

Concept Note

Market-based mechanism - implementation of Law 3001/06 in Paraguay

Paraguay | United Nations Environment Programme (UNEP)

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**GREEN
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FUND**

Simplified Approval Process Concept Note

Project/Programme Title:	Market-based mechanism - implementation of Law 3001/06 in Paraguay
Country(ies):	Paraguay
National Designated Authority(ies) (NDA):	Secretaría Técnica de Planificación del Desarrollo Económico y Social (STP; Ministry of Planning)
Executing Entities:	Secretaría del Ambiente (SEAM; Ministry of the Environment)
Accredited Entity(ies) (AE):	UN Environment
Date of first submission/ version number:	<u>2019-02-27 [v1]</u>
Date of current submission/ version number:	<u>2019-02-27 [v1]</u>



Please submit the completed form to tosap@gcfund.org,
using the following name convention in the subject line and file name:
“**CN-[Accredited Entity or Country]-YYYYMMDD**”

A. Project / Programme Information (max. 1 page)			
A.1. Project or programme	<input checked="" type="checkbox"/> Project <input type="checkbox"/> Programme	A.2. Public or private sector	<input checked="" type="checkbox"/> Public sector <input type="checkbox"/> Private sector
A.3. Indicate the result areas for the project/programme	<p>Mitigation: Reduced emissions from:</p> <p><input type="checkbox"/> Energy access and power generation</p> <p><input type="checkbox"/> Low emission transport</p> <p><input type="checkbox"/> Buildings, cities and industries and appliances</p> <p><input checked="" type="checkbox"/> Forestry and land use</p> <p>Adaptation: Increased resilience of:</p> <p><input type="checkbox"/> Most vulnerable people and communities</p> <p><input type="checkbox"/> Health and well-being, and food and water security</p> <p><input type="checkbox"/> Infrastructure and built environment</p> <p><input type="checkbox"/> Ecosystem and ecosystem services</p>		
A.4. Estimated mitigation impact (tCO₂eq over lifespan)	30.7 million tCO ₂ eq	A.5. Estimated adaptation impact (number of direct beneficiaries and % of population)	N/A
A.6. Indicative total project cost (GCF + co-finance)	Amount: USD 11,246,602	A.7. Indicative GCF funding requested (max 10M)	Amount: USD 8,246,602
A.8. Mark the type of financial instrument requested for the GCF funding	<input checked="" type="checkbox"/> Grant <input type="checkbox"/> Loan <input type="checkbox"/> Guarantee Other: specify _____		
A.9. Estimated duration of project/ programme:	a) disbursement period: 6 years	A.10. Estimated project/ Programme lifespan	20 years
A.11. Is funding from the Project Preparation Facility needed?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	A.12. Confirm overall ESS category is minimum to no risk¹	<input checked="" type="checkbox"/> C or I-3
A.13. Provide rational for the ESS categorization (100 words)	The proposed activities have minimal or no environmental and social risks. As explained in section B.2, activities will focus on the improvement of the regulatory framework, institutional strengthening, monitoring, knowledge management and advisory services.		
A.14. Has the CN been shared with the NDA?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A.15. Confidentiality²	<input type="checkbox"/> Confidential <input checked="" type="checkbox"/> Not confidential
A.16. Project/Programme rationale, objectives and approach of programme/project (max 100 words)	<p>Paraguay loses approximately 286,000 ha/year. In 2006, the national congress established a market on environmental services to promote forest conservation (Law 3001/06). However, only 182,000 hectares have entered the market and only 10.6% found buyers. These low figures reflect low demand for Environmental Service Certificates (CSAs for its Spanish acronym), high transaction costs, and limited institutional capacity.</p> <p>The objective of this project is to mitigate emissions from land-use change using a market-based mechanism to reach a minimum of 350,000 hectares transacted in the market by 2023 and achieve emission reductions of 30 million tnCO₂e at a cost of 0.26 USD/TnCO₂e.</p>		
B. Project / Programme details (max. 3 pages)			
B.1. Context and Baseline (max. 1 page)			
<p>This project followed a wide consultation process that produced the national forest strategy entitled "Forests for Sustainable Growth" (ENBCS for its acronyms in Spanish). The ENBCS identified the full implementation of the market for environmental services (Law 3001/06) as a cornerstone effort to reduce emissions of greenhouse gases (GHG) from land use change in Paraguay. The ENBCS is an integral part of the National Development Plan 2030 (PND 2030, for its acronyms in Spanish). The development of the ENBCS was led by the Ministry of Environment (SEAM), the National Forestry Institute, (INFONA) and the Federation for the Self-Determination of Indigenous Peoples (FAPI).</p>			

