

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

FY23

July 1, 2022 – March 31, 2023



**Ministry of the Environment and Sustainable Development (MADES)
World Wildlife Fund (WWF)**

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:	May 15, 2016
GEF Focal Area(s):	Climate Change	Expected Project Completion Date:	March 31, 2023
GEF Grant Amount:	USD 2,201,614	Expected Financial Closure Date:	September 30, 2023
Expected Co-financing:	USD 2,117,460	Date of Last Steering Committee Meeting:	October 12, 2021
Co-financing Realized as of March 31, 2023:	USD 1,448,080	Mid-Term Review-Planned Date:	July 1, 2018
Date of First Disbursement:	May 15, 2016	Mid-Term Review-Actual Date:	July 16, 2018
Cumulative disbursement as of March 31, 2023:	USD 2,104,670	Terminal Evaluation-Planned Date:	October 1, 2022
PIR Prepared by:	Karim Musalem, Andrea Garay	Terminal Evaluation-Actual Date:	October 11, 2022
CI-GEF Project Manager:	Daniela Carrión	CI-GEF Finance Lead:	Susana Escudero

Minor Amendment Categories	Minor Amendment Justification
	Minor amendments are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5%. Please select the box that is most applicable for FY22 and include an explanation for the minor amendment request.
Results framework	
Components and cost <input type="checkbox"/>	
Institutional and implementation arrangements <input type="checkbox"/>	
Financial management <input type="checkbox"/>	
Implementation schedule <input checked="" type="checkbox"/>	Project certified hectares goal was increased from 20,00 to 40,000. This responded to high certification rates achieved during the past year. The time of the project was also extended to allow to continue certification of forests, mostly of indigenous communities, which will allow to surpass the 40,000 hectare goal.
Executing Entity <input type="checkbox"/>	
Executing Entity Category <input type="checkbox"/>	

Minor project objective change <input type="checkbox"/>	
Safeguards <input type="checkbox"/>	
Risk analysis <input type="checkbox"/>	
Increase of GEF project financing up to 5% <input type="checkbox"/>	
Co-financing <input type="checkbox"/>	
Location of project activity <input type="checkbox"/>	
Other <input type="checkbox"/>	

MINOR AMENDMENT RESPONSE FROM CI-GEF

Non-cost extension granted in FY22. Project closed in March 2023.

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 VI: Project Geocoding:** documents the precise and specific geographic location(s) of activities supported by GEF investments based on information available in project documentation.

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 focuses in strengthening 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 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 (FY22)

In the last two quarters of FY21 and the first quarter of this FY22, Paraguay faced a new wave of COVID 19, the health system collapsed, travel was suspended and face-to-face meetings were completely reduced, which are now conducted virtually. Despite this situation, the project team continued to conduct desk work, virtual meetings and reorganize project activities. Several documents required by MADES to join the indigenous communities regime were verified, as well as applications from private landowners. Folders were evaluated and the status of each proposal was presented in a feasibility report, thus determining the feasibility of joining the regime within the project's timeframe, knowing the short time for its completion.

During this period, several activities were carried out regarding the process of Consultation, Free, Prior and Informed Consent - FPIC to indigenous communities that expressed their interest through representative leaders, a fundamental requirement to adhere to the Environmental Services regime. In addition, several field verifications of areas proposed to be certified within the project were carried out, as well as support to the Environmental Services Directorate in the verification and follow-up of already certified areas of lands that are not part of the project.

The close collaboration between WWF and MADES, as well as the good relations with the National Institute of Indigenism - INDI, have allowed the certification of several indigenous communities that were managing their documentation to adhere to the scheme.

In FY22, the necessary conditions have been met to fully operate in the natural forest modality; several portfolios of private properties and indigenous communities interested in this modality were identified and evaluated; several properties have managed to certify their forests under the RSA and others are in the process of certification; several trainings have been conducted on issues related to the RSA and the full implementation of the monitoring system. In addition, institutions such as MADES and INDI have been strengthened through donations of equipment, a fundamental element for a more efficient operation.

Project implementation period ran from October 2020 to June 2022, however, considering positive results obtained in the course of this FY22, a NCE was requested and approved to March 2022. This extension allows adequately closing all activities, especially

those that correspond to pending documentation or in the process of certification, which will achieve more areas certified under the regime in the framework of the project.

CURRENT PROJECT IMPLEMENTATION STATUS (FY23)

The project implementation period covered from October 2020 to June 2022; however, considering the positive results obtained during FY22, an NCE to March 2023 was requested and approved. This extension allowed to adequately close all activities, especially those corresponding to pending documentations or in the process of certification, which allowed to achieve more areas certified under the environmental services regime within the framework of the project.

In these last quarters, there were important challenges. In the final phase of the project, several indigenous communities expressed interest in certifying their forests under the environmental services regime, which generated a greater management burden for the implementation team. The conditions were evaluated and the importance of being able to include these indigenous communities was seen, not only because they play an important role in forest conservation, but also to demonstrate at the national level that indigenous communities can access these benefits that will help strengthen indigenous peoples. Close collaboration between the institutions and good coordination between teams was crucial to achieving the project's objectives.

