



## Establish an integral MRV/M&E system to enhance climate transparency in Paraguay

### Part I: Project Information

#### GEF ID

10342

#### Project Type

MSP

#### Type of Trust Fund

GET

#### CBIT/NGI

☐ CBIT

☐ NGI

#### Project Title

Establish an integral MRV/M&E system to enhance climate transparency in Paraguay

#### Countries

Paraguay

#### Agency(ies)

UNEP

#### Other Executing Partner(s)

#### Executing Partner Type

**Other Executing Partner(s)**

Ministry of Environment and Sustainable Development

**Executing Partner Type**

Government

**GEF Focal Area**

Climate Change

**Taxonomy**

Civil Society, Private Sector, Stakeholders, Focal Areas, Climate Change, United Nations Framework Convention on Climate Change, Capacity Building Initiative for Transparency, Influencing models, Strengthen institutional capacity and decision-making, Type of Engagement, Information Dissemination, Gender Equality, Gender Mainstreaming, Sex-disaggregated indicators, Capacity, Knowledge and Research, Capacity Development

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 2

**Climate Change Adaptation**

Climate Change Adaptation 1

**Duration**

36 In Months

**Agency Fee(\$)**

175,038

**Submission Date**

8/29/2019

A. Indicative Focal/Non-Focal Area Elements

| Programming Directions | Trust Fund              | GEF Amount(\$) | Co-Fin Amount(\$) |
|------------------------|-------------------------|----------------|-------------------|
| CCM-3-8                | GET                     | 1,842,500      | 350,000           |
|                        | Total Project Cost (\$) | 1,842,500      | 350,000           |

**B. Indicative Project description summary**

**Project Objective**

To strengthen the transparency systems of Paraguayan institutions to meet the requirements of the transparency framework under the Paris Agreement on Climate Change

| Project Component                                       | Financing Type       | Project Outcomes  | Project Outputs   | Trust Fund | GEF Amount(\$) | Co-Fin Amount(\$) |
|---|----------------------|---|---|------------|----------------|-------------------|
| Strengthening Paraguay's Transparency Monitoring System | Technical Assistance | MRV systems in Paraguay comply with the Enhanced Transparency Framework under the Paris Agreement on Climate Change | Output 1: Institutional arrangements strengthened and consolidated to coordinate and manage transparency activities                                       | GET        | 200,000        | 38,000            |
| -   | Technical Assistance | -   | Output 2: Technical support, training and tools provided to Paraguay to submit transparent, consistent, comparable, complete and accurate GHG inventories | GET        | 300,000        | 57,000            |
| -   | Technical Assistance | -   | Output 3: Technical support, training and tools developed and provided to Paraguay to track the implementation of its NDC and support received            | GET        | 1,175,000      | 205,000           |
| Sub Total (\$)  |                      |   |   |            | 1,675,000      | 300,000           |

Project Management Cost (PMC)

|                        |           |         |
|------------------------|-----------|---------|
| GET                    | 167,500   | 50,000  |
| Sub Total(\$)          | 167,500   | 50,000  |
| Total Project Cost(\$) | 1,842,500 | 350,000 |

C. Indicative sources of Co-financing for the Project by name and by type

| Sources of Co-financing | Name of Co-financier                                | Type of Co-financing | Investment Mobilized          | Amount(\$)     |
|-------------------------|---|----------------------|-------------------------------|----------------|
| Government              | Ministry of Environment and Sustainable Development | In-kind              | Recurrent expenditures        | 350,000        |
|                         |   |                      | <b>Total Project Cost(\$)</b> | <b>350,000</b> |

Describe how any "Investment Mobilized" was identified

N/A

D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

| Agency                  | Trust Fund | Country  | Focal Area     | Programming of Funds | Amount(\$) | Fee(\$) | Total(\$) |
|-------------------------|------------|----------|----------------|----------------------|------------|---------|-----------|
| UNEP                    | GET        | Paraguay | Climate Change | CBIT Set-Aside       | 1,842,500  | 175,038 | 2,017,538 |
| Total GEF Resources(\$) |            |          |                |                      | 1,842,500  | 175,038 | 2,017,538 |

E. Project Preparation Grant (PPG)

PPG Amount (\$)

45,000

PPG Agency Fee (\$)

4,275

| Agency                  | Trust Fund | Country  | Focal Area     | Programming of Funds | Amount(\$) | Fee(\$) | Total(\$) |
|-------------------------|------------|----------|----------------|----------------------|------------|---------|-----------|
| UNEP                    | GET        | Paraguay | Climate Change | CBIT Set-Aside       | 45,000     | 4,275   | 49,275    |
| Total Project Costs(\$) |            |          |                |                      | 45,000     | 4,275   | 49,275    |



Core Indicators

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

|        | Number (Expected at PIF) | Number (Expected at CEO Endorsement) | Number (Achieved at MTR) | Number (Achieved at TE) |
|--------|--------------------------|--------------------------------------|--------------------------|-------------------------|
| Female | 50                       |                                      |                          |                         |
| Male   | 50                       |                                      |                          |                         |
| Total  | 100                      | 0                                    | 0                        | 0                       |

## Part II. Project Justification

### 1a. Project Description

1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description);

Data collected since the 1950s have consistently shown that a) the concentrations of carbon dioxide and other gases in the atmosphere have risen very rapidly and b) these gases have created a greenhouse effect that have led to an increase in Earth's temperature and dangerous changes in climate patterns. Consequently, in 1992 world leaders gathered in Rio de Janeiro, Brazil for the United Nations Conference on Environment and Development (commonly known as the Rio Earth Summit) and agreed upon the adoption of the United Nations Framework Convention on Climate Change (UNFCCC).[1]<sup>1</sup> [2]<sup>2</sup> Paraguay ratified the UNFCCC in 1993 by law No. 251/93.

The UNFCCC's ultimate objective is the "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system." [3]<sup>3</sup> Accordingly, in article 4 of the Convention, countries agreed to "develop, periodically update, publish, and make available (...) national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol" to contribute to the global fight against anthropogenic climate change. Likewise, article 12 of the UNFCCC asks for governments to periodically communicate information related to the implementation of the convention and other national actions to the group of countries that are part of the convention, also known as the Conference of the Parties (COP). [4]<sup>4</sup> This established a transparency system where non-annex 1 countries are to submit national communications (NCs) every four years, and biennial update reports (BURs) every two years. The decision allowed for flexibility, however, in the light of countries' capacities and level of support.

In 2015, the countries of the world convened in Paris at COP21 to finalize negotiations and adopt an international climate agreement. The countries achieved their objective, and the Paris Agreement was adopted by the COP.

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The Paris Agreement introduces the Enhanced Transparency Framework (ETF), which increases the reporting requirement for all non-annex 1 countries. In 2016, Paraguay signed the Paris Agreement on the October 14, 2016, and ratified it by law No. 5681/16. While the Paris Agreement set the frames of the ETF, it was first in COP24 in Katowice that the rulebook for the framework was substantiated and decided upon. As a consequence of the COP24 decisions, countries are facing challenges regarding the preparation of the biennial transparency reports (BTR), which other than include a GHG inventory, also need to track the progress on implementing its NDCs. It is important for developing countries to make decisions regarding the institutionalization of its Monitoring, Reporting and Verification (MRV) and Monitoring and Evaluation (M&E) Systems to ensure their capacity to provide high-quality data at the right time.

In the particular context of Latin America and the Caribbean countries, it is important to consider the long-term vision and sustainability as a common element on the design and implementation of its MRV and M&E systems. The tracking of the NDCs needs to integrate elements on resilient development, GHG emissions, climate finance tracking and GHG reductions as a priority for the transparency framework implementation. In this sense, it is necessary to have a holistic and integral concept of data management to provide information regarding the track and implementation of other global initiatives such as the Sustainable Development Goals (SDGs).

2) the baseline scenario and any associated baseline projects,

The main barriers for strengthening Paraguay's transparency framework to meet the demands of the Enhanced Transparency Framework under the Paris Agreement are identified in Paraguay's second BUR.

Those were the following:

- Lack of technical personal employed to manage challenges arising from climate change. This barrier is compounded by the fact that there are few qualified personal available in the country.
- High dependency on international support for both technical assistance and financing of the work.
- The available data for performing the monitoring contains a high degree of uncertainty.
- Lack of tools, and instruments such as registries, and indicators to track the progress of both mitigation and adaptation actions.