¹ Refer to the SAP ESS Guidelines

²Concept notes (or sections of) not marked as confidential may be published in accordance with the Information Disclosure Policy ([Decision B.12/35](#)) and the Review of the Initial Proposal Approval Process ([Decision B.17/18](#)).

The ENCBS includes a comprehensive analysis of the context in which this project will be implemented. The analysis includes direct and indirect causes of forest loss, barriers to change and legal/regulatory framework. The objective and activities presented in this project reflect the contents of the ENCBS. The full document [can be accessed here](#).

Paraguay has approximately 18.5 million hectares of forest areas. Its current deforestation rate is the sixth largest worldwide with an average loss of 286,000 hectares per year³. In order to reverse this situation, Paraguay approved a law on environmental services (Law 3001/06) that provides payments for protection and management of forests including reforestation. Law 3001/06 effectively established the basis for a market on environmental payments. Any property exceeding 20 hectares must conserve at least 25% of its original forest. If not, the owner should either restore native forest until achieving the 25% or obtain environmental certificates (CSAs) to compensate for this deficit. Public and private infrastructure projects defined as of “high environmental impact” must also compensate impact by purchasing CSAs. In turn, landowners with excess forest area (above 25%) can generate CSAs and receive payments for forest conservation.

The payments per hectare provided for in Law 3001/06 are attractive and can be competitive with the opportunity cost of cattle ranching and other agricultural activities, something of vital importance to attract landowners to enter the market. Paraguayan forests are mainly owned by private individuals and the success of anti-deforestation efforts will largely depend on the participation of private sector.

However, the degree of compliance by projects and private landowners with the requisites of Law 3001/06 is very low. The barriers to the full implementation of Law 3001/06 are as follow:

1. Major limitations on SEAM’s capacity to process applications for, and to issue, CSAs.

The process to issue CSAs is characterised by very high transaction costs that discourage interested landowners from participating in the market. The average time between the start of the application process and the issuance of CSAs can be 18 months and requires a considerable amount of paperwork and information. The application process is run in the central offices of SEAM in Asuncion putting challenges to landowners with plots away from the country’s capital, where the most valuable areas at danger of deforestation are located. SEAM has very limited capacities to process applications, including checks on the accuracy of the information provided. The system is not digitalized.

2. High cost of accessing the market, which discourages participation, particularly from medium and smallholders and indigenous communities.

In addition to the barriers stated above, the market for environmental services is costly to access. Estimations done during the development of this project indicate that the costs of obtaining CSAs and having them transacted in the market can start at 5,000 USD and go higher depending on delays in the process, honoraria of consultants, location of the land and whether the applicant lives outside Asuncion. These costs can be significant for medium and smallholders discouraging participation in the market.

3. Absence of a trading platform for CSAs, which increases transaction costs for buyers and sellers.

The market for environmental certificates (CSAs) does not have a trading platform. Owners of certificates must find out for themselves potential buyers and communicate with them to explore transactions. Equally, those in need of buying CSAs must look for potential suppliers and locate them to explore interest. Buyers and sellers must first agree verbally on price and other characteristics of the transaction, then do the operations themselves and pay for the legal advice required. This puts significant challenges, particularly for market participants located far from Asuncion.