In this fiscal year, 42,397.88 hectares of forest belonging to indigenous and private communities have been certified. With these latest results, the project has achieved that all beneficiaries have the resolution of certification of their forests with a total area of 116,992 hectares in 14 indigenous communities and 4 private properties, thus exceeding the target area of the project. The area corresponds to 42,823 Ton CO2e by year and 214,115 Ton CO2e in a five-year period, based on EXACT TOOL results.

Phase II of the PROMESA project, in addition to promoting certification, worked on improving the enabling conditions for the certification of forested areas, including strengthening institutional and stakeholder capacities through courses and training, as well as strengthening the Environmental Services Regime and its operability in MADES to ensure its sustainability.

SUMMARY: PROJECT IMPLEMENTATION PROGRESS STATUS

PROJECT PART	PRIOR FY22 IMPLEMENTATION PROGRESS RATING	CURRENT FY23 IMPLEMENTATION PROGRESS RATING ¹	RATING TREND ²
OBJECTIVE	S	S	Unchanged
COMPONENTS AND OUTCOMES	HS	HS	Unchanged
ENVIRONMENTAL & SOCIAL SAFEGUARDS	S	S	Unchanged

PROJECT RISK RATING³

RISKS	L	L	Unchanged
-------	---	---	-----------

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)

SECTION II: PROJECT RESULTS IMPLEMENTATION PROGRESS STATUS AND RATING

This section describes the progress made since the start of the project 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
---------------------------	---

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	<p>The Payment for Environmental Services incentive system is fully operational. The certification mechanism is currently active. The rules that streamline the process of incorporation into the regime to indigenous communities, updated and approved by the MADES.</p> <p>During FY23, the certification of 12 properties with a total area of 42,397.88 hectares has been achieved; 10 of these belong to indigenous communities with 39,623 hectares and 2 to private properties with 2,774.88 hectares certified. Currently, all of the properties benefiting from the PROMESA project have a resolution certifying their forests, with a total of 116,992.14 certified hectares. This demonstrates that the Environmental Services Regime is fully operational and certifies lands to protect forests. Link to access the project beneficiaries list.</p>

⁴ **O**= Overdue; **D**= Delayed; **NS**= Not started on schedule; **IS**= Under implementation on schedule; and **CA**= Completed/Achieved

OBJECTIVE INDICATORS	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁴	COMMENTS/JUSTIFICATION
			Regarding the updating of procedures and tools to strengthen the monitoring system, the project has worked on the development of a procedural guide for monitoring and auditing processes and aspects related to the operation of the environmental services regime. There is currently a draft resolution that mentions the new guidelines and modifies the requirements and conditions for joining the environmental services regime.
Indicator b: Number of people aware of the PES incentive scheme	539 people participated in 11 training workshops as part of the project; 323 women (60%) and 216 men (40%).	CA	In this fiscal year, two training workshops related to Payment for Environmental Services were held with a total of 60 participants, 41 women (68%) and 19 men (32%). The training was aimed at technicians from MADES, the Supreme Court of Justice, technicians from the Directorate of Environmental Services, Non-Governmental Organizations and people interested or working in the area as consultants in charge of managing the documentation for adherence to the regime.
Indicator c: At least 5.7 million tons of CO2 emissions avoided or reduced by deforestation or forest degradation are identified, clearly explaining how these areas will be eligible for certification. (Number of CO2 emissions estimated based on the 300,000 ha target).	214,115 Ton CO2eq in five years and 856,460 Ton CO2e in a 20 year period.	CA	The initial target was estimated with high deforestation rates that are not the reality of the project area. For the final EXACT calculation deforestation rate per ecoregion was considered and the target area certified in this second phase, the result is lower than what was initially expected (at project design), but considering the success of certification of the second phase, the result reflects the GHG emissions avoided with current ecoregion data and closer to reality.

OBJECTIVE IMPLEMENTATION PROGRESS RATING	JUSTIFICATION
S	A Satisfactory rating is given to objective implementation progress. The project successfully completed both objective targets making sure the PES mechanism is operational having area certified under it and people trained to access it. The GHG emissions target was partially met counting avoided emissions from the area under certification in the ESR mechanism.

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
-------------------	---

OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁵	COMMENTS/JUSTIFICATION
Outcome indicator 1.1: Indicator 1.1.1: Number of ESR modalities fully operational to oversee the certification of forests lands under Law 3001/06	Target 1.1.1: category - Natural Forests modality - fully operational	Fully operational ESR natural forest modality, with improvements in its Operability, especially for indigenous communities.	CA	The activities of this indicator were completed in FY21.
Outcome indicator 1.2.1: Indicator 1.2.1: Number of hectares certified under ESR	Target 1.2.1: 40,000 ha certified	The project has managed to certify 116,992.14 hectares; 42,397.88 hectares correspond to this fiscal year (FY23).	CA	In this fiscal year, the project has supported private and indigenous properties in the preparation of documents and their presentation to MADES for their adhesion to the Environmental Services Regime. Certification has been achieved for 12 properties with a total area of 42,397.88 hectares; 10 of these belong to indigenous communities with 39,623 hectares and 2 to private properties with 2,774.88 certified hectares. Currently, all of the properties benefiting from the PROMESA project have a resolution certifying their forests, with a total of 116,992.14 certified hectares. Link to access the project beneficiaries list