These barriers impeded Paraguay's reporting to the UNFCCC, in particular when the new requirements of the BTRs demand more elaborated reports more frequently. However, despite these, Paraguay has started the establishment of an inventory system, and has also made important progress in other areas. The BUR2 lists the identified needs of the BUR1, and the progress Paraguay has made to meet these. The text below draws on that list, and other sources, when describing various existing systems and projects.

### Paraguay's Current Arrangement for the GHG Inventory

The Law 5875 of 2017 establishes the general framework and guidelines to plan and act on an urgent, adequate, coordinated and sustained manner to the effects of climate change in Paraguay. The Law principles are based on the National Climate Change Policy and Plan and the functions of the National Commission of Climate Change members.

Those principles are the basis for the institutional arrangements to manage climate change in Paraguay. One of the more important documents regarding the structure of the institutional arrangements is Resolution 275 of 2018 of the Ministry of the Environment. This Resolution approved the National Mitigation Plan, the National Adaptation Strategy and the National Plan for Adaptation to Climate Change. This document includes guidelines, roles, and responsibilities of actors involved in the implementation of these strategies, plans, and policies.

Paraguay has made satisfactory progress in the institutional arrangements required to consolidate the national GHG inventory system. Paraguay's institutional arrangements could consider as the first approach useful to start the conceptualization and design of a national information system for the management of climate change. The institutional framework consists of sectorial round tables where the relevant actors are present to collect the necessary data for the inventory. These sectorial round tables were established by Resolution N° 04/2018. Moreover, drafts of specific inter-institutional cooperation agreements have been developed through which it is expected to develop the National GHG Inventory System. The CBIT Project will develop a roadmap for the acceleration of the entry into force of those agreements as part of the institutional arrangements required to enhance the implementation of the transparency framework of the Paris Agreement in Paraguay.

Those inter-institutional cooperation agreements will support the exchange of information, analysis of data collection strategies, evaluation of results of measures in mitigation and other actions that contribute to the development of the GHG inventory. These cooperation agreements will strengthen the institutional arrangements required for the preparation of national communications, biennial reports and the tracking of the NDC as part of the implementation of the national policy on climate change.

Paraguay has made efforts to strengthen the capacities of its national technicians in the use of 2006 Guidelines of the Intergovernmental Panel on Climate Change (IPCC) since 2017, according to the BUR2. Paraguay has carried out several activities in the time period of 2015 to 2018. Examples of activities are south-south cooperation with Chile, and national workshops to improve the capacity of data suppliers. It has therefore been possible to perform and report the calculations of the GHG Inventory time series from 1990 until 2015 using this methodology for the first time. In addition, for the Energy, Industrial Processes and Product Use (IPPU) and Waste sectors, IPCC software version 2.54 has been used. At the same time, the National Directorate of Climate Change (DNCC from its Spanish acronyms) established a file manual in order to store all the documentation used and the results obtained in the elaboration process of the GHG Inventory. This archiving system allows a transparent and reproducible development facilitating the development of future inventories.

### Paraguay's MRV System

Paraguay has an MRV 2020-2030 roadmap, from the Ministry of Environment and Sustainable Development, where one of the main goals is the consolidations of an MRV national plan. The establishment of an information management system to ensure tracking of progress of mitigation actions is one of the MRV priorities in Paraguay. The state of development of the MRV systems in Paraguay is on an early stage and would benefit from the experiences from other countries in the region. The work of the Global CBIT

Coordination Platform is thus noteworthy, as it collects and makes the experiences easily available. In Paraguay the MRV tools are identified as instruments to inform the decision-making process and the accomplishment of the article 13 mandate is one of the MRV development drivers in Paraguay.

Paraguay's MRV approach could be considered as an integral MRV approach where emissions, emissions reduction, adaptation actions, climate finance, and REDD+ information are part of a systemic approach, encompassing the different aspects related to climate change. This integral MRV system is conceived as a Climate Change Module of the Environmental Information System, which has a wider scope.

#### Paraguay's Environmental Information System

Paraguay contemplates the conceptual design and subsequent development of the Climate Change Module as part of its Environmental Information System. This module is currently on an initial phase. This module has the purpose of generating interoperability between the Environmental Information System (SIAM) and the National Forest Monitoring System (SNMF). This module contemplates among others, the design and development of platforms for the management and compilation of information, as well as a geographic viewer for data analysis. This module is a fundamental element for the management of the information required by the country to prepare the National GHG Inventories, generate the reports on climate change, track and update its NDC. The module contains several sub-systems which this project will improve or establish. There is also a sub-system for REDD+ which this project only briefly concerns itself with, as it is mainly established through another project.

#### Paraguay's advances with an M&E Framework for Adaptation

Paraguay has a National Plan for Adaptation to Climate Change from 2016, and a National Adaptation Strategy. The national plan prioritizes five sectors and two areas which transcend the others. These are:

- Agriculture production and food security.
- Hydrological resources - management, and risk reduction.
- Health and epidemiology.
- Infrastructure, transport and energy.
- Environment, forests and vulnerable ecosystems.
- Education and dissemination.
- Normative and legal aspects.

However, there are no indicators defined to monitor neither the state nor the progress in these sectors. In line with the National Adaptation Plan, four local plans and one sectorial plan were developed which could be implemented. However, as said, none of these sectors have defined indicators to monitor and evaluate the progress of such implementation. Paraguay is also in the process of developing a proposal for the Green Climate Fund (GCF) Readiness funding to develop local adaptation plans for several districts of the country.

The section above describes the progress of Paraguay in establishing key systems for an integral MRV system. These all form part of the Climate Change Module under the SIAM, but as can be seen above, there are missing steps for them to be established. This CBIT project will fill the missing gaps, establishing the sub-systems of the Climate Change Module.

In addition to these projects, the list below includes projects which have an MRV component which could be relevant for the CBIT project.

Current projects:

| Project Name, Time span                               | Description   | Donors                           |
|---|---|----------------------------------|
| Second Biennial Update Report of Paraguay, 2017-2019. | <p><u>General description:</u> The objective of this project is to assist Paraguay in the process of preparation and submission of its Second Biennial Update Report to the UNFCCC.</p> <p><u>Relevance to the CBIT Project:</u> Although this project is already finalizing and the second BUR was submitted to the UNFCCC in December 2018, the results are key to the CBIT project because it will build upon those results and lessons learned.</p> | GEF, UNDP as Implementing Agency |

|  |   |                                  |
|--|---|----------------------------------|
| Fourth National Communication (FNC) and Third Biennial Update Report, 2019-2022. | <p><u>General description:</u> The objective of this project is to assist Paraguay in the process of preparation and submission of its Fourth National Communication and Third Biennial Update Report to the UNFCCC.</p> <p><u>Relevance to the CBIT Project:</u> The CBIT project is expected to contribute largely to the FNC and BUR3, as well as the FNC and BUR3 will support the CBIT project. Outcome 1 of CBIT includes work to elevate emission factors to at least tier 2 level for the most emitting categories and also improve the activity data collection, besides support the country to consolidate the institutional arrangements for the preparation of the inventory; all this activities will serve to enhance the preparation of the reports. Also, Outcome 2, that includes, the development of indicators for monitoring the progress of the NDCs, and the institutional agreements needed, will contribute to establish and sustain the integrated MRV &amp; M&amp;E system and to report on mitigation and adaptation actions and the progress made.</p>  | GEF, UNDP as Implementing Agency |
| Asuncion Green City of the Americas, 2017-2022.                                  | <p><u>General description:</u> The objective of the proposed project is to improve the quality of life in the Asuncion Metropolitan Area (AMA) and deliver multiple benefits through the integration of transport and solid waste management and green infrastructure into a framework for a sustainable and resilient city. It has been organized into five outcomes: 1) Enabling framework for a green sustainable city enhances integrated urban planning of the AMA; 2) Sustainable mobility and transport in the AMA for reducing GHG emissions from urban transport; 3) Improved chemicals and waste management system for reducing emissions of UPOPs, GHGs and toxic chemicals; 4) Emplacing and improving Protected Area management; 5) Dissemination of Lessons-learned, monitoring &amp; evaluation</p> <p>-</p> <p><u>Relevance to the CBIT Project:</u> Outcome 5 will define and develop a monitoring system for the sustainable development of the city, and includes institutional capacity building of relevant institutions, and development of indicators and the setting up of a monitoring platform.</p> | GEF, UNDP as Implementing Agency |

