFICATION	PRODOC RISK RATING	CURRENT FY21 RISK RATING	RISK RATING TREND ¹⁰
Risk 1: The COVID-19 crisis might delay planned activities and/or make field work difficult, concerning the legal restrictions.	The project will organize public dialogues in the region to better reach local community representatives to promote the value of participating in project activities to adopt new approaches to SFM. Similarly, consultations and workshops with the private sector will be conducted to promote the investment value of the ESC.	Activities starting in Q1 and Q2 can be initiated primarily online; MADES staff capacity building will be conducted through online courses.	IS	All meetings are held virtually, depending on the situation, this will continue in FY22 considering the health restrictions by COVID-19. A travel protocol has been issued by WWF Paraguay. This protocol allows for travel for WWF staff and consultants but following sanitary regulations. A trip for FPIC, which could not be remote is programmed for July 2021. Currently, the country is still on red alert, with sanitary restrictions by COVID-19 for meetings and field trips. For meetings between the project team, as well as with other government institutions such as INDI, virtual platforms are options that give good results, however the field trips for the CCPLI were affected, options were sought to perform them virtually, however the communities chose to do them in person, for this a travel protocol has been developed considering all the measures set out by the Ministry of Health. The CCPLI is scheduled for Q1 FY22.	High	High	Unchanged

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¹⁰ **Rating trend:** Increasing, Unchanged or Decreasing

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	PROGRESS RATING ⁹	COMMENTS/JUSTIFICATION	PRODOC RISK RATING	CURRENT FY21 RISK RATING	RISK RATING TREND ¹⁰
Risk 2: Lack of interest among potential beneficiaries in participating in the project, dependence on interpersonal relationships	MADES will be active partner in the implementation of the project, playing a key role in the project steering committee, including generating support among other government decision makers, as appropriate.	For the identification of priority areas, WWF will contact known private landowners involved in other WWF projects. - For collaboration with Indigenous Communities (IC), experts in intercultural communication will be recruited as available Phase 1 technicians.	IS	<ul style="list-style-type: none"> - The project has identified some potential beneficiaries of WWF partners for joining the scheme. The project has also focused on indigenous people which are interested in certification and that have the support of trusted consultants - Informal contacts have been made, the socialization of the project with WWF partners is ongoing. - The project has put its efforts in the preparation of TOR to hire a specialist who can support the DSA in the communication efforts among the indigenous communities. - In December 2020, an indigenous community's specialist has been hired to strengthen the MADES ESR team. 	Medium	High for private owners Medium for IC	Unchanged
Risk 3: Absence of broad political commitment does not allow for the effective implementation of the PES Incentive Scheme	MADES will actively participate in project activities to help negotiate appropriate policy and institutional reforms, as well as any necessary legal Amendments. MADES and the project partners	The elaboration of a resolution adapted to the RSA for Indigenous Communities should facilitate the effective certification of their areas.	CA	<p>The elaboration of the new resolution that regulates the requirements for indigenous communities to join the RSA were analyzed at the end of Phase I. Based on this, a new resolution was drafted to speed up the certification process for indigenous communities that joined in Phase I, as well as for new ones interested in joining the regime in Phase II.</p> <p>MADES approved a new resolution in Phase II of the project. In addition, the</p>	Medium	Low	Decreasing