⁵ **O**= Overdue; **D**= Delayed; **NS**= Not started on schedule; **IS**= Under implementation on schedule; and **CA**= Completed/Achieved

OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁵	COMMENTS/JUSTIFICATION
				Link to access the mapa

COMPONENT 1 IMPLEMENTATION PROGRESS RATING	JUSTIFICATION	RATING TREND
HS	A highly satisfactory rating is given to Component 1. More than 100.000 hectares were certified in the last two years of project implementation, going beyond the initial target of 40.000 hectares that was set when the EA changed to WWF in a conservative manner. The project team has demonstrated a successful engagement with stakeholders and MADES, certifying the area of indigenous communities and private landowners proving the PES mechanism successful for land conservation.	Unchanged

COMPONENT 2	Field assessments and monitoring mechanisms for the certification of areas
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 2.1.1: Indicator 2.1.1: Number of areas identified for ESR certification.	Target 2.1.1: At least 20 properties identified and analyzed	29 properties.	CA	Completed in FY22
Outcome indicator 2.2.1.: Indicator 2.2.1: Number of ministerial resolutions for monitoring natural forests modality	Target 2.2.1.: One ministerial resolution proposal	1 ministerial resolution proposal presented to MADES for approval.	CA	We have worked jointly with the DSA team and consultants in the preparation of a procedural guide for the monitoring and auditing processes and aspects related to the operation of the Environmental Services Regime. A draft resolution is currently available that mentions the new guidelines

⁶ **O**= Overdue; **D**= Delayed; **NS**= Not started on schedule; **IS**= Under implementation on schedule; and **CA**= Completed/Achieved

OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁶	COMMENTS/JUSTIFICATION
				<p>and modifies the requirements and conditions in order to ensure proper implementation within the framework of Law 3001/06.</p> <p>In addition to this, the project has strengthened the TTF monitoring system. This is being done through: the purchase of necessary equipment and its donation to MADES and the training of MADES technicians in the use of the GIS tool.</p>

COMPONENT 2 IMPLEMENTATION PROGRESS RATING	JUSTIFICATION	RATING TREND
S	A satisfactory rating is given to component 2. The project completed the target and did what is under their responsibility to improve the monitoring procedures of the PES scheme.	Unchanged

COMPONENT 3	Institutional strengthening and training
--------------------	--

Outcome 1:	Outcome 3.1 Capacity of institutional stakeholders to participate of the Environmental Services Regime strengthened.
-------------------	---

OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁷	COMMENTS/JUSTIFICATION
Outcome indicator 3.1: Indicator 3.1.1: Number of institutional stakeholders strengthen their capacities in ESR	Target 3.1.1: 100 people from different MADES directions and institutions involved in the ESR	In phase II of the project, 539 people have been trained, 323 women (60 %) and 216 men (40 %). In FY23, 60 people participated in two training workshops, 41	CA	In FY23, 6 training workshops on Environmental Services have been held. These were aimed at technicians of MADES, Supreme Court of Justice, holders of Environmental Services, Non-Governmental Organizations and people interested or working in the area such as consultants in charge of managing the documentations for their adhesion to the regime. The high level of interest in the area led to the planning of another training in FY23, which is in the process of reviewing the topics to be developed.

⁷ **O**= Overdue; **D**= Delayed; **NS**= Not started on schedule; **IS**= Under implementation on schedule; and **CA**= Completed/Achieved

OUTCOMES TARGETS/INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	PROGRESS RATING ⁷	COMMENTS/JUSTIFICATION
		women (68 %) and 19 men (32 %).		

COMPONENT 3 IMPLEMENTATION PROGRESS RATING	JUSTIFICATION	RATING TREND
HS	A highly satisfactory rating is given to component 3. The project trained more than 500 people going beyond the initial target of 100 having a gender balance and good engagement of stakeholders.	Unchanged

c. Overall Project Results Rating

OVERALL PROJECT RESULTS IMPLEMENTATION RATING

OVERALL RATING	JUSTIFICATION	RATING TREND ⁸
HS	A highly satisfactory rating is given to overall project results. The project team completed all targets and where successful in going beyond the initial targets to certified more area and engage more people making the PES mechanism operational as a tool for land conservation in el Chaco.	Unchanged.

d. Recommendations

CORRECTIVE ACTION(S)	RESPONSIBLE PARTY	DEADLINE
NA. Project closed.	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:

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

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 FY22 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, in particular, 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.	In the first and second quarters, Paraguay faced a new wave of COVID 19 and the health system was collapsed. By the third and fourth quarters this has improved.	CA	In this fiscal year, all activities were carried out normally, considering the decrease in the number of COVID19 cases. The meetings were held in person and the field trips were carried out normally, strictly following the sanitary protocols dictated by the country's Ministry of Health. This activity was completed in Q2 of FY23.	HIGH	LOW	DECREASING