|   |   |   |
|---|---|---|
| <p>Promoting private sector investments in energy efficiency in the industrial sector in Paraguay, 2019-2024.</p>   | <p><u>General description:</u> Paraguay has a high hydropower capacity, yet industry is largely powered by traditionally inexpensive fuelwood (constituting 83 percent of industrial energy use), causing large amount of emissions from wood burning and associated deforestation. Hydropower is being increased as part of the country's long-term renewable energy goal. At the same time, zero deforestation laws in several regions have increased the price of fuelwood, a trend that is likely to continue. Despite these developments, Small and Medium Enterprises (SMEs) are still largely using biomass, and opportunities exist to shift their energy use to renewable sources in order to reduce emissions.</p> <p>Tools will be developed to generate an enabling environment for energy efficiency investments by SMEs, including standardized performance contracts, insurance contracts, and monitoring and verification systems. Concessional credit lines will be provided to local financial institutions and SMEs, whilst support will facilitate positive institutional, policy and regulatory environments for energy efficiency investments.</p> <p>-</p> <p><u>Relevance to the CBIT Project:</u> The project includes activities to develop MRV methods, including indicators, appropriate to the national circumstances of Paraguay. Furthermore, the project will coordinate this development with the relevant key actors in Paraguay.</p> | <p>GCF, Interamerican Development Bank (IDB) as the Accredited Entity</p> |
| <p>Ecosystem-based approaches to reduce the vulnerability of food security to the effects of climate change in the Chaco region of Paraguay, 2019-2023.</p> | <p><u>General Description:</u> Reduce the vulnerability of the population (agricultural producers, selected families, and indigenous communities) of the Chaco of Paraguay to the impacts of climate change on food security.</p> <p><u>Relevance to the CBIT Project:</u> Agricultural and Livestock Production is among the prioritized sectors of the country's NDCs. Therefore, activity 3.1. Indicators for monitoring the progress of the NDC as well as activity 3.2. Tools, guidelines, and protocols for the relevant institutions are developed could focus on the progress made on the El Chaco Region based on its overall importance for the country in the adaptation front.</p>  | <p>Adaptation Fund, UNEP as Implementing Agency</p>                       |



|  |  |   |
|--|--|---|
| Poverty, Reforestation, Energy and Climate Change (PROEZA), 2017-2023.       | <p><u>General Description:</u> Reducing the adverse effects of climate change in the country, while reducing rural poverty, fighting deforestation and mitigate greenhouse gas emissions. It will also support the transition to sustainable forest management to reduce the loss of the country's forest cover and improve the quality of life of some 17,000 vulnerable families in 64 municipal districts located in eight departments in eastern Paraguay.</p> <p><u>Relevance to CBIT Project:</u> The progress made on its different components: Planting the Future, Sustainable Landscapes and Responsible Markets, and Good Governance and Law Enforcement will become a source of information for activity 3.1. Indicators for monitoring the progress of the NDC as well as activity 3.2. Tools, guidelines, and protocols for the relevant institutions are developed.</p> | GCF, Food and Agricultural Organisation (FAO) as the Accredited Entity (AE) |
| Forests for Sustainable Growth, 2017-2020.                                   | <p><u>General Description:</u> Support the Republic of Paraguay in the culmination of the preparation phase for REDD + based on the results of the UN-REDD + National Program.</p> <p><u>Relevance to CBIT Project:</u> it constitutes a guiding document for the management of policies, actions and measures that contribute to the implementation of the NDCs presented by the country to the international community, within the scope of the Paris Agreement of the UNFCCC, it will be taken into consideration for the CBIT output 1 Institutional agreements for the integrated NDC Monitoring System.</p>  | Forest Carbon Partnership Facility (FCPF), UNDP as the Implementing Agency  |
| Support to the reduction of GHG in the production of commodities, 2017-2022. | <p><u>General Description:</u> The main objective of the project is to support sustainable meat production, while conserving forests and safeguarding the rights of communities that depend on forests, with emphasis on the Chaco region.</p> <p><u>Relevance to CBIT Project:</u> Livestock is a likely sector for which the emission factors shall be enhanced to Tier 2. Therefore, this project will provide insights to activity 2.1 emission factors for more emitting categories as well as for the development of indicators for monitoring the progress of NDCs (activity 3.1).</p>  | GEF, UNDP as Implementing Agency  |

|  |  |                                  |
|--|--|----------------------------------|
| Generating responsible demand for reduced deforestation commodities, 2017-2021.  | <p><u>General Description:</u> The main objective of the project is to increase demand for Sustainable Meat Production.</p> <p><u>Relevance to CBIT Project:</u> Livestock is a likely sector for which the emission factors shall be enhanced to Tier 2. Therefore, this project will provide insights to activity 2.1 emission factors for more emitting categories.</p>   | GEF, UNDP as Implementing Agency |
| Framework Program for the Sustainable Management of Water Resources of the River Plate Basin, in relation to the effects of variability and Climate Change - CIC – Plata, 2010-2015. | <p><u>General Description:</u> Strengthen cross-border cooperation among governments to guarantee the management of the shared water resources of the basin in an integrated and sustainable manner, in the context of climate variability and change, capitalizing on opportunities for development.</p> <p><u>Relevance to CBIT Project:</u> the outputs of this project are relevant for when developing institutional arrangements for the data flows (output 1) and when designing the capacity building systems for the various systems established and improved through the project ().</p> | GEF, UNDP as Implementing Agency |

Paraguay is addressing climate change through diverse efforts. Many of these will establish various elements of MRV/M&E practices, but the overall systems approach and coordination is lacking to ensure that Paraguay meets the requirements of the ETF. This project presents an alternative scenario below where Paraguay can build on its existing efforts to establish an integral MRV system.

3) the proposed alternative scenario with a brief description of expected outcomes and components of the project;

**Component: Strengthening Paraguay's Transparency Monitoring System.**

**Outcome: MRV systems in Paraguay comply with the Enhanced Transparency Framework under the Paris Agreement on Climate Change**

Paraguay's CBIT project will improve some existing systems, and establish a number of sub-systems which together will enable Paraguay to monitor the implementation of its NDC on both the adaptation and mitigation side, as well as improve its GHG inventory, and track the financial support received. This will be done through three outputs which improve/establish the necessary institutional arrangements for the different systems; improve the GHG inventory; establish the systems necessary for NDC tracking. Each system will be developed in a way as to increase the likelihood that Paraguay will maintain and further develop the necessary capacity to keep them aligned to the transparency requirements over time.

### **Output 1: Institutional arrangements strengthened and consolidated to coordinate and manage transparency activities**

The establishment of the various information systems will require updating of existing, and the creation of new institutional arrangements. For the GHG Inventory, which counts with institutional arrangements, the arrangements need to be consolidated. For the different systems established for NDC tracking, the roles and responsibilities and establishment of information channels need to be determined. This is a process which will go hand-in-hand with the development of indicators, as these will determine what type of information is necessary, which in turn will influence who is best suited to address it.

This output is realised through two activities which establish the institutional arrangements for the two sets of systems described above - the GHG Inventory (activity 1.1) and the systems required for NDC tracking (activity 1.2). These are described in more detail below.

#### Activity 1.1. Elaborate and support the implementation of a roadmap to strengthen and improve the institutional arrangements for the national GHG inventory.

Through this activity, Paraguay will be able to consolidate the institutional arrangements through the elaboration and implementation of an institutional roadmap that accelerates the entry into force of the inter-institutional cooperation agreements that are required to ensure the supply in time of the information required for the preparation of the National GHG Inventories. As described in the baseline, the outlines of the institutional arrangements already exist, but their implementation will be accelerated through this activity.

The purpose of these institutional arrangements is mainly to facilitate cooperation for the development of GHG inventories to comply with the commitments established under the United Nations Framework Convention on Climate Change. It is also a commitment to share knowledge in the estimation of GHG emissions, emission factors, methodologies and activity data in the framework of the development of GHG inventories.

With clear and strong institutional arrangements, it will be possible to ensure the compilation of data in specific categories of the GHG Inventory that require further disaggregation in order to meet quality and completeness criteria. In the same way, roles and responsibilities can be defined at the level of organizations and positions related to the generation and analysis of information.