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	PROGRESS RATING ⁹	COMMENTS/JUSTIFICATION	PRODOC RISK RATING	CURRENT FY21 RISK RATING	RISK RATING TREND ¹⁰
	will work with the Ministry of Finance to address the relevant budgeting issues as they relate to sustaining the necessary level of financing to sustain project results.			National Forestry Institute (INFONA), together with the Paraguayan Indigenous Institute (INDI), have prepared a document for the exemption of indigenous communities from paying taxes for registering their forests; this document is currently approved.			
Risk 4: Certain production practices that are harmful to forest ecosystems (i.e., fires for pasture regeneration) are deeply rooted among producers.	The project will work very closely with local communities and experts to negotiate adoption of forest and land management practices that are sustainable, and in enhance those sites to be considered eligible for participating in the PES Incentive Scheme. The project will identify and work with champions to facilitate the	Best management Practices were disseminated through other WWF projects in the region, as well as fire prevention campaigns and fire brigade equipment	IS	Awareness, communications, and best management practices will be done during all project implementation, supported by previous work with other projects. A manual with Best Management Practices will be elaborated in FYQ22. Communication campaign on fire prevention is being prepared for FY22. Cooperation with local Fire Prevention Network emit daily bulletins during fore season (https://www.sen.gov.py/). WWF has supported a fire monitoring platform in FY2021 with National Weather Service. https://focoscalor.meteorologia.gov.py/ to create awareness and inform civil society.	Medium to low	Medium to low	Unchanged

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	PROGRESS RATING ⁹	COMMENTS/JUSTIFICATION	PRODOC RISK RATING	CURRENT FY21 RISK RATING	RISK RATING TREND ¹⁰
	adoption of new approaches.						
Risk 5: Assessments of carbon stocks in priority areas may not accurately assess amount of carbon sequestered	The project will work very closely with experts to ensure that the best science available is used to assess the amount of carbon stocks.	Generation of new information with INFONA and other researchers.	IS	A new carbon stock map has been developed by WWF for the Paraguayan Chaco in FY2021 than can serve as input for carbon estimations. Page 85 https://www.wwf.org.py/?365453/Atlas-del-Chaco-Paraguayo	Low	Low	Unchanged

OVERALL RATING OF PROJECT RISKS	JUSTIFICATION	RISK RATING TREND ¹¹
M	A moderate rating has been given to project risks. After changing the EA, the relationship with the Ministry of Environment improved significantly which has resulted in reducing the risks related to political risk and government support (R3). Other risks are active, but the project has been implementing mitigation measures to cope with them as needed. COVID is the most important risk to the project now and adaptive measures are being taken to continue project activities despite the COVID restrictions in Paraguay.	Decreasing

Recommendations

MITIGATION AND CORRECTIVE ACTION(S)	RESPONSIBLE PARTY	DEADLINE
Continue tracking the project risks and implementing the mitigation measures as needed until the project ends.	PMU	September 2022

¹¹ **Rating trend:** Increasing, Unchanged or Decreasing

<p>3. Number of strategies, plans (e.g. management plans and land use plans) and policies derived from the project that include gender considerations (this indicator applies to relevant projects)</p>	<p>The main strategies for gender inclusion are the monitoring of participants in capacity building events and training of WWF staff in gender courses (Strategic planning considering gender aspects)</p>	<p>0 Plans reported, 2 main strategies applied</p>	<p>IS</p>	<p>No plans have been envisioned for this project phase.</p>
<p>STAKEHOLDER ENGAGEMENT</p>				
<p>1. Number of government agencies, civil society organizations, private sector, indigenous peoples and other stakeholder groups that have been involved in the project implementation phase on an annual basis</p>	<p>At least 8 governmental agencies involved</p>	<p>17 agencies directly and indirectly involved in the project. 7 government institutions, 4 indigenous communities, 5 private organizations and 1 academy.</p>	<p>IS</p>	<p>The project works with government institutions such as MADES, INDI, INFONA, Public Ministry, Supreme Court, Ministry of Finance and CONADERNA. In addition, the Project supports the certification of indigenous and private communities, and some of the training is jointly managed by MADES, WWF and the Academy (National University of Asuncion).</p>
<p>2. Number persons (sex disaggregated) that have been involved in project implementation phase (on an annual basis)</p>	<p>At least 20 people</p>	<p>26 people have participated in the execution of Phase II of the Project. 17 women (65%) and 9 men (35%).</p>	<p>IS</p>	<p>In this phase II, 26 people are part of the implementation team and have supported the execution of the Project.</p>
<p>3. Number of engagement (e.g. meeting, workshops, consultations) with stakeholders during the project implementation phase (on an annual basis)</p>	<p>Regular meetings are held with project unit (MADES and WWF) and consultations have not been necessary during this phase except for case by case</p>	<p>Regular coordination meetings and 8 case by case with each owner/indigenous communities with indigenous communities or representatives and/or consultants</p>	<p>IS</p>	<p>Continuous engagement meetings with interested parties for certification have been held on virtual platforms on demand.</p>