⁹ **O**= Overdue; **D**= Delayed; **NS**= Not started on schedule; **IS**= Under implementation on schedule; and **CA**= Completed/Achieved

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 FY22 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, MADES and the team of consultants hired by the project have been key.	CA	Activity completed in FY22.	MEDIUM	LOW	DECREASING
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 will work with the Ministry of Finance to address the	MADES, by means of a resolution, has designated the focal point person for the project.	CA	The designation of the focal point by resolution has expedited the process of hiring consultants, as well as the process of consultation with indigenous communities and approval of active consultancy products. MADES has been key in the FPICC processes for the adhesion of indigenous communities, leading the workshops with the National Indigenous Institute - INDI, highlighting the participation of technicians from both institutions in these processes, which are fundamental requirements for their adhesion to the regime.	MEDIUM	LOW	DECREASING

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	PROGRESS RATING ⁹	COMMENTS/JUSTIFICATION	PRODOC RISK RATING	CURRENT FY22 RISK RATING	RISK RATING TREND ¹⁰
	relevant budgeting issues as they relate to sustaining the necessary level of financing to 1. sustain project results.						
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 particular 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 adoption of new approaches.	Best management Practices were disseminated through other WWF projects in the region, as well as fire prevention campaigns and fire brigade equipment	IS	During project implementation, awareness-raising, communication, and best management practices activities were carried out through consultants who were in permanent contact with both private landowners and indigenous communities; or with the support of previous work with other WWF projects. Once the agricultural practices manual has been finalized, it will be disseminated through social networks (February, 2023).	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 FY22 RISK RATING	RISK RATING TREND ¹⁰
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, MADES and other researchers.	CA	The IPCC methodology http://www.fao.org/tc/exact/carbon-balance-tool-ex-act/en/ . Based on the surface areas of all certified areas, the carbon emissions avoided were calculated using the ExAct tool. The final report with the results can be found by following this link Carbon Balance Report .	LOW	LOW	UNCHANGED

OVERALL RATING OF PROJECT RISKS	JUSTIFICATION	RISK RATING TREND ¹¹
L	The overall rating of project risks is Low. The project closed in March 2023 managing the potential risks successfully.	Unchanged.

Recommendations

MITIGATION AND CORRECTIVE ACTION(S)	RESPONSIBLE PARTY	DEADLINE
NA	NA	NA

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

SECTION IV: PROJECT ENVIRONMENTAL AND SOCIAL MANAGEMENT IMPLEMENTATION STATUS AND RATING

This section of the PIR describes the progress made towards complying with the approved ESMF plans, as well as recommendations to improve the implementation of the ESMF plans, when needed. This section is divided into six parts:

- a. Progress towards complying with the CI-GEF Project Agency's ESMF
- b. Information on Progress, challenges and outcomes on stakeholder engagement
- c. Information on the progress towards achieving gender sensitive measures/targets
- d. Lessons learned and Knowledge Management products developed and disseminated
- e. Overall Project ESMF Implementation Rating
- f. Recommendations

a. Progress towards complying with the CI-GEF Project Agency's ESMF

MINIMUM ESMF INDICATORS	PROJECT TARGET	END OF YEAR STATUS	CUMULATIVE STATUS	PROGRESS RATING ¹²	COMMENTS/JUSTIFICATION
<p>ACCOUNTABILITY AND GRIEVANCE MECHANISM</p> <p>1. Number of conflict and complaint cases reported to the project's Accountability and Grievance Mechanism</p> <p>2. Percentage of conflict and complaint cases reported to the project's Accountability and Grievance Mechanism that have been resolved</p>	<p>0</p> <p>100</p>	<p>0 Conflicts reported</p> <p>100</p>	<p>0 Conflicts reported</p>	<p>CA</p> <p>CA</p>	<p>Throughout the project implementation period and up to the present, the project's accountability and grievance mechanism has not received any complaints. All stakeholders have been informed of project implementing institutions, and visibilized WWF as co-executing partner. WWF complaints mechanism has public access: https://www.wwf.org.py/wwf_paraguay_about/mecanismo_de_quejas/ m</p>

¹² **O**= Overdue; **D**= Delayed; **NS**= Not started on schedule; **IS**= Under implementation on schedule; and **CA**= Completed/Achieved