Steps under this activity will include:

- Conduct interpretation, analysis, and definition of sectoral data compilation strategies currently in Paraguay, and identify international best practices relevant for Paraguay within the region, and on the CBIT Global Coordination Platform.
- Consolidate the necessary institutional agreements to ensure the supply in time of the information required for the preparation of the national GHG inventory in coordination with the development of activities under output 2.

#### Activity 1.2. Develop institutional agreements for the integrated NDC Monitoring System.

Based on the guidelines developed in activity 3.2., institutional arrangements will be developed to collect, manage, and report the data. This includes the arrangements between the Ministry of Environment and Sustainable Development (focal point for the reporting to UNFCCC) and the line ministries whom are responsible for supplying the necessary data. It also includes the institutional arrangements between the line ministries and their necessary data suppliers. This activity must take into account the legal agreements, regulation or any other official guidance on data management produced by the National Government.

Steps under this activity are likely to be:

- Definition of the necessary institutional arrangements for an Integrated NDC Monitoring System, including a mapping of which actors are necessary to include.

· Development and consolidation and/or implementation of the institutional arrangements between the identified institutions to establish the Integrated NDC Monitoring System.

The activities under this output are aligned with activities from the CBIT Programming Directions related to strengthening national institutions (a).

**Output 2: Technical support, training and tools provided to Paraguay to submit transparent, consistent, comparable, complete and accurate GHG inventories.**

Paraguay has made progress towards the establishment of a sub-system for compiling the GHG Inventory as part of the climate change module of the National Environmental information System (SIAM). It has institutional arrangements in place through intersectoral tables, and has established some institutional arrangements with the data suppliers of the line ministries. Nevertheless, the compiling sub-system is not yet operational.

The BUR2, however, displays that while some of the key sub-categories do operate with emission factors on tier level 2, several key are still missing. There is thus one activity which will increase the tier level of the prioritized sub-sector categories. Paraguay will be able to efficiently expand and make more accurate its activity data and set of emission factors, useful for improving its national GHG Inventory and the data to present under the ETF in terms of information aimed for clarity, transparency and understanding requirements under the UNFCCC and the Paris Agreement. The activities defined under this output will allow the country to gain accuracy in the calculation of their GHG emissions following IPCC guidelines, through the development of local parameters and emission factors as well as bottom-up approaches.

As mentioned in the baseline section, the BUR2 calls for more capacity building on using the IPCC 2006 guidelines. This will be addressed under activity 3.4 which establishes a permanent capacity building centre.

Activity 2.1. Elevate Emission Factors to at least tier 2 level for some of the key categories.

Currently, Tier 1 emission factors are used for almost all the inventory, including all the subcategories of 1A. electricity generation, and 3A. livestock. As these are two of the sub-sectors which are responsible for the greatest share of emissions, improving their emission factors from default to country specific would increase the certainty of Paraguay's inventory.

While some sub-categories within land-use have reached tier 3 level, there are some which remain on level 1. Given the importance of the sector, increasing these to at least level 2 would further improve the certainty of Paraguay's inventory.

The following steps are defined under this activity:

- Conduct an overview of existing emission factors, and prioritize those to be upgraded.
- Develop country-specific emission factors for prioritized subsectors.
- Integrate the developed emission factors into Paraguay's inventory system in the framework of the inventory improvement plan.

#### Activity 2.2. Improve the collection of activity data.

Paraguay has identified the need to improve the collection of activity data for several categories within the GHG inventory. These plans are products from the GEF supported project to prepare the latest inventory, and suggest improvement proposals within the IPCC sectors. As such, they are not matched with financing to implement the suggested improvements. The improvement proposals include suggestions for better internal coordination, to improve emission factors and the generation and collection of activity data. The CBIT project focuses on the generation and collection of activity data, as better activity data also enhances the management of the sector as a whole.

Examples of activity data improvements identified by the improvement proposals are that for the category 3A1, enteric fermentation within the livestock sector, Paraguay has identified the need to further disaggregate the activity data for the livestock herd. This is necessary in order to refine the emissions calculation, as the type and age of the livestock is significant when calculating the enteric fermentation. As it is The Agricultural Statistics and Census Bureau of the Ministry of Agriculture and Livestock (DCEA-MAG, from its name in Spanish) who is responsible for the collection of activity data, the improvement proposal sets out to discuss improvements with them.

One improvement proposal has been developed for the energy, IPPU and waste sectors. For the IPPU sector, it calls for further studies useful for generating activity data, along with re-evaluating the uncertainty ranges using national data. The improvement proposal for Land Use, Land Use Change and Forestry calls for general improvements of the activity data for the sector, as this would increase the quality of the inventory. This implies an improvement of the level of disaggregation of data for land, especially spatially.

Given the description above, the following steps are planned under this activity:

- Conduct a baseline study of the current state of the activity data in the chosen sectors.
- Prioritize and select which sector(s) to continue with.
- Develop detailed improvement plans for the chosen sector(s) through stakeholder interaction, including data collection templates and formats or other tools.
- Institutionalize the process through institutional arrangements with the relevant actors.

The activities under this output are aligned with activities from the CBIT Programming Directions related to providing tools, training and assistance (d, e and f).

### **Output 3: Technical support, training and tools developed and provided to Paraguay to track the implementation of its NDC and support received.**

The third output refers to the use of information and knowledge existing in the country to track Paraguay's NDC and provides more details and clarity on the progress of its implementation. If existing information in the country is not enough to increase the transparency, then new information will be generated. This output is in line with the Enhanced Transparency Framework of the Paris Agreement and the Katowice Decisions, and seeks an early implementation of the elements contained in the Katowice Climate Package in the country.

Output 3 will establish Paraguay's NDC Progress Monitoring system through establishing or improving four sub-systems. These are (1) the MRV system for mitigation actions, (2) the MRV system for financial support received and needed, (3) the M&E system for adaptation actions, and (4) the MRV system for REDD+, all of them are part of the climate change module allocated inside of the National Environmental Information System (SIAM). These sub-systems will work in parallel with the GHG Inventory system, which is another component essential for an integral system, and addressed in output 2. As these systems are in place, they will allow Paraguay to track its NDC through the information they provide.