4. Low demand of CSAs:

There has been historically a low demand for CSAs and this reflected several reasons. First, government institutions have limitations on monitoring, supervision and enforcement capabilities. It is only very recently that Paraguay, with the support of UNREDD and the FCPF, has on-time monitoring capacities to detect changes in land use. Second, the list of activities defined as of high environmental impact, and therefore with the obligation to purchase CSAs, is limited. A more comprehensive list of high impact activities will help to increase demand of CSAs. The Ministry of Public Works and Communications has recently started to include in its annual budget the purchase of CSAs for its high-impact projects. However, there is no record that the private sector is similarly complying with the required purchases for their own projects. The new government is committed to gradually improve compliance rates for privately financed development characterized as of high environmental impact.

The full implementation of Law 3001/06 requires an initial injection of resources to remove barriers and to make the market for environmental services self-sustainable. However, the needs of the country are many and public funds face competing demands. In 2017, the population living in poverty amounted to 26%. In rural areas this figure increases to 36%. The infant mortality rate, considered as a good indicator of the overall capacity of the State to provide social services,

³Statistics provided by the Ministry of the Environment (SEAM).

is 13.7/1000, or more than 4 times that of the Netherlands. Improving these statistics requires substantial and steady public investment in social areas.

However, while the government has signalled the priority it gives to fighting poverty, it is also committed to improve natural resource conservation and contribute to climate change mitigation. Paraguay asks for external, initial, support to undertake long lasting transformation in the area of forest conservation and mitigation. This is also reflected in its nationally determined contribution (NDC), in which 10% of it is dependent on external support. This project responds to this commitment and ensures that the external contribution will be used efficiently.

B.2. Project / Programme description (max. 1 page)

The project addresses the challenges listed in Section B.1 as follows:

Outcome 1. Supply of CSAs to the market for environmental services strengthened

Output 1.1 Regulatory framework to facilitate implementation of the market for environmental services developed.

The improvement of the regulatory framework will reduce entry/transaction costs and allow for cost-recovery in its implementation. This component will work on simplifying the certification process, establishing a mechanism to ensure financial sustainability of the system, increasing the scope of high-impact activities, monitoring, and improving the coordination mechanisms with INFONA (in regard to Law 422). The project will support specialized legal advice during the first two years of the project including a number of facilitating workshops with the different units involved in the certification and transaction process.

Output 1.2. Streamlined process for the certification and commercialization of CSAs established.

The market for environmental services is plagued with operational bottlenecks that increase transaction costs and limit participation. This component will invest in establishing a registration and commercialization system with significantly lower management and participation costs. The project will tailor this system to small, medium and large landowners. The system will be fully digitized and will include an on-line trading platform to link supply and demand of CSAs. The project will support the digitalization of the process of environmental certification, environmental impact, and the establishment of an online platform to transact CSAs. The project will provide assistance to SEAM to implement management software and overall technical support during the initial phases of the project.

The project will apply the method developed by SIGOB called “System of Structured Regular Processing” (TRE for its acronym in Spanish) for the rationalization and management of workflows in government. These tools have been applied with success to a variety of processes in ministries, City Halls, controllers and others worldwide obtaining significant gains in efficiency and cost minimization. The TER serves to rationalize processes, minimize time and increase client orientation.

Outcome 2. Demand of CSAs in the market for environmental service strengthened.

Output 2.1 Partnerships established with municipalities, government institutions, communities and other stakeholders for purchase of CSAs.

The project will reach out to the various constituencies with interests in the market for environmental services in order to promote a gradual but steady increase in participation and compliance rate. The project will establish linkages with municipalities, producers’ associations, government institutions, enforcement units, communities and other sectors that will be formalized on workplans with the support of the Management Unit of the Presidential Office.

From year 2, the project will support 17 workshops to include dialogue and consultations on Law 3001/06. For parties interested in land certification, these dialogues will focus on how to facilitate their participation in the program. For parties required to compensate forest deficits or high impact projects, these dialogues will support a gradual transition from the current situation to one where the compensation requirements set by Law are fully complied with. With the support of the presidency, SEAM will establish closer collaboration with INFONA on enforcement of minimum area required as per the forestry law. SEAM, STP and the Ministry of Social Development will define priority areas for the project to have the highest possible environmental and social impact.

Output 2.2. Real-time land use change monitoring system established.