<p>GENDER MAINSTREAMING</p> <p>1. Number of men and women that participated in project activities (e.g. meetings, workshops, consultations)</p> <p>2. Number of men and women that received benefits (e.g. employment, income generating activities, training, access to natural resources, land tenure or resource rights, equipment, leadership roles) from the project</p> <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>At least 30% women</p> <p>300 people (at least 30% women)</p> <p>No target set for this indicator</p>	<p>79 people, 49 women (62%) and 30 men (38%), have participated in 4 trainings; 2 related to Payment for Environmental Services and 2 related to GIS.</p> <p>A total of 252 people have benefited directly, 132 women (52%) and 120 men (48%).</p>	<p>573 people, 335 women (58%) and 238 men (42%), have participated in 16 training sessions.</p> <p>A total of 520 people have benefited directly, 307 women (59%) and 213 men (41%).</p>	<p>CA</p> <p>CA</p>	<p>For this indicator, the invitations were made in the "open invitation" modality, where there was a greater reception by women interested in the subject. All training workshops were related to Environmental Services and GIS and were aimed at technicians from the Environmental Services Directorate and other directorates of MADES, the Supreme Court of Justice, Non-Governmental Organizations and people interested or working in the area as consultants in charge of managing documentation for adherence to the regime</p> <p>All activities have been satisfactorily completed in this fiscal year.</p> <p>No plans have been made for this phase of the project</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>25 agencies directly and indirectly involved in the project.</p>	<p>25 agencies directly and indirectly involved in the project. 7 government institutions, 14 indigenous</p>	<p>CA</p>	<p>The project works with government institutions such as MADES, INDI, INFONA, the Public Ministry, the Supreme Court, the Ministry of Finance and CONADERNA. In addition, the Project supports the certification of indigenous and private</p>

			communities, 3 private organizations and 1 academy.		communities, and part of the training is jointly administered by MADES, WWF and the Academy (National University of Asuncion). Recommendations received in the visit report are still pending, WWF is preparing a visit and donation with indigenous communities during FY23 and FY24. 20K have been allocated for this purpose using WWF own funds. WWF is working on EU funding proposal that could include activities to support certification scheme and certificate owners. WWF is already exploring interest of private companies to acquire certificates voluntarily through local NGO A Todo Pulmón. Two WWF Directives attended a PFP (Project Finance for Permanence) in Panama for the project region, Certification Scheme is being proposed as a potential financial mechanism, this could, but not necessarily, include a GCF.
2. Number persons (sex disaggregated) that have been involved in project implementation phase (on an annual basis)	At least 20 people	57 people have participated in the execution of Phase II of the Project.	57 people have participated in the execution of Phase II of the Project. 20 women (35 %) and 37 men (65 %).	CA	In this phase II, 34 people are part of the implementation team and have supported the execution of the Project.
3. Number of engagement (e.g. meeting, workshops, consultations) with stakeholders during the project implementation phase (on an annual basis)	Regular meetings are held with project unit (MADES and WWF) case by case meetings are held with	Regular coordination meetings have been held between institutions; 5 meetings were held related to	Regular coordination meetings have been held	CA	During the implementation of the project, continuous and regular coordination meetings were held with institutions and stakeholders, some face-to-face and others virtual.

	consultants and or communities or owners. Consultations to Indigenous communities are reported under ESS4	the FPIC process and another 2 related to private properties.			
<p>ESS 4: Indigenous Peoples (delete if not applicable)</p> <p>1. Percentage of indigenous/local communities where FPIC have been followed and documented</p> <p>2. The percentage of communities where project benefit sharing have been agreed upon through the appropriate community governance mechanisms and documented</p>	<p>100 %</p> <p>100%</p>	<p>In the first quarter of this fiscal year, the FPIC was carried out in 5 indigenous communities, taking into account all the protocols established by the Ministry of Health with respect to COVID 19.</p>	<p>The FPIC is carried out in all the indigenous communities that are part of the project. In this phase, 12 meetings related to the FPICC have been held, 2 more were held at the request of the communities, for a better understanding of the implications of their adherence to the environmental services regime.</p>	<p>CA</p>	<p>All meetings related to the FPICC with indigenous communities were carried out with the accompaniment of INDI and MADES.</p>

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

The main challenge in this last phase of the project was time. Managing all the beneficiary folders for their presentation to MADES, carrying out field verifications and the FPICC processes in indigenous communities, taking into account their distances, were important challenges that could be overcome with good coordination and the willingness of the institutions to achieve the project's objectives.

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

- a) All activities anticipated by the GMP were implemented? Yes/No Why? Yes, our project has been aimed to certify conservation areas in favor of indigenous communities, with consultation to all community members, male and female alike. Also, capacity building activities of the project have sought the inclusion of women in these activities (more than 50%).
- b) Did the project face any challenges to implementing GMP as initially proposed? Please describe the challenges in case there were any. None in particular.
- c) As compared to the original GMP, was any adaptive management applied to promote meaningful participation of women and advance towards other gender sensitive targets? Gender sensitive measures were applied as initially planned. Women play a fundamental role within the community structures, mainly in the organization of community and individual activities, such as food preparation, child, and elderly care, among others. This results from a structured organization based on women, which limits their participation in activities related to the community. In order to promote the active participation of the collective, visits to communities included a *Karu guazu*, seeking greater participation in decision making by women. A *Karu guazu* is all community gathering to share meals.
- d) Did the project team/stakeholders observe any unintended outcomes (positive or negative) related to gender equality, that are difficult to capture in a quantitative way during this period of time? For example women are more active in decision-making processes in the project, or public servants are more interested and open to advance gender outcomes, men or women are more reluctant to participate in the project activities, or other similar situations. None in particular
- e) Considering all the above, what are the recommendations for next FY to continue advancing towards gender sensitive targets? N/A.

d. Lessons learned and Knowledge Management products¹³ developed and disseminated