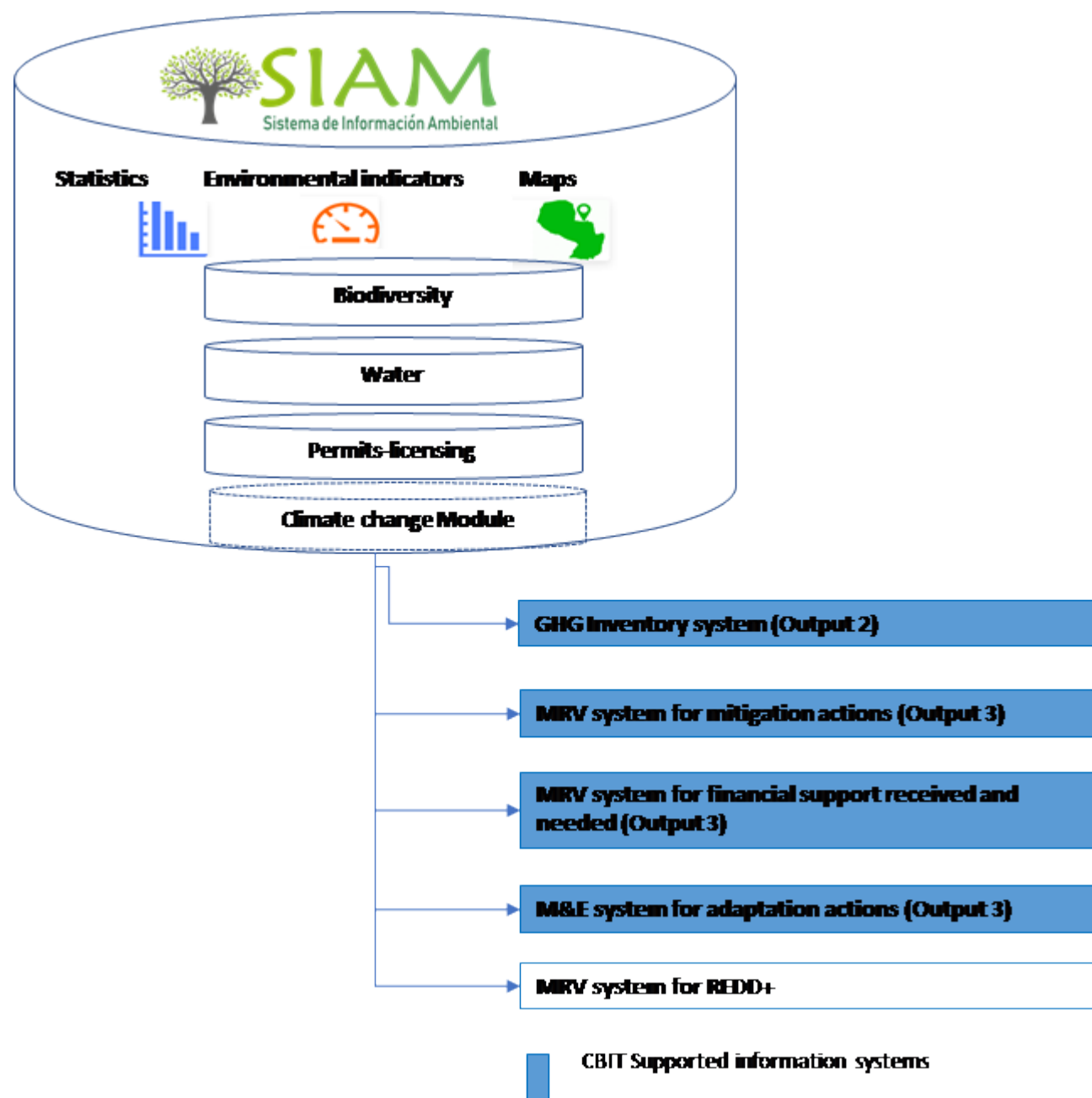




Figure 1. National Environmental Information System (SIAM), climate change module and sub-systems. (source: own elaboration).

Regarding the first sub-system, focused on mitigation actions, the BUR2 identifies that while there has been progress for the MRV system for mitigation actions in certain sectors, most notably the AFOLU sector, an operating one is not established. Indicators need to be developed.

For the second sub-system for tracking of financial supported received and needed, the necessary type of information will be defined, and the information channels too.

The third sub-system, the M&E system for adaptation, needs to develop indicators to follow the implementation of adaptation measures. This will be done for each of the five sectors which are prioritized in the National Adaptation Plan: (1) agriculture production and food security; (2) hydrological resources - management, and risk reduction; (3) health and epidemiology; (4) infrastructure, transport and energy; (5) environment, forests and vulnerable ecosystems.

The fourth sub-system, MRV for REDD+ and all of its components (REDD+ registry, national strategy, safeguards system and national forest emissions reference level), is mainly being developed in a separate project, different than the CBIT. This is described in the baseline above. The CBIT project will ensure to integrate its workings with the other sub-systems and due to the implications in the SIAM architecture it is necessary to keep the MRV REDD+ System on the track to ensure their consistent and harmonized development and implementation.

This output also establishes a permanent capacity building system for the GHG inventory as well as the set of systems for NDC tracking.

#### Activity 3.1. Develop indicators for monitoring the progress of the NDC.

Within the Rulebook agreed in Katowice under COP24, all countries are to submit progress reports of their NDCs in the years to come. To enable Paraguay to monitor its progress, it is necessary to develop indicators for three of the sub-systems mentioned above: the MRV system for mitigation actions, the MRV system for financial support

received and needed, and the M&E system for adaptation actions. These sets of indicators will together constitute the NDC indicators. This development will be aligned to the process of developing Paraguay's updated NDC, to ensure that the indicators can track the updated one as well.

This activity will be realized through the following steps:

- Review the existing initiatives in Paraguay.
- Provide recommendations for the objectives and scope of indicators undertaken for each system.
- Review of best practices and lessons learned from the creation of indicators of active member countries of the CBIT Global Coordination Platform, taking good care of differentiating the generation of mitigation and vulnerability/resilience indicators.
- Propose key actors for the definition of indicators.
- Identify preliminary recommendation of indicators of mitigation, adaptation, and provision of support (including considerations of gender) and clearly differentiating mitigation from vulnerability/resilience indicators.
- Assess likelihood of inclusion of SDG indicators for Paraguay related with climate change in a wider sense (i.e. not only those associated with SDG #13) within the initial proposal of indicators included in this activity.
- Prioritize indicators following the objectives of the established National Climate Data Platform, and crucially, the availability of information in the country. Consider for this activity the indicators corresponding to those SDG associated with climate change.
- Define and implement a specific validation method for the preliminary list of recommended indicators. Organise a workshop on the gender aspects of the indicators.
- Organize a workshop for the presentation and validation of indicators with the main actors of the sectors engaged.

### Activity 3.2. Develop tools, guidelines and protocols for the relevant institutions.

Through this activity, a unified set of operating guidelines and protocols for management of data of the indicators defined above will be developed. The progress indicators of the NDC will require new tools and procedures of how to collect, compile and manage the data. The proposed guidelines and reporting templates will be based on the best standards and practices at the national and regional levels but with enough flexibility to cover the particularities of the prioritized sectors.

Activities under this output may include:

- Preparation of tools, protocols and guidelines for the permanent preparation of National Reports and Documents of Paraguay, and monitoring of the progress of NDCs.
- Identification of needs and requirements to implement the protocols and guidelines abovementioned.

Activity 3.3. Conceptualize, design and pilot the Climate Change Module to ensure the management of information required to track the progress of its NDC.

Based on the design elements of the existing Information Systems (SIAM and SNMF), the CBIT project will support the conceptualization, design and piloting of the Climate Change Module as a necessary tool to track progress and update the NDC. This design will consider existing tools and existing technological developments in the national information systems and the regulatory documents related with these activities. This concept design will consider the development of interoperability formats and procedures required between the two information systems as well as their minimum functionalities required to advance in the tracking and actualization of national goals in climate change. The results of this activity will be tested through a piloting phase considering all the design elements for at least one specific economic sector, GHG emission source or specific climate action in mitigation and/or adaptation. This piloting will be coordinated with the preparation of the Fourth National Communication and/or BUR3.

Steps under this activity will include:

- Review existing tools and plans for technological development within the national information systems.
- Based on the previous review, design and/or complement the climate change module for the National Environmental System, with special focus on the track of NDC.
- Pilot the system, in coordination with the preparation of the fourth NC or third BUR.
- Identify means to finance the operational cost of the Climate Change Module, including but not limited to allocation from the national budget.

Activity 3.4 Establish a National Capacity Building System for all matters related to Climate Transparency.

The level of technical capacity of the personal is described as a barrier for Paraguay to live up to its reporting commitments under the Enhanced Transparency Framework. Paraguay's BUR2 identifies the need to increase the human technical capacity for both the GHG inventory, and the monitoring systems established under the Integrated NDC Framework. This activity will establish a National Capacity Building System for a number of actors related to both Paraguay's NDC Monitoring System and a future GHG Inventory system. The capacity building will be carried out both online and onsite.

Steps under this activity will include:

- Develop a training-of-trainers course, including its institutional setting. To create a sustainable system over time, the capacity to build capacity needs to be established in a stable setting with a tradition of teaching and disseminating knowledge.
- Develop training materials, including choosing and procuring the online platform to be used.
- Identify the representatives of data suppliers and platform users in the different sectors able to disseminate their information well.
- Develop training modules for the relevant data suppliers and platform users in the different sectors through the long-term arrangement established in output 1. above.
- Execute the training modules for the relevant data suppliers and platform users in Paraguay.
- Consult and apply the knowledge products available on the CBIT Global Coordination Platform

#### Activity 3.5. Participate in a South-to-South Peer Exchange programme for Climate Transparency.

Through this activity, Paraguay will benefit from the lessons learned of other countries at Global and Regional level in their path to implement the Enhanced Transparency Framework created under the article 13th of the Paris Agreement. The peer exchange proposed will enrich Paraguay's experience especially via the CBIT Global Coordination Platform, but also through south-south cooperation that includes Latin America peer-to-peer interaction. Within this activity, the CBIT project will support the country to contribute and be an active partner of the CBIT Global Coordination Platform, by updating and exchanging information with other countries through the global platform as well as actively participating at the workshops.

The South-South peer exchange network, RedINGEI, which has been active since 2016, has been a success in its ability to foster peer exchange between the countries, and Paraguay has significantly benefit from it as mentioned in the baseline. This underscores the importance of peer-to-peer exchange, and how such interactions are beneficial for the technical development within a specific area. While inventories form a central part of the reporting which countries are obliged to do under the ETF, it is only a part of it. This activity will collaborate with other transparency projects to establish peer-exchange networks for the wider MRV and M&E systems which this CBIT project will establish.