4. Percentage of stakeholders who rate as satisfactory the level at which their views and concerns are taken into account by the project	with consultants and or communities or owners			
INDIGENOUS PEOPLES 1. Percentage of indigenous/local communities where FPIC have been followed and documented		Up to this stage of the Project, the CCPLI has not been carried out due to COVID 19 sanitary restrictions.	IS	For Q1 of this FY, we plan to conduct the CCPLI for the indigenous communities that express interest in joining the RSA. We currently have 4 IC and hope to be able to add more to the Project.

b. Information on Progress, challenges and outcomes on stakeholder engagement

The main challenge to stakeholder engagement is the sanitary measures and restrictions related to COVID-19 because it is not possible to hold face to face events and virtual meetings are difficult when working with indigenous communities. However, the project team is working to finalize the necessary documentation to carry out the field work once restrictions are lifted. Given the nature of the project, field work is required as part of the certification process, including the consultation process for stakeholders to understand the ESR.

Currently, Paraguay is facing a new wave of COVID-19, and the health system has collapsed. This is why travel has been suspended and in person meetings reduced completely. Remote meetings are taking place. Institutional stakeholders have been addressed with online meetings, as well as other capacity building activities.

c. Provide information on the progress towards achieving gender sensitive measures/targets

Regarding gender mainstreaming, three staff members of WWF are enrolled in the Strategic planning considering gender aspects course. These people will conduct internal capacity building sessions to the project team. Also, when working with the indigenous communities, the project will seek women's representation.

d. Overall Project Safeguard Implementation Rating

SUMMARY: PROJECT SAFEGUARD IMPLEMENTATION RATING BY TYPE OF PLAN

SAFEGUARDSTRIGGERED BY THE PROJECT (delete those not applicable)	CURRENT FY21 IMPLEMENTATION RATING	RATING TREND
Accountability and Grievance Mechanisms	S	Unchanged
Gender Mainstreaming Plan (GMP)	S	Increasing
Stakeholder Engagement Plan (SEP)	S	Increasing
Indigenous Peoples Plan (IPP)	S	Increasing

OVERALL PROJECT SAFEGUARD IMPLEMENTATION RATING

RATING	JUSTIFICATION	RATING TREND
S	The project changed EA in FY21. The project surpassed its target for gender mainstreaming and stakeholder engagement. The pandemic-imposed restrictions for stakeholder engagement. Nevertheless, the project identified and utilized other methods of carrying out engagement including providing stakeholders with the necessary resources. The pandemic also limited engagement with IPLCs.	Increasing

e. Recommendations

CORRECTIVE ACTION(S)	RESPONSIBLE PARTY	DEADLINE
While the percentage of women participating and benefitting from the project is very high (67%), the project should also pay attention to the percentage of men participating and benefitting from the project so as not to create a gender imbalance. The project is also encouraged to create more awareness of the grievance mechanism and ensure that the mechanism is accessible to all parties. Sometimes zero complaints can be attributed to stakeholder's lack of awareness or access to the grievance mechanism.	PMU	June 30, 2022

SECTION V: PROJECT IMPLEMENTATION EXPERIENCES, KNOWLEDGE MANAGEMENT AND LESSONS LEARNED

Required topics

1. Knowledge activities/products (when applicable), as outlined in the knowledge management plan approved at CEO endorsement/approval.

This project does not have a KM plan or budget. However, a document with lessons learned from the first phase of the project will be prepared. Also, KM activities are taking place throughout the project's outputs to continue engaging stakeholders in the ESR. A KM product to summarize the final results of the project is part of the FY22 workplan. It is key to have a KM budget from the beginning of a project to assure the learning process is systematized and shared with key stakeholders.