In this fiscal year, a consulting firm has been hired to evaluate and systematize lessons learned through interviews with key people who were part of the project implementation. Link to the report [LESSONS LEARNED](#)

e. Overall Project ESMF Implementation Rating

SUMMARY: PROJECT ESMF IMPLEMENTATION RATING BY TYPE OF PLAN

ESMF PLAN REQUIRED BY THE PROJECT (delete those not applicable)	CURRENT FY23 IMPLEMENTATION RATING	RATING TREND
Accountability and Grievance Mechanism	S	Unchanged
Gender Mainstreaming Plan (GMP)	HS	Increasing
Stakeholder Engagement Plan (SEP)	HS	Unchanged

¹³ Knowledge Products are those that are both intended to transmit knowledge but at the same time enable action by their audiences. For example, a lessons learned report, compilation of good practices and recommendations, etc.

SUMMARY: PROJECT ESMF IMPLEMENTATION RATING BY TYPE OF PLAN

ESMF PLAN REQUIRED BY THE PROJECT (delete those not applicable)	CURRENT FY23 IMPLEMENTATION RATING	RATING TREND
ESS 4: Indigenous Peoples Plan	S	Unchanged

OVERALL PROJECT ESMF IMPLEMENTATION RATING

RATING	JUSTIFICATION	RATING TREND
S	The project demonstrated to have an AGM in place, but it was through a virtual/phone channel only. Also, the project did not implement specific actions to socialize the existence of the AGM during the project’s last year of implementation. Despite this, the communities were aware (as gathered during the final supervision visit) of the availability of WWF and government partners to receive feedback and grievances if needed. On the GMP, the project overperformed in the two indicators for which the project had targets defined. This was associated with a traditional high participation of women in decision-making processes among the indigenous peoples of El Chaco, rather than as a result of specific actions implemented by the project. All targets of the SEP were surpassed. Finally, on the IPP, the project advanced FPIC processes with all communities they engaged, in collaboration with the INDI. The project achieved an important goal in terms of making the certification process more inclusive and accessible for indigenous communities. Nevertheless, the because of its scope, the project was not able to continue accompanying the indigenous communities in the process of selling their certificates.	Unchanged.

f. Recommendations

CORRECTIVE ACTION(S)	RESPONSIBLE PARTY	DEADLINE
NA	NA	NA

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.

In this fiscal year, a document was prepared with the lessons learned from Phase II of the project, the report can be found at the following link [LESSONS LEARNED](#). In addition, knowledge management activities were carried out throughout the implementation of the project to involve stakeholders in the environmental services regime to achieve the proposed objectives. Knowledge management is key for project legitimacy and sustainability and should be done during the complete implementation phase.

Additional topics (please choose two)

2. Engagement of the private sector
3. Scientific and technological issues
4. Interpretation and application of GEF guidelines
5. Financial management and co-financing
6. Project institutional arrangements, including project governance

In this fiscal year, considering the short time for the completion of the project and knowing that many of the folders were in the process of certification, the close collaboration between the institutions and the good coordination between teams was crucial for the achievement of the project's objectives. The relationship with the National Indigenous Institute - INDI as part of this process of working together to achieve the objectives with the indigenous communities has also been crucial. Quick and coordinated decision making with designated focal points in WWF and especially in the Directorate of Environmental Services (MADES) has allowed for faster and more agile coordinated work with results that exceed the established goals. Therefore, and considering all this, we can mention that the lessons learned are based on the importance of learning to work as a team, between institutions, sectors; strengthening inter-institutional articulations is fundamental for a positive arrival to the territories, in this case, to the indigenous communities; installing work tables or spaces for dialogue between institutions is fundamental for a coordinated work between the different sectors.

7. Capacity building
8. Implementation of safeguard policies, including gender mainstreaming, accountability and grievance mechanisms, stakeholder consultations

The consultation and free, prior and informed consent process was actively carried out this fiscal year. This consultation involves a great institutional coordination between government agencies such as MADES (Ministry of Environment and Sustainable Development) and INDI (Indigenous Institute of Paraguay), which is implemented by a multidisciplinary team with emphasis on these processes with intercultural approach and knowledge of laws, decrees that respond to the rights of indigenous peoples, as well as the accompaniment of trusted representatives of the communities (lawyers, advisors, among others). The processes respond to cultural times of the families of the different peoples where the times are considered as participatory spaces that promote community decision making through information on the implications of adhering to the environmental services regime for the indigenous communities so that once the families and participants of the process can give their consent and be part of the results within the framework

of the PROMESA project. In projects such as the current one, the necessary time, but also institutional support (political will), as well as resources and communication and dialogue skills become crucial.

The FPICC is a key process, considering that it grants legitimacy through the validation of the governing institution of indigenous peoples in Paraguay, in this case, the INDI through its decree N°. 1039.

Lessons learned:

- The calls are made in coordination with the leader or leaderess of the communities where, it is mentioned that the invitation is made at the community level, thus promoting the effective participation of men, women, boys, girls, elderly, old women.
- The participation of INDI is fundamental considering that each FPICC must be validated by the institution.
- It is always important to channel the approach to the communities through representatives, whether they are legal, advisors or linked to other projects with whom the communities have confidence, thus achieving an effective approach to the community.
- It is important to provide for the accompaniment of a translator from the community, considering that many communities communicate in their own language.
- The timing of the decision making process is very important for the communities, for a better understanding and effective participation during the process.