Steps under this activity will include:

- Share knowledge and attend exchange activities through the CBIT Global Coordination Platform.
- Attend to international conferences and workshops linked to the Transparency Framework of the Paris Agreement.
- Participate and/or organize South-South peer exchange workshops, one per year, similar to the Latin America GHG Inventory Network.

#### Activity 3.6. Propose mechanism to link existing national planning processes with the generated information

The systems developed through this and the previous outputs will be done so in collaboration with the relevant stakeholders. For example, through Output 1, the establishment of institutional arrangements for both NDC tracking and the GHG inventory, the stakeholders involved in these will also adopt their practices and planning to the new context.

In addition to those adjustments and integration which will take place, this activity will study where more explicit connections can be made between national processes and the transparency systems established. The activity will study where, when and how the information generated in the NDC progress monitoring system is relevant for the national development planning processes, for example, and propose measures to ensure it is included.

Steps under this activity will include:

- Map the generated information from the established transparency systems
- Review where leverage points exists in existing planning processes for the generated information.
- Propose mechanisms for how the identified information can be integrated into the national processes.

- 

The activities under output 3 are aligned with activities from the CBIT Programming Directions related to providing tools, training and assistance (d, e, h, and i) and assisting with improvement of transparency over time (j and k).

4) alignment with GEF focal area and/or Impact Program strategies;

This CBIT project is addressing GEF Focal Area Climate Mitigation 3-8 “Foster enabling conditions for mainstreaming mitigation concerns into sustainable development strategies through capacity building initiative for transparency”.

The GEF-7 Climate Change Focal Area Strategy aims to support developing countries to make transformational shifts towards low emission and climate-resilient development pathways. The CBIT, as per paragraph 85 of the COP decision adopting the Paris Agreement, complies with this Focal Area Strategy by:

- Strengthening national institutions for transparency-related activities in line with national priorities;
- Providing relevant tools, training and assistance for meeting the provisions stipulated in Article 13 of the Agreement; and
- Assisting in the improvement of transparency over time.

5) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing;

The CBIT programme is designed to improve mandatory reporting of signatories of the UNFCCC. As such this project is financed on full agreed cost basis. In the case of this programme, eligible activities have been described in the GEF document Programming directions for the Capacity Building Initiative for Transparency (GEF/C.50/06). The activities of this project are consistent with the scope of the programming directions. Cofinancing is not a necessary requirement for this project. However, there is a foundation of activities that are considered cofinancing and have been considered when estimating in-kind co-finance of USD 350,000 as indicated in table C.

Paraguay's current efforts within the field of transparency are substantial and on many different fronts. The increased requirements introduced by the ETF, and the need to comply with the MPGs of Katowice, increases the necessary effort, and also demands more resources. The CBIT project serves well to close that increased gap through its additional resources.

Paraguay counts with a 2020-2030 roadmap for the MRV system which identifies necessary steps to establish an integral transparency system which would facilitate reporting to the UNFCCC. The roadmap lacks the necessary funding however to be implemented. The CBIT project thus will address these identified needs and plans, advancing Paraguay's development of a functional transparency system.

As described above, Paraguay has a conceptual idea of how its Environmental Information System should look. It consists of several different modules, wherein the Climate Change module is one. Paraguay has developed an initial conceptualisation of this, but lacks the funds to realise it. The CBIT project will thus fund the development of this module.

Paraguay counts with advancements within the adaptation sector as well. Paraguay is preparing to develop local adaptation plans under the umbrella of the National Adaptation Plan. However, there are no indicators defined to monitor neither the state nor the progress in these sectors. The CBIT project will address this gap through activity 3.1, which will develop monitoring indicators for the prioritised adaptation sectors within the NDC.

Through Paraguay's current transparency system, lacking capacity is identified as an issue. The CBIT project, through various outputs, establishes a national capacity building system which will train the necessary stakeholders in the various systems which are established. This capacity building system thus addressed an underlying need, and will do so in a sustainable manner.

6) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF); and

This project will indirectly lead to increased mitigation and adaptation efforts through improved tracking of NDC implementation. This project will increase the quality and availability of climate data for Paraguay through the systems which are to be established. In addition, the establishment of NDC progress tracking system will allow Paraguay to see improvements in both mitigation and adaptation efforts as the NDC is being implemented. Moreover, given the linkage between the NDC and the SDGs, and the integration of this linkage into the progress tracking systems, Paraguay will have better information of how its climate work is contributing to sustainable development. These effects will translate to a higher ambition when presenting the next NDC in 2024, and for the consecutive ones as well.

This project will monitor the main indicators from the CBIT tracking tool, especially Indicator 3-*Quality of MRV Systems*, and Indicator 5-*Qualitative assessment of institutional capacity built for transparency-related activities* proposed under Article 13 of the Paris Agreement. The baseline and target will be set during the project development phase.

7) innovation, sustainability and potential for scaling up.

#### *Innovation*

This project builds on the innovative approaches used when creating arrangements for the future GHG inventory system, and will adjust it to fit the context for the different aspects of the Integral MRV System. The establishment of an Integral MRV system for NDC implementation is, in itself, a novelty in the Paraguayan context, as it creates a system where there were none before.

#### *Sustainability*

As described above, the current system of preparing reports to comply with the UNFCCC requirements is highly dependent on international capacity and financial support. This project will address this by building the capacity in Paraguay to create the necessary MRV and M&E systems, including a capacity building system which will ensure that the capacity is retained into the institutions. The developed capacity building material will also be available. Through the link to the CBIT global project, the project team will be kept up to date with development and requirements of the transparency systems.

The financial sustainability is addressed through activities under activity 3.3., where various ways to finance the integral NDC monitoring system will be explored, including private and public finance sources. This will permit the established system to continue to be operational after the end of this project.

#### *Scaling up*

There is considerable potential to scale up the activities of this project. The established capacity building system for the different sectors can be built upon to add other components as well.



In addition, the project will try to learn from and share its experiences at the international level. The project will promote that Paraguay actively exchanges lessons learned with peers especially from Latin America. Countries whose CBIT projects include similar activities are, for example, Peru when it comes to adaptation metrics and indicators, and Honduras in setting up a capacity building scenario. As a member of the Red INGEI, Paraguay has demonstrated that it has the capacities to both transmit and absorb the lessons learned from peer exchange.

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[1] UNFCCC Secretariat. "First steps to a safer future: Introducing the United Nations Framework Convention on Climate Change." August 16, 2016. Accessed February 20, 2018. [http://unfccc.int/essential\\_background/convention/items/6036.php](http://unfccc.int/essential_background/convention/items/6036.php).

[2] At the Rio Earth Summit of 1992 two other international conventions pertaining to the environment were adopted, namely: United Nations Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD).

[3] UNFCCC Secretariat. "First steps to a safer future: Introducing the United Nations Framework Convention on Climate Change." August 16, 2016. Accessed February 20, 2018. [http://unfccc.int/essential\\_background/convention/items/6036.php](http://unfccc.int/essential_background/convention/items/6036.php).

e UNFCCC Secretariat. "First steps to a safer future: Introducing the United Nations Framework Convention on Climate Change." August 16, 2016. Accessed February 20, 2018. [http://unfccc.int/essential\\_background/convention/items/6036.php](http://unfccc.int/essential_background/convention/items/6036.php).

#### **1b. Project Map and Coordinates**

**Please provide geo-referenced information and map where the project interventions will take place.**



#### **2. Stakeholders**

**Select the stakeholders that have participated in consultations during the project identification phase:**

**Indigenous Peoples and Local Communities**

**Civil Society Organizations**

**Private Sector Entities**

**If none of the above, please explain why: Yes**

This document has been prepared through extensive consultation with representatives of the Ministry of Environment and Sustainable Development. In the beginning of the process, a mission was realised to Paraguay to determine the scope of the project. The elaboration of the document has been discussed in more than five (5) virtual meetings, and the document has been revised by the representatives of the Ministry as well.

In the project identification phase, key documents have been reviewed to develop this concept. These documents - the National Communications, Biennial Update Reports, and other key documents - have been developed through a participatory stakeholder approach. Thus, while the preparation of this PIF has not held consultations with neither of the groups mentioned above, their perceptions are taken into account through basing the project on documents developed with their inputs. Moreover, as described below, stakeholder participation is planned for the project preparation phase.