The project will establish a real-time online monitoring platform for compliance with Law 3001/06. The objective is to identify reversals after certification or commercialization of CSAs. Main activities will be the design, development, and implementation of the system, establishing long-term agreement with image providers, and data linkages with the forest monitoring system at INFONA. Increased remote sensing capacities combined with higher fines for those in breach of laws 422/73 y 294/93 have already resulted in an increased demand for CSAs since 2017. The objective is to maintain

and increase the positive trends observed recently. The new administration of Paraguay is committed to continue improving compliance rates with Law 3001/06.

Outcome 3. Institutional capacity for implementation and communications strengthened.

Output 3.1. Staff hired and trained and working facilities upgraded to allow for an effective implementation of the market for environmental services

The challenge of preserving Paraguay’s forests cannot be successfully addressed if the institutions with the responsibility of implementing the law have no capacities to do so. The project will invest in the institutional strengthening of SEAM to implement effectively the Law 3001/06. The project will increase human capacity in the SEAM divisions of Geomatics, Control, Legal Support, Regional Offices, and Environmental Services. Overall, this will result in an increase of 23 technical and support personnel across 5 key areas in SEAM. The government commits to absorb this increased human capacity within SEAM by the end of the project. The costs of this increased human capacity account for a bit less than 40% of the total cost of the component. In order to benefit the most from this increased capacity, it is necessary to complement it with a minimum level of infrastructure and equipment. This component will support the purchase of computing and communication equipment for both the central and regional offices of SEAM including the development of office space to host the augmented capacities of SEAM. This component accounts for almost half of the total project budget reflecting the importance of human and capital resources for the successful implementation of the market for environmental services. The proposed increase in human capacities and infrastructure resulted from a thorough evaluation of existing constraints at SEAM. This component is critical to ensure that the investments in digitalization of the certification and commercialization processes provide the expected benefits.

Output 3.2. Tailored knowledge products prepared and disseminated to raise awareness and support for the mechanism.

This component will communicate and disseminate project results and impact. It will also contribute to stakeholder buy-in and ownership. In parallel, it will identify, organize, and disseminate to third parties good practices and lessons learned in the project. The project will support the definition of a communication and knowledge management strategy, a website dedicated to project goals and activities, the production of information materials on Law 3001/06, public communication campaigns, and south-south exchange of experiences.

B.3. Expected project results aligned with the GCF investment criteria (max. 1 page)

Mitigation potential

The project expects to deliver **30.7 million tnCO₂eq** in emission reductions at an approximately **unit cost of 0.26 USD/tnCO₂eq**. These expected results are based on conservative assumptions. The design of the project has been based on economic analysis of deforestation, including opportunity costs of conservation, and spatial deforestation models that identified areas most at risk of losing forest cover.

A feasibility analysis performed as part of the design of the project, and based on demand, supply and the equilibrium price of a functional market, shows that the target of commercializing 350,000 CSAs is viable and in fact, a conservative scenario. At a price of USD 152 per CSA, the number of hectares traded in the market would reach 1.2 million and in most cases this equilibrium price is below the CSA’s reference price as determined by SEAM. These results provide enough room to accommodate variations caused by changes in price equivalence among ecoregions. The target of commercializing 350,000 CSAs is about one third of the estimated potential. With this target, the project is expected to mobilize USD 53 million from the commercialization of CSAs.

The estimated emission reductions are based on models developed by SEAM and UN Environment that showed an accuracy of 70% in identifying hectares at risk of deforestation. The project will prioritize the entry of hectares into the market coming from deforestation “hot-spots”. The mitigation potential of the project has factored into calculation the frequency of false positives, or hectares that enter the market but that would have not been deforested anyway. Finally, the project used data on carbon content for various types of forests as reported by FAO (2015).

Paradigm shift

The project promotes a **radical transformation in the rural sector by adding value to forest conservation**. The current approach is that forest conservation does not provide any benefits to private sector. Land that remains with forest and is not transformed for farming purposes is perceived as being idle capital on which property taxes are paid, obtaining no benefits in return. By overcoming the current limitations of the Law 3001/06 and allowing the market to fully operate, we expect to change individuals’ perception making a clear case that transforming forests for agricultural and cattle activities are not the only options for revenue generation.