Additional topics (please choose two)

2. Project institutional arrangements, including project governance

The close collaboration between WWF Paraguay and MADES, as well as the good relations between the two institutions, has made it possible to restart the project and prioritize actions for this fiscal year. As a result, both institutions have focused their efforts on the development of joint work strategies to achieve the proposed objectives, knowing the short execution time of the project. Currently, we feel strengthened and prepared for the challenges in the implementation, working jointly and coordinated between both institutions, including the National Indigenous Institute - INDI as part of this process of joint work to achieve the objectives with the indigenous communities.

The main challenge to achieve the objectives of the Project are the health measures and restrictions related to COVID-19 as well as political instability, even so, the work team puts its efforts for the coordination and development of the jointly planned activities.

3. Implementation of safeguard policies, including gender mainstreaming, accountability and grievance mechanisms, stakeholder consultations

One of the most important activities at the end of this year was the planning of the consultation and free, prior and informed consent (planned to take place at the beginning of the following fiscal year). This consultation involves a great deal of institutional coordination between government agencies, as well as the involvement of people specialized in these processes by the institutions, as well as trusted representatives of the communities (lawyers, advisors). It is not advisable to carry out these processes in the short term, since they must comply with administrative processes, but also provide the opportunity for dialogue, reflection and subsequent consent to the proposed activity. Additionally, these consultations, due to cultural issues and also due to lack of adequate means of communication, are not possible to be carried out virtually, which represents an even greater challenge than they usually are in non-pandemic times. In projects such as the current one, the necessary time, but also the institutional support (political will), as well as the resources and communication and dialogue skills become crucial.

APPENDIX I: PROJECT ANNUAL IMPLEMENTATION PROGRESS RATING

Rating		Overdue (O)	Delayed (D)	Not started on schedule (NS)	Under implementation on schedule (IS)	Completed/Achieved (CA)
Highly Satisfactory (HS)	HS	0%		100%		
Satisfactory (S)	S	20%		80%		
Moderately Satisfactory (MS)	MS	40%		60%		
Moderately Unsatisfactory (MU)	MU	60%		40%		
Unsatisfactory (U)	U	80%		20%		
Highly Unsatisfactory (HU)	HU	100%		0%		

- **Highly Satisfactory:** 100% of the indicators: a) have been completed/achieved, b) are under implementation on schedule, and/or c) have not started but are on schedule, according to the original/formally revised Project Annual Workplan for the project. The project can be presented as an example of “good practice” project,
- **Satisfactory:** 80% of the indicators: a) have been completed/achieved, b) are under implementation on schedule, and/or c) have not started but are on schedule, according to the original/formally revised Project Annual Workplan for the project; except for only 20% that are delayed and/or overdue and need remedial action,
- **Moderately Satisfactory:** 60% of the indicators: a) have been completed/achieved, b) are under implementation on schedule, and/or c) have not started but are on schedule, according to the original/formally revised Project Annual Workplan for the project; while 40% are delayed and/or overdue and need remedial action,
- **Moderately Unsatisfactory:** 40% of the indicators: a) have been completed/achieved, b) are under implementation on schedule, and/or c) have not started but are on schedule, according to the original/formally revised Project Annual Workplan for the project; while 60% are delayed and/or overdue and need remedial action,
- **Unsatisfactory:** only 20% of the indicators: a) have been completed/achieved, b) are under implementation on schedule, and/or c) have not started but are on schedule, according to the original/formally revised Project Annual Workplan for the project; while 80% are delayed and/or overdue and need remedial action, and
- **Highly Unsatisfactory:** 100% of the indicators: a) are overdue, and/or b) delayed in their implementation, according to the original/formally revised Project Annual Workplan for the project.

APPENDIX II: RISK RATINGS

Rating	
Low (L)	L
Moderate (M)	M
Substantial (S)	S
High (H)	H

- **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.
- **Moderate 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.
- **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.
- **High Risk:** There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.