**In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.**

During the project preparation phase, a stakeholder consultation workshop will be held where representatives from Paraguay's civil society and indigenous groups will be invited to participate, women participation will be promoted. The workshop will present the project, and ask for inputs especially on the general direction of the project, and the planned activities. It will also serve to deeply understand the current baseline and challenges of Paraguay's climate transparency and identify synergies with current initiatives. These inputs will then be integrated into the project design as a whole, and in the activities in particular.

| Name of key stakeholders | Responsibility/expertise | Role in the project |
|--------------------------|--------------------------|---------------------|
|--------------------------|--------------------------|---------------------|

|   |   |   |
|---|---|---|
| National Commission on Climate Change (CNCC from its name in Spanish)   | <p>This commission was created by the Law 5875 from 2019. In the chapter IV, articles 9-11 are given its members and functions. This body is a key part for this project due to its responsibilities regarding the support and cooperation to the Ministry of Environment and the Climate Change Directorate.</p> <p>This is an interinstitutional commission with representatives from 34 institutions and groups, including government, academia, civil society and indigenous institutions. The CNCC's task is to provide its point of view and advice on climate change related policies.</p> <p>This commission is a consultative and deliberative instance with the aim of supporting and advising the climate change policy implementation. As part of this commission, national stakeholders are represented, including the Indigenous Paraguayan Institute (INDI) and others considered key part of the information management process to ensure the tracking of the climate action in Paraguay.</p> | Feedback on the different steps in the process as it brings together a wide range of stakeholders to the project.   |
| Ministry of Agriculture and Livestock (MAG, from its name in Spanish)   | Responsible for advocating and suggesting policies which promote and strengthen agricultural production and food security of Paraguay.  | Feedback of the process of improving the collection of activity data, construction of indicators, participation in the training processes and strengthening of technical capacities.                          |
| The Agricultural Statistics and Census Bureau of the Ministry of Agriculture and Livestock (DCEA-MAG, from its name in Spanish) | Responsible for collection of activity data for the agricultural sector.  | Feedback of the process of improving the collection of activity data.   |
| National Forest Institute (INFONA, from its name in Spanish)  | Responsible for the generation and collection of activity data for the forestry sector.   | Feedback of the process of improving the generation and collection of activity data.  |
| Industrial/Farmers Associations   | Private sector actors are key players in the compilation of activity data, and in the implementation of mitigation and adaptation actions. The agriculture sector is especially important. Receiving their input and their buy-in for proposed MRV/M&E systems is important for the success of this project.  | Contributing with their expertise when upgrading emission factors and improving activity data collection under output 2, as well as being consulted when establishing the MRV and M&E systems under output 3. |

|  |  |  |
|--|--|--|
| Ministry of Finance (Ministerio de Hacienda) | Responsible for public finance in Paraguay.  | Interaction on the definition and consensus of indicators linked to climate finances and the assistance on the identification of mechanisms of financial sustainability of the integrated monitoring system of Climate Change of Paraguay. |
| Ministry of Women's Affairs                  | Responsible for advocating and suggesting policies which include a gender perspective. | Feedback on the process of indicator development for the NDC progress monitoring, and in the capacity building programme.  |

### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

The project will take care to include women in the implementation of the project, from the project board and project management team to consultants, and from training to active participation in consultation workshops. In this sense, project management and monitoring will be gender-sensitive, including gender-disaggregated indicators showing who is involved and whose views are represented.

In short, gender considerations will be cross-cutting in this project, in the terms both of its products and its processes. Indeed, with its focus on transparency, shedding light on how women and men participate in climate change-related decision making, the project will contribute to women's equal engagement in and benefit from climate change action. Following CBIT Programming Directions, the GEF Policy on Gender Mainstreaming and its Gender Equality Action Plan and the UN Environment Gender Policy.

Moreover, Paraguay will benefit from the Global Coordination Platform activities on gender. Mainly, under its Output 2.4 "Assistance provided to countries with integrating the UNFCCC Gender Action Plan into enhanced transparency frameworks" of the PIF approved GEF project "Global Capacity Building Initiative for Transparency (CBIT) Platform Phase II A: Unified Support Platform and Program for Article 13 of the Paris Agreement

In addition, this project will organize a gender workshop on a topic that will be agreed upon during the project preparation stage. The topic of the workshop could be training on how women and men have been engaged to adopt climate-smart agriculture practices, or to validate the proposed gender sensitive NDC indicators under activity 3.1. Institutions to be consulted on gender engagement will include, but not be limited to: Ministry in charge of gender, the gender focal point for the convention on climate change, civil society organizations as well as research institutions and development partners working in the fields of gender and climate change.

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?** Yes

**closing gender gaps in access to and control over natural resources;**

**improving women's participation and decision-making; and/or** Yes

**generating socio-economic benefits or services for women.**

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### **4. Private sector engagement**

**Will there be private sector engagement in the project?**

Yes

**Please briefly explain the rationale behind your answer.**

Private sector representatives are essential to consult in the establishment of an Integral MRV system as they are key entities to implement many of actions needed to mitigate and adapt to climate change. This includes both small private actors, such as farmers, but also large private actors such as companies within industry. These will be engaged in the project preparation phase, as described above, but are also key actors in a number of the outputs of the project. Under output 3, "Technical support, training and tools developed and provided to Paraguay to track the implementation of its NDC and support received" private sector actors are essential actors in a number of ways: under activity 3.1., in the process to develop and prioritize indicators for tracking the NDC, private sector voices will be key to decide what is feasible in terms of what activity data one can collect in a simple manner. Within activity 3.1., private sector actors will likely be a key audience as data providers for some of the capacity building courses.

## 5. Risks

Indicate risks, including climate change, potential social and environmental risks that might prevent the Project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the Project design (table format acceptable)

| Risk  | Risk Level | Mitigation   |
|---|------------|--|
| Institutional: high personnel turnover  | High       | Part of the current staff, as described above, is highly dependent on international finance and is usually employed on a consultancy/project basis. This creates a high turnover. This will be mitigated by creating a system which is less dependent on international finance, and thus can create more stable conditions for employees, encouraging them to stay longer.   |
| Institutional:<br><br>National institutions not having sufficient capacity to collaborate with the CBIT team. | Medium     | The capacity building system which will be established will train national institutions, both public and private actors, in aspects necessary to facilitate collaboration.   |
| Political: Lack of political will to finance operational costs of the Integral MRV system                     | Medium     | As the current system hardly is financed through public funds, a change in this implies an increased allocation of resources, if no other means can be identified. There is a high risk that such a request would not be approved politically. The mitigation measure is to show how the Integral MRV system not only serves to report to the international level, but also serves Paraguay's domestic planning needs. |

|  |     |   |
|--|-----|---|
| Organizational: capacity built not retained.   | Low | The project will create a capacity building system which can build the capacity of new staff, thus centralizing the knowledge management.   |
| Knowledge: Country works isolated from other countries and do not take advantage of existing tools and methodologies | Low | The knowledge management system created for the project, and especially the use of the information available on the CBIT Global Coordination Platform and the south-south peer exchange activities will mitigate this risk. |

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

UN Environment will act as the GEF implementing agency providing overall supervision and guidance. The Ministry of Environment and Sustainable Development will be the Executing Agency. An organisation providing execution support will be identified in the CEO Endorsement request preparation phase.

Two highly relevant GEF funded projects which are currently under preparation and will be implemented for the first years of this project are the GEF projects to prepare the Fourth NC and the Third BUR. These both count with the Ministry of Environment and Sustainable Development as the Executive Agency, which will allow for a high level of coordination between the projects. It is also foreseen that a representative from the steering group of the current projects will participate in the Steering Committee of this project to further facilitate coordination.

As described above, this is important as there are considerable areas where synergies can be generated, including in the design and operationalisation of the national inventory system, and establishment of the climate change module.

The project will also allow Paraguay to actively participate in the GEF financed CBIT Global Coordination Platform jointly implemented by UNDP and UN Environment.

## 7. Consistency with National Priorities

**Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions**

Yes

**If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc**

- National Action Program (NAP) under UNCCD.

Paraguay's plan from 2003 describes plans to establish a monitoring system for various aspects of the combat against desertification. It emphasizes the establishment of a national system which should the data already collected and monitored in sectors such as health, metrological services, and agricultural production. Paraguay has developed a National Action Plan for the Combat of Desertification 2018-2030. In this, the concept of the national monitoring system to track the progress towards achieving both the strategic objectives, and the operational. The plan includes the definition of progress indicators and a data collection system.