Replication potential

The project has a high replication potential in other countries of the region. A major innovation brought about by the market for environmental services (Law3001/06) is that the costs of conservation are not entirely a responsibility of the

State but rather of private individuals as well. The payments for conservation are not coming only from the Government budget but also by transactions between private stakeholders.

Sustainable development

The project will make available economic incentives for the preservation of forests. The existence of these incentives will result in tangible environmental and socioeconomic benefits and contribute to mitigate impact, and corresponding emissions, from land use change. It is also important to note that by increasing the volume of CSAs transactions the project will contribute to the 2030 National Development Plan, specifically in terms of opportunities to diversify rural economies and in terms of providing poor and indigenous communities with tangible rewards for preserving their forest (social benefits).

Contribution to country priorities

The full implementation of the market for environmental services will result in a direct contribution to the actions established in the 2014-2030 National Development Plan, more specifically “Promoting the sustainable management of forest ecosystems; promoting reforestation activities to protect forests and generate revenue; reducing illegal logging and forest degradation”.

C. Indicative financing / Cost information (max. 2 pages)

C.1. Financing by components (max ½ page)

Please provide an estimate of the total cost per component and disaggregate by source of financing.

Component	Indicative cost (USD)	GCF financing		Co-financing		
		Amount (USD)	Financial Instrument	Amount (USD)	Financial Instrument	Name of Institutions
Output 1.1	129,937	129,937	Grant			
Output 1.2.	944,923	944,923	Grant			
Output 2.1	495,228	495,228	Grant			
Output 2.2	782,747	782,747	Grant			
Output 3.1	4,090,570	4,090,570	Grant			
Output 3.2	269,293	269,293	Grant			
Purchases of CSAS	0	0	N/A	3,000,000	Public funds	GoP
Operational costs, management, reporting and evaluation	852,992	852,992	Grant			
AE fee (9%)	680,912	680,912	Grant			
Indicative total cost(USD)	8,246,602	8,246,602		3,000,000		

C.2. Justification of GCF involvement (max 1/2 page)

The project has a strong potential to deliver emissions reductions. However, these cannot be realized without significantly strengthening the capabilities of SEAM. Its budget and human resources are already stretched, and the demands by a complex project like this are above the response capacity of SEAM.

The petition for a grant reflects the type of project being submitted, which does not include investment intended to achieve an increase in economic output nor it involves support to a productive sector with spill overs on the rest of the economy. If this has been the case, the project would have requested financing through a credit line. Rather, this project will enable Paraguay to undertake mitigation activities with environmental benefits that are of global significance.

The Government of Paraguay is committed to increase substantially the purchases of CSAs until it fully complies with the Law 3001/06 and will invest a minimum of 3 million USD during this project. It also commits to absorb the full operational and labour costs of the certification and commercialization platforms (to be set up by the project) and therefore to ensure its sustainability.

The GCF contribution will be allocated towards overcoming the barriers impeding the full implementation of the national market for environmental services. For this, Paraguay requests the minimum grant necessary to overcome those limitations and make the system self-sustainable in the long run.

The project will also mobilize internal resources from the transactions in the market for certificates. The feasibility analysis indicates a conservative target of 350,000 CSAs commercialized by end of project. The economic volume associated by these transactions will be in the order of US\$53 million.

C.3. Sustainability and replicability of the project (exit strategy) (max. 1/2 page)

The project's exit strategy and sustainability include several lines of work.

First, the project will leave in place a cost-recovery system to sustain operations. Also, from year three, the government will begin to gradually absorb the operational costs of the certification and commercialization platforms. The government is also committing to increase the purchase of CSAs gradually until full compliance with the Law 3001/06 and to increase compliance rates of private landowners with forest deficits in their holdings.

In parallel, the project will work towards a change of perceptions from private landowners regarding the advantages provided by the market on environmental services, particularly through component #6 on communication and dissemination.