APPENDIX III: PROGRESS TOWARDS ACHIEVING PROJECT EXPECTED OUTPUTS

INDICATORS	PROJECT TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ¹³	COMMENTS/JUSTIFICATION
Outcome 1.1: The existing environmental services regime of Paraguay has met all enabling conditions needed to fully operate the natural forests category				
Output Indicator 1.1.1: Number of ESR evaluation report submitted to MADES	Target 1.1.1: One report submitted	Reactivation of the inter-institutional working table New resolution approved to expedite the adhesion of the ICs.	CA	The inter-institutional working group was re-activated with designated focal points for the coordination of joint work. As a result, it is planned for Q1 of FY22 to carry out the CCPLI in 4 indigenous communities in the process of certification.
Output Indicator 1.1.2: Number of Ministerial Resolution drafts submitted to MADES for approval	Target 1.1.2: At least 1 draft for a Ministerial Resolution	New resolution approved to expedite the accession of indigenous communities.	CA	A new resolution was approved that updates the requirements for ICs to join the RSA. In addition, the National Forestry Institute (INFONA), together with the Paraguayan Indigenous Institute (INDI), have prepared a document for exempting indigenous communities from paying taxes for registering their forests; this document is currently approved.
Outcome 1.2: Certified hectares under the Environmental Services Regime				

¹³ **O**= Overdue; **D**= Delayed; **NS**= Not started on schedule; **IS**= Under implementation on schedule; and **CA**= Completed/Achieved

<p>Output Indicator 1.2.1: Number of hectares eligible for certification</p>	<p>Target 1.2.1: At least 20,940 ha</p>	<p>The evaluation of portfolios of properties that have initiated the process in Phase I of the Project has been carried out; these include private and indigenous community properties. Feasibility reports have been prepared for new potential properties to join the RSA. Preparation and dissemination of communication materials for the CIs, in process.</p>	<p>IS</p>	<p>Regarding the progress of the properties that were already in the certification process during Phase I of the project, potential areas to be certified were evaluated. It was decided to resume the certification process for 4 portfolios, 2 belonging to indigenous communities with a proposed area of 21,000 hectares to be certified and 2 private properties with approximately 1,500 ha to be certified; of these 1,500 ha, 411 ha were certified at the beginning of this year.</p> <p>For new areas, 2 properties of indigenous communities with approximately 6,850 ha are currently in the process of certification, while 3 others are in the process of contracting a consultant to do the follow-up. One private property with approximately 1,300 hectares to be certified is also in the process of adhesion.</p> <p>The preparation and dissemination of communication materials for the indigenous communities is currently in the process of contracting the consultant who will carry out this process; it is planned for Q1 and Q2 of FY22.</p>
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<p>Output Indicator 1.2.2: Number of folders with complete requirements submitted for MADES approval</p>	<p>Target 1.2.2: At least 3 folders from private owners and at least 2 folders from complete indigenous communities submitted</p>	<p>Folders with potential areas to be certified are already in the MADES certification process and others are in process.</p>	<p>IS</p>	<p>It was decided to resume the certification process for 4 portfolios from the first phase, 2 belonging to indigenous communities with a proposed area of 21,000 hectares to be certified and 2 from private properties with approximately 1,500 hectares to be certified; of these 1,500 hectares, 411 hectares were certified at the beginning of this year. For new areas, 2 properties of indigenous communities with approximately 6,850 hectares are currently in the process of certification, while 3 other properties are in the process of contracting a consultant to follow up on the process. One private property with approximately 1,300 hectares to be certified is also in the process of joining the process.</p>
<p>Output Indicator 1.2.3: Number of manuals updated and published</p>	<p>Target 1.2.3: One manual</p>	<p>This activity has not yet been implemented and is carried forward to Q1 and Q2 of FY22.</p>	<p>D</p>	<p>The guide to strengthen the best practices component is expected to be ready by the end of December. The project has focused mainly on Certification processes and stakeholder engagement; we suggest moving to FY22Q2 Project staff that left during this quarter has slowed down this Activity. This activity has not been executed yet. It will be moved to FY22.</p>
<p>Outcome 2.1: Identification of priority areas relevant for certification in the Environmental Services Regime</p>				