The CBIT project includes the development of indicators for the tracking of the NDC, which includes adaptation. While the extent of these indicators will be decided at a later stage, the development will take this plan into account and identify synergies between the two sets of indicators.

- ASGM NAP (Artisanal and Small-scale Gold Mining) under Mercury.

Paraguay is currently developing an ASGM NAP. It was approved for implementation by the GEF on the 3rd of February 2016, and the project has yet to close. From the 'Enabling Activity' GEF request document, the project will not establish any monitoring frameworks which could be built upon by the CBIT project. However, the increased capacity of the stakeholders of the project in relation to information flow management, and the experiences in peer learning will serve well to prepare the actors for this project too.

- Minamata Initial Assessment (MIA) under Minamata Convention.

Paraguay participates in a multi-country project funded by the GEF, aimed to increase the capacity of Paraguay, Bolivia, Chile and Dominican Republic to implement the Minamata Convention on Mercury. The project includes an output to perform national and regional assessment of needs and challenges to implement the necessary conventions. This includes establishing better MRV systems for the substances governed by the convention. The increased knowledge of gaps and needs in environmental governance system in Paraguay serves the purpose to illustrate where potential gaps and needs are for those systems which will be established under CBIT.

- National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD.

Paraguay submitted its first NBSAP in 2003 and a second NBSAP in 2016. This text focuses on the second NBSAP, which highlights the need to establish monitoring system in order to track how different activities, such as tourism, affect the biodiversity of the country. In the action plan for 'water resources', it includes the establishment of monitoring systems for the quantity and quality of water resource. As 'water resources' is one of the prioritized adaptation sectors, the CBIT project will likely establish a monitoring system for water resources. While the indicators will be defined at a later stage, they will be aligned with Paraguay's priorities. The action plan for forestry also includes the establishment of a monitoring system.



- National Communications (NC) under UNFCCC.

Paraguay has submitted three NCs in respectively April 2002, December 2011, and January 2017. The third NC describes Paraguay's current situation in terms of climate change impacts, adaptation and mitigation, and also the barriers, gaps and needs in terms of institutional, technical and financial aspects. Examples of institutional limitations are limited availability of protocols and manuals for data handling, and a tendency to view climate change as purely an environmental theme. This project will address both these issues under outcome 1 and 2, and activity 3.1.

Identified technical limitations are the lack of a centralized data base for climate data, and it calls for technical support to implement mechanisms such as MRV systems. Since this, as described in the baseline section above, Paraguay has advanced with the centralized data base system, and this project will build further on this. Moreover, this project will provide the resources for Paraguay to build its capacity to improve its MRV system.

An identified financial limitation is to receive financial support to fund the implementation of the MRV system. The CBIT project addresses this need, and will also explore ways to maintain the established system.

This project is thus well aligned with the third NC.

- - National Determined Contribution (NDC)

This project will establish the necessary MRV and M&E systems to track the progress of Paraguay's NDC. The project thus aligns with the NDC, and also provides an important tool to implement the NDC in an effective and efficient manner.

- Technology Needs Assessment (TNA) under UNFCCC.

Paraguay completed a TNA in 2002. It identifies the technological transfer needs in all the IPCC sectors. It does not include the establishment of an MRV or M&E system.

- National Capacity Self-Assessment (NCSA) under UNCBD, UNFCCC, UNCCD.

Paraguay's GEF funded project to conduct the NCSA was approved for implementation on the 24th of January 2006, and the project was completed on the 24th of October 2011. The assessment highlights the need to develop specialized technical capabilities and form teams. The CBIT project supports this objective through the creation of a team dedicated towards transparency aspects, and also through capacity building throughout the public and private institutions.

Paraguay is wrapping up a second NCSA, through which the SIAM was developed. It also includes outputs, *inter alia*, which aim to develop training programmes on improved data and information management, to develop indicators and tools, and to improve decision-making processes towards implementing the Rio Conventions. While the final reports are not available yet, the experiences of this project will inform the design of the CBIT project in the project preparation phase.

- National Implementation Plan (NIP) under POPs.

Paraguay's NIP was submitted to the Secretariat of the Stockholm Convention on POPs on the 21st of June 2010. The plan identifies the lacking institutional capacity to effectively monitor and enforce rules of the convention within Paraguay as one of the prioritized areas to improve.

The work to establish a national monitoring system of POPs carries similarities to establishing an MRV framework for the NDC progress in aspects of institutional arrangements, and capacity building systems. As this work has been carried out, the establishment of MRV systems under the CBIT project will learn from the previous experiences and good practices of the POPs system.

- Biennial Update Report (BUR) under UNFCCC

Paraguay has submitted two BURs to the UNFCCC; the first in December 2015, and the second in December 2018. The preparation of this PIF has drawn much on the second BUR; its main points are thus reflected throughout this document. To highlight a few, the BUR2 identifies some main limitations for Paraguay to meet the commitments made under the UNFCCC. These are, inter alia, lack of technical staff to support climate action, high dependence on international cooperation in technical and financial aspects, and difficult to obtain official and reliable data to prepare the reports. As mentioned, this project aims to address exactly these limitations.

- Others

National Development Plan, 2014-2030.

The National Development Plan (PND, from its Spanish acronym) defines the axes and strategic objectives, policy priorities and lines of action for inclusive and sustainable development in Paraguay. In the short term, the PND serves as a reference for the definition of programs and allocation of public resources, while establishing indicators for monitoring of the actions and for the verification of compliance with the Objective set by the Government. In the medium term, the implementation of the PND involves the alignment of strategic objectives with the priorities promoted every five years, with political and institutional mechanisms to take into account and shape the strategic direction of the PND for development by 2030. The PND has three lines of action:

- Poverty reduction and social development.
- Inclusive economic growth.
- Paraguay's insertion into the world

The plan also includes environmental sustainability as a theme transcending these goals, emphasizing the need to reduce pollution from industry and plan and control the use of natural resources.

A key strategy under area 3 is for Paraguay to comply with the requirements of the UNFCCC, in a manner in line with national priorities. The CBIT project aids in implementing this strategy.

The monitoring and evaluation of the progress of the PND is the mandate of the National Secretary of Development Planning (STP, from its Spanish acronyms). The monitoring and evaluation of the PND will be done in coordination with the Ministry of Finance. Moreover, the implementation work of the public institutions will be done by the National Council of Evaluation of Public Management (CNE, from its Spanish acronym). This council was created with the purpose to evaluate the implementation of the PND, and meets biannually. The National Statistics Bureau is tasked with providing the Council with the necessary information to perform evaluations, and the STP counts with technical resources to perform necessary studies.

The monitoring system set up for the PND is interesting for the CBIT project. Contact will be taken during the project preparation phase to inform them of the possibility to use the information of the MRV and M&E systems to evaluate policies needed to realize the NDC.

## **8. Knowledge Management**

**Outline the Knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.**

The CBIT project in Paraguay will create knowledge through the development of indicators for NDC monitoring in mitigation, adaptation and means of implementation. Activity 3.2 will also develop the tools, protocols and guidelines of how data is supposed to be collected. An essential part in managing this knowledge is through output 1 as it will ensure the institutionalization of the developed knowledge. This will allow for better information sharing between different institutions in the country, which also can act to reduce the challenges when staff leaves positions, as the counterpart in another institution will maintain part of the knowledge on their side.

The main knowledge management system is however established under outcome 3 with the establishment of a national capacity building system. This will ensure that the knowledge is institutionalized in one place. Through the training-of-trainers approach, and through having both online and onsite training sessions, it builds a robust system which can reach many of the necessary stakeholders in Paraguay.

Furthermore, this national project will allow the country to participate in the CBIT Global Coordination Platform providing and receiving inputs. The project proposal will therefore define how national CBIT information shall be shared and updated on the Global Coordination Platform. Sharing lessons learned and experiences under the platform will ensure alignment of this CBIT project with other national, regional and global transparency initiatives.

**Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)**

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).**

| Name         | Position                    | Ministry  | Date      |
|--------------|-----------------------------|---|-----------|
| Carlos Vecca | GEF Operational Focal Point | Ministry of Environment and Sustainable Development of Paraguay | 10/3/2019 |

#### **ANNEX A: Project Map and Geographic Coordinates**

Please provide geo-referenced information and map where the project intervention takes place