Finally, the project will establish a new rural development model that includes forest conservation as a valid alternative (in addition to the farming and cattle raising industries). There is an important constituency in Paraguay willing to place forest under conservation using CSAs. The project expects to change individuals' perception regarding the value of forests protection by providing a valid option for revenue generation.

C.4 Stakeholders engagement in the project or programme (max ½ page)

The project has a specific component (#3) to promote stakeholders' engagement in the project. Specifically, and from year 2, the project will support 17 workshops to include dialogue and consultations on Law 3001/06. For parties interested in land certification, these dialogues will focus on how to facilitate their participation in the market. For parties required to compensate forest deficits or high impact projects, these dialogues will support a gradual transition from the current situation to one where the compensation requirements set by Law are fully complied with.

The project will be implemented over a six-year period (2019 - 2024). The Ministry of the Environment (SEAM) will be the leading institution. The Technical Planning Secretariat of the Presidency of Paraguay (STP), which is also the National Designated Authority, will coordinate implementation with other government institutions and partners. A brief description of government partners follows:

SEAM. It is the institution in charge of developing policies, and coordinating, monitoring and executing environmental activities, plans, programs and projects. It does that within the National Development Plan in the areas of preservation, conservation, and management of natural resources. SEAM is responsible for ecological and environmental planning as contributors to economic growth, social equality and environmental sustainability. SEAM is comprised of several departments in charge of managing different areas. These include the Environmental Services Department, which is the body in charge of implementing the market for environmental services and the one mainly benefiting from this project.

STP. It is the national designated authority to the Green Climate Fund. The STP mission is to coordinate and promote the design, implementation, follow-up and evaluation of the country's development process. The STP has a strong involvement in the nationwide efforts to reduce poverty levels by promoting policy oriented towards greater economic and social inclusion. It promotes options to diversify the economy and reduce the gender inequality gap. The STP is a key stakeholder in all phases of the project and has collaborated with SEAM in the development of this proposal.

C.5 Monitoring and Evaluation and reporting plans (max ¼ page)

Monitoring and evaluation will be responsibilities of UN Environment. The Programme Officer assigned to the project will be accountable for these tasks. Data on activities will be obtained through the Project Implementation Unit and inputs from the local counterparts, particularly SEAM and STP. UN Environment will be responsible for the submission of annual progress reports. The Project Steering Committee will have the mandate to adjust workplan and budgets in view of the reporting on progress.

UN Environment will be in charge of organizing a midterm evaluation (MTE) and a final evaluation (FE). Financial resources have been included in the budget to this end. The Project Implementation Unit will provide support during the entire evaluation process. Both MTE and FE will be performed by independent evaluators preferably recruited by the UN Environment's Independent Evaluation Office.

The MTE will provide an independent evaluation and will suggest changes for improving project's performance. The Project Unit will prepare a management response report on the recommendations contained in the MTE and its respective implementation plan. The UN Environment Programme Officer will monitor that recommendations accepted are implemented. The Evaluation Office will be in charge of the FE and will work together with the Program Officer during the process. This evaluation is intended to analyse relevance, efficiency, effectiveness, and sustainability and will have the

following main objectives: -providing evidence on results; -providing knowledge and good practices; - analysing the main socioeconomic and environmental impacts caused.

The project will also perform a financial audit towards the end of activities. The FE report will be forwarded to all relevant stakeholders to obtain their comments. Comments will be shared with the Evaluation Office in an open manner. The final report will be available to the public.

D. Annexes

ESS screening check list (Annex 1)

Map indicating the location of the project/programme (as applicable)

Evaluation Report of previous project (as applicable)

Annex 1: Environmental and Social Screening Checklist

Part A: Risk Factors

The questions describe the “risk factors” of activities that would require additional assessments and information. Any “Yes” response to the questions will render the proposal not eligible for the Simplified Approval Process Pilot Scheme. Proposals with any of the risk factors may be considered under the regular project approvals process instead.