9. Factors that improve likelihood of long term sustainability of project impacts.

10. Factors that encourage replication, including outreach, dissemination of lessons learned, and communications strategies

SECTION VI: PROJECT GEOCODING

This section of the PIR documents the precise and specific geographic location(s) of activities supported by GEF investments based on information provided in the Project Document. The following information should be contained in this section:

- a. Geo Location Information of Project Location(s) for the current fiscal year
- b. Project Map and Coordinates from Project Document

Geo Location Information of Project Location(s) for the current fiscal year (add additional columns as needed)

Geo Location Information	Location No. 1	Location No. 2	Location No. 3
CLASSIFICATION <i>Indicate whether the site is new or already existing in the previous PIR or indicate whether the site is included at CEO Endorsement/Approval or not. Please add more columns for projects with more than 3 locations.</i>	Reported in Previous PIR	Reported in Previous PIR	Reported in Previous PIR
Note: Provide justification if the location is a new site in this line			
GEO NAME ID <i>Provide the location's Geo Name ID in a numerical format. IDs are available in the GeoNames' geographical database covering all countries and containing millions of placenames with free access at: http://www.geonames.org.</i>	3867442	3439441	3437443
LOCATION NAME <i>Name of the geographic locations in which the activity is taking place. In instance when a GeoNames ID is provided above, the name of the said ID should be reflected. Otherwise, the location name provided will be considered as an exact location.</i>	Departamento de Boquerón	Alto Paraguay	Presidente Hayes
LATITUDE <i>Provide locations in Decimal Degrees WGS84 format, a notation expressing geographic coordinates as decimal fractions of a degree. Include at least four decimal points.</i>	-22.64105	-20.5	-23.5
LONGITUDE <i>Provide locations in Decimal Degrees WGS84 format, a notation expressing geographic coordinates as decimal fractions of a degree. Include at least four decimal points.</i>	-61.07381	-59.16667	-58.83333
LOCATION DESCRIPTION <i>(Optional field) Text description that qualifies in a sentence or so the location in which an activity is taking place, such as for example "mini-grid energy system" or "park ranger site".</i>			
ACTIVITY DESCRIPTION			

<i>(Optional field) Text description that qualifies in a sentence or so the activity taking place at the location, for example, "Installing a mini-grid energy system".</i>			
---	--	--	--

Please provide a justification regarding changes in location during implementation. Justifications should also be provided in the event the geographic location of key project activities cannot be provided at CEO Endorsement/Approval stage.

(Geo Name ID: Location Name)

Justification:

Project Map and Coordinates

Please provide geo-referenced information and image map where the project interventions took place. If available, please provide attachments as appropriate such as in the case of locations presented along geometric shapes in popular formats like shapefiles, KML and GeoJSON.

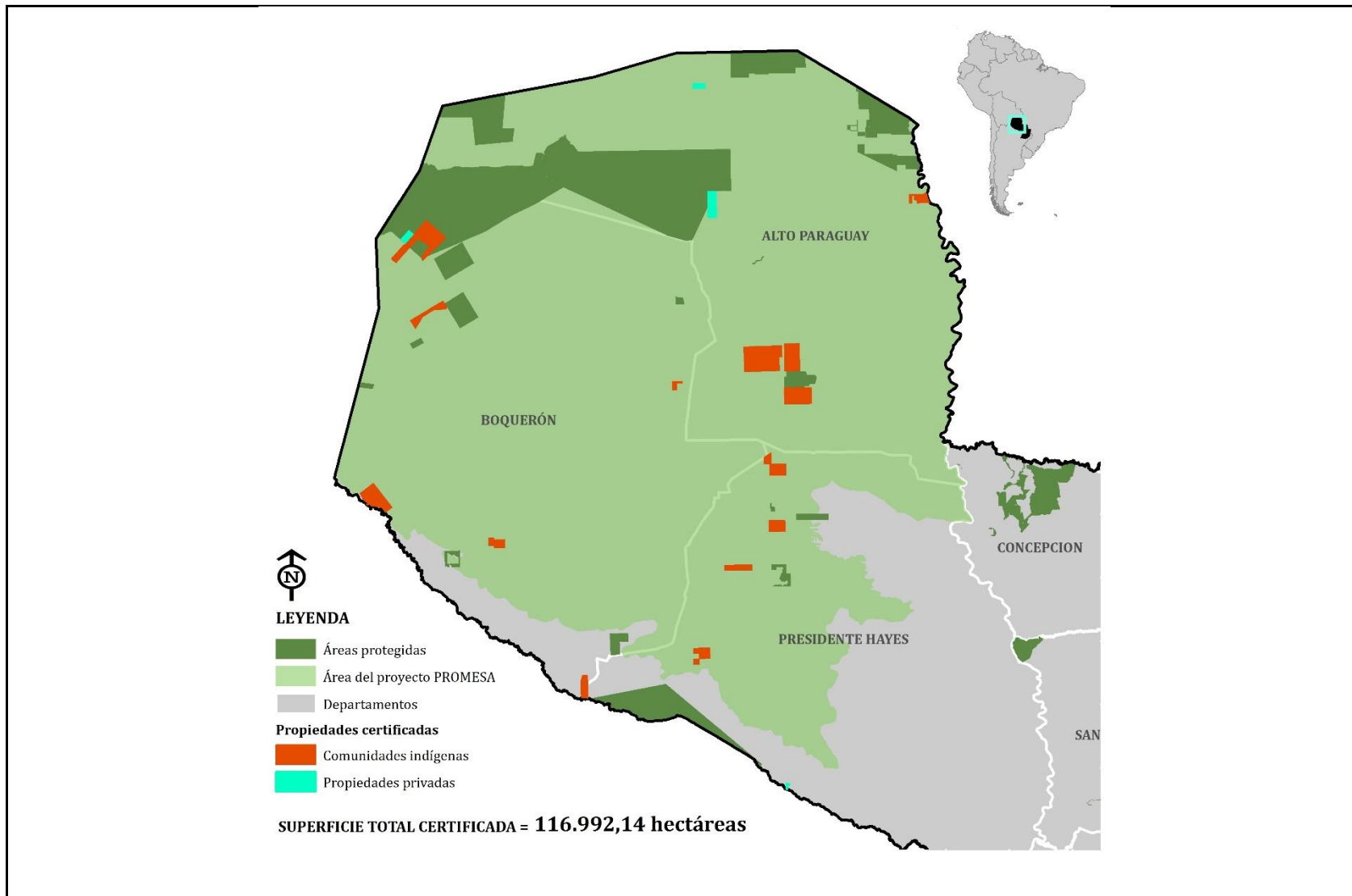
Link to the map:

<https://panda.maps.arcgis.com/apps/mapviewer/index.html?webmap=2922b435f3794d73bb35784b4d275fc6>)

Link to access to the shapefile of certified properties :

<https://drive.google.com/drive/folders/1QLIJGb01SO7h5EJC4jQU30z8FTXH1r1h?usp=sharing>

Map:



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 ¹⁴	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		CA	The activities of this indicator were completed in FY21.
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		CA	The activities of this indicator were completed in FY21.
Outcome 1.2: Certified hectares under the Environmental Services Regime				
Output Indicator 1.2.1: Number of hectares eligible for certification	Target 1.2.1: 40,000 ha certified	The project has managed to certify 116,992.14 hectares; 42,397.88 hectares correspond to this fiscal year (FY23).	CA	In this fiscal year, the project has supported 2 private properties and 10 indigenous communities in the preparation of documents and their presentation to MADES for their adhesion to the Environmental Services Regime. Certification has been achieved for 12 properties with a total area of 42,397.88 hectares; 10 of these belong to indigenous communities with 39,623 hectares and 2 to private properties with 2,774.88 hectares certified. Currently all the beneficiary properties of the PROMESA project have the resolution of certification of their forests with a total of 116,992.14 certified hectares. Link to access the project beneficiaries list Link to access the map
Outcome 2.1: Identification of priority areas relevant for certification in the Environmental Services Regime				
Output Indicator 2.1.1: Number of areas identified for ESR certification.	Target 2.1.1: At least 20 properties identified and analyzed	29 properties evaluated	CA	Completed in FY22
Outcome 2.2: Monitoring scheme for natural forests modality in ESR updated and operational				

¹⁴ O= Overdue; D= Delayed; NS= Not started on schedule; IS= Under implementation on schedule; and CA= Completed/Achieved

<p>Output Indicator 2.2.1: Number of ministerial resolutions for monitoring natural forests modality</p>	<p>Target 2.2.1.: One ministerial resolution proposal</p>	<p>1 ministerial resolution proposal processed</p>	<p>CA</p>	<p>We have worked jointly with the DSA team and consultants in the preparation of a procedural guide for the monitoring and auditing processes and aspects related to the operation of the Environmental Services Regime. A draft resolution is currently available that mentions the new guidelines and modifies the requirements and conditions in order to ensure proper implementation within the framework of Law 3001/06.</p> <p>In addition to this, the project has strengthened the TTF monitoring system. This is being done through: the purchase of necessary equipment and its donation to MADES and the training of MADES technicians in the use of the GIS tool.</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 institutional stakeholders strengthen their capacities in ESR</p>	<p>Target 3.1.1: 100 people from different MADES directions and institutions involved in the ESR</p>	<p>In this phase II of the project, 539 people have been trained, 323 women (60 %) and 216 men (40 %). In FY23, 60 people participated in two training workshops, 41 women (68 %) and 19 men (32 %).</p>	<p>CA</p>	<p>In this fiscal year, two training workshops related to the Payment for Environmental Services were held. Participants included technicians from MADES, the Supreme Court of Justice, technicians from the Directorate of Environmental Services, Non-Governmental Organizations and people interested or working in the area as consultants in charge of managing the documentation for adherence to the regime.</p>