<p>Output Indicator 2.1.1: Number of reports on identified priority areas including a list of properties with potential to be certified</p>	<p>Target 2.1.1: One report presented to MADES</p>	<p>The evaluation of Phase I and II project portfolios with potential areas to be certified was carried out. This evaluation will continue during Q1 of FY22.</p>	<p>IS/D</p>	<p>The analysis of 19 portfolios that have started the certification processes in Phase I has been carried out. In this phase II, the project has advanced in the certification process of 4 areas, 2 indigenous communities and 2 privates, which together result in approximately 22,000 hectares to be certified within the ESR. In addition to these, we have conducted a feasibility analysis of other properties that expressed interest in joining the regime, managing to link 5 new properties with approximately 40,000 ha to be certified; of these 5, 4 belong to indigenous communities and 1 is private. We expect to continue with this continuous identification in FY22.</p>
<p>Outcome 2.2: Monitoring scheme for natural forests modality in ESR updated and</p>				
<p>Output Indicator 2.2.1: Number of updated ministerial resolution submitted to MADES</p>	<p>Target 2.2.1: One proposal to update Ministerial Resolution 756/16 submitted for approval by MADES</p>	<p>The project proposes to update the procedures in Q1, Q2, Q3 of FY22.</p>	<p>IS</p>	<p>Regarding the preliminary analysis of the requirements to join the TTF, the project proposes to update the monitoring and auditing procedures of the TTF system. MADES is analyzing the proposed updates to the methodology with the support of WWF. Following a meeting to analyze the requirements and provide feedback, work is underway to update the processes using more effective technologies.</p>

<p>Output Indicator 2.2.2: Number of people trained on monitoring processes</p>	<p>Target 2.2.2: At least 12 MADES staff</p>	<p>The project is strengthening the ESR monitoring system with the purchase of equipment, planning training for FY22.</p>	<p>IS</p>	<p>The project is strengthening the ESR monitoring system. This is being done by: purchasing the necessary equipment and donating it to MADES, training course in drone handling and planning GIS training for at least 6 MADES technicians. We propose that the exact carbon emissions be done at the end of the project to calculate the emissions avoided by the project and carry out the training with the project as a case study (linking the measurement of the project by the specialist and the training in parallel). The draft terms of reference will be prepared during the fourth quarter.</p>
<p>Outcome 3.1: Capacity of institutional stakeholders to participate of the Environmental Services Regime strengthened.</p>				
<p>Output Indicator 3.1.1: Number of training needs assessment report submitted to MADES</p>	<p>Target 3.1.1: One report submitted to MADES</p>	<p>The needs analysis to ensure a comprehensive monitoring system is an ongoing process within the team.</p>	<p>IS</p>	<p>Based on the needs analysis provided by DSA, the project is strengthening the ESR monitoring system. This is being done by: purchasing the necessary equipment and donating it to MADES, training course in drone handling and planning GIS training for at least 6 MADES technicians.</p>

<p>Output Indicator 3.1.2: Number of persons trained (disaggregated by sex F/M)</p>	<p>Target 3.1.2: 100 persons trained</p>	<p>Training development is ongoing. Other trainings are planned for this new fiscal year.</p>	<p>IS</p>	<p>The project has conducted 3 trainings in this fiscal year, 1 on drone management and 2 on Environmental Services, one of them aimed at MADES technicians and the other, organized jointly with the National University of Asuncion, for government officials and people interested or working in the environmental field. A total of 163 people related to ESR and GIS participated in these three trainings, 109 women (67%) and 54 men (33%). Other trainings are planned for this new fiscal year.</p>
<p>Output Indicator 3.1.3: % or required equipment that has been achieved</p>	<p>Target 3.1.3: 100% of required equipment purchased</p>	<p>The needs analysis is an ongoing process within the Project, and the strengthening is planned to be completed in FY22.</p>	<p>IS</p>	<p>Based on the list of needs presented by MADES, the Environmental Services Department has been strengthened with the required equipment.</p>