Exclusion criteria	YES	NO
Will the activities involve associated facilities and require further due diligence of such associated facilities?	<input type="checkbox"/>	X
Will the activities involve trans-boundary impacts including those that would require further due diligence and notification to downstream riparian states?	<input type="checkbox"/>	X
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women, child labour?	<input type="checkbox"/>	X
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?	<input type="checkbox"/>	X
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies?	<input type="checkbox"/>	X
Will the proposed activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?	<input type="checkbox"/>	X
Will the activities be located in protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites?	<input type="checkbox"/>	X
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and documentation of development plans?	<input type="checkbox"/>	X
Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	<input type="checkbox"/>	X

Part B: Specific environmental and social risks and impacts

Assessment and Management of Environmental and Social Risks and Impacts	YES	NO	TBD
Has the AE provided the E&S risk category of the project in the concept note?	X	<input type="checkbox"/>	<input type="checkbox"/>
Has the AE provided the rationale for the categorization of the project in the relevant sections of the concept note or funding proposal?	X	<input type="checkbox"/>	<input type="checkbox"/>
Are there any additional requirements for the country?	<input type="checkbox"/>	X	<input type="checkbox"/>
Are the identification of risks and impacts based on recent or up-to-date information?	X	<input type="checkbox"/>	<input type="checkbox"/>
Labour and Working Conditions	YES	NO	TBD
Are the proposed activities expected to have impacts on the working conditions, particularly the terms of employment, worker’s organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?	<input type="checkbox"/>	X	<input type="checkbox"/>

Will the proposed activities pose occupational health and safety risks to workers including supply chain workers?	<input type="checkbox"/>	X	<input type="checkbox"/>
Resource Efficiency and Pollution Prevention	YES	NO	TBD
Are the activities expected to generate (1) emissions to air; (2) discharges to water; (3) activity-related greenhouse gas (GHG) emission; and (5) waste?	<input type="checkbox"/>	X	<input type="checkbox"/>
Are the activities expected to utilize natural resources including water and energy?	<input type="checkbox"/>	X	<input type="checkbox"/>
Will there be a need to develop detailed measures to reduce pollution and promote sustainable use of resources?	<input type="checkbox"/>	X	<input type="checkbox"/>
Community Health, Safety, and Security	YES	NO	TBD
Will the activities potentially generate risks and impacts to the health and safety of the affected communities?	<input type="checkbox"/>	X	<input type="checkbox"/>
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in times of emergency?	<input type="checkbox"/>	X	<input type="checkbox"/>
Will there be risks posed by the security arrangements and potential conflicts at the project site to the workers and affected community?	<input type="checkbox"/>	X	<input type="checkbox"/>
Land Acquisition and Involuntary Resettlement	YES	NO	TBD
Will the activities likely involve voluntary transactions under willing buyer-willing-seller conditions and have these been properly communicated and consulted?	<input type="checkbox"/>	X	<input type="checkbox"/>
Biodiversity Conservation and Sustainable Management of Living Natural Resources	YES	NO	TBD
Are the activities likely introduce invasive alien species of flora and fauna affecting the biodiversity of the area?	<input type="checkbox"/>	X	<input type="checkbox"/>
Will the activities have potential impacts on or be dependent on ecosystem services including production of living natural resources?	<input type="checkbox"/>	X	<input type="checkbox"/>
Indigenous Peoples	YES	NO	TBD
Are the activities likely to have indirect impacts on indigenous peoples?	X (positive)	<input type="checkbox"/>	<input type="checkbox"/>
Will continuing stakeholder engagement processes and a grievance redress mechanism be integrated into the management / implementation plans?	X	<input type="checkbox"/>	<input type="checkbox"/>
Cultural Heritage	YES	NO	TBD
Will the activity allow continuous access to the cultural heritage sites and properties?	X	<input type="checkbox"/>	<input type="checkbox"/>
Will there be a need to prepare a procedure incase of the discovery of cultural heritage assets?	<input type="checkbox"/>	X	<input type="checkbox"/>

Sign-off: *Specify the name of the person responsible for the environmental and social screening and any other approvals as may be required in the accredited entity's own management system.*

Annex 2: Paraguay - deforestation hot spots

