

UNEP Environmental, Social and Economic Review Note (ESERN)

I. Project Overview

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| Identification | |
| Project Title | Paraguay REDD+ results-based payments for the period 2015-2017 |
| Managing Division | Ecosystems Division |
| Type/Location | National |
| Region | Latin America and the Caribbean |
| List Countries | Paraguay |
| Project Description | <p>The Government of Paraguay has requested UN Environment, as Accredited Entity, to develop the project "Paraguay REDD+ RBP for results period 2015-2017" to be submitted to the "Pilot programme for REDD+ results-based payments" of the Green Climate Fund.</p> <p>The development of this project builds upon Paraguay's preparation phase as a REDD+ country since 2011 when the country started to develop its Warsaw Framework as requested by the Conference of the Parties of the UNFCCC in order to apply for international funding.</p> <p>The four elements developed by Paraguay are its National REDD+ Strategy (<i>Estrategia Nacional de Bosques para el Crecimiento Sostenible – ENBCS</i>), the National Forest Monitoring System, the Forest Reference Emissions Level (based on historical emissions from deforestation for the period 2000-2015), and the Safeguards Information System. In addition, Paraguay presented its voluntary REDD+ results for reductions of emissions for the period 2015-2017 in its Second Biannual Updated Report in 2018 following UNFCCC decisions.</p> <p>The design of the project focuses on the implementation phase of the ENBCS and enabling activities as a quick start program (output 1) and the preparation and implementation of national mechanisms as the Environmental and Climate Change Funds for medium to long term sustainability of emissions of reductions from REDD+ (output 2). Also, to ensure an efficient and transparent implementation a program management united and technical monitoring system will be implemented (output 3).</p> <p>The project will be implemented during 6 years with the support of other UN Agencies and national organization following UN Environment rules and procedures as accredited entity.</p> |
| Estimated duration of project: | 6 years |
| Estimated cost of the project | 66.500.000 USD |

II. Environmental Social and Economic Screening Determination

A. Summary of the Safeguard Risks Triggered

| Safeguard Standard Triggered by the Project | Impact of Risk ¹ (1-5) | Probability of Risk (1-5) | Significance of Risk (L, M, H) |
|----------------------------------------------------------------------------------------|--------------------------------------|---------------------------|--------------------------------|
| SS 1: Biodiversity, natural habitat and Sustainable Management of Living Resources | 3 | 2 | M |
| SS 2: Resource Efficiency, Pollution Prevention and Management of Chemicals and Wastes | 1 | 1 | L |
| SS 3: Safety of Dams | 1 | 1 | L |
| SS 4: Involuntary resettlement | 3 | 3 | M |
| SS 5: Indigenous peoples | 2 | 3 | M |
| SS 6: Labor and working conditions | 2 | 2 | L |
| SS 7: Cultural Heritage | 2 | 2 | L |
| SS 8: Gender equity | 2 | 2 | L |
| SS 9: Economic Sustainability | 2 | 1 | L |
| Additional Safeguard questions for projects seeking GCF-funding (Section IV) | 2 | 1 | L |

B. ESE Screening Decision² (Refer to the UNEP ESES Framework (Chapter 2) and the UNEP's ESES Guidelines.)

Low risk ☐ Moderate risk ☒ High risk ☐

Additional information required ☐

C. Development of ESE Review Note and Screening Decision:

Prepared by: Name: Victoria Suarez Date: 12 June 2019

Safeguard Advisor: Name: Yunae Yi  Date: 13 June 2019

Project Manager: Name: Gabriel Labbate Date: 13 June 2019

D. Recommended further action from the Safeguard Advisor:

The project is likely to be in the moderate risk category. Section III of the ESERN identified potential risks carefully. As soon as the project approach, sites and the local stakeholders are defined, the risk assessment and management plan should be further fine-tuned for avoidance or minimization of the potential safeguard risks.

¹ Refer to UNEP Environment, Social and Economic Sustainability (ESES): Implementation Guidance Note to assign values to the Impact of Risk and the Probability of Risk to determine the overall significance of Risk (Low, Moderate or High).

² **Low risk:** Negative impacts negligible: no further study or impact management required.

Moderate risk: Potential negative impacts, but less significant; few if any impacts irreversible; impact amenable to management using standard mitigation measures; limited environmental or social analysis may be required to develop a ESEMP. Straightforward application of good practice may be sufficient without additional study.

High risk: Potential for significant negative impacts, possibly irreversible, ESEA including a full impact assessment may be required, followed by an effective safeguard management plan.

III. ESES Principle and Safeguard checklist

(Section III and IV should be retained in UNEP)

| Precautionary Approach |
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| The project will take precautionary measures even if some cause and effect relationships are not fully established scientifically and there is risk of causing harm to the people or to the environment. |
| Human Rights Principle |
| The project will make sure to include any potentially affected stakeholders, in particular local communities and forest dependent people, in the decision-making process that may affect them. |
| The project will respond to any significant concerns or disputes raised during the stakeholder engagement process. |
| The project will make an effort to avoid inequitable or discriminatory negative impacts on the quality of and access to resources or basic services, on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups. ³ |

| Screening checklist | | Y/N/ Maybe | Comment |
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| Safeguard Standard 1: Biodiversity, natural habitat and Sustainable Management of Living Resources | | | |
| Will the proposed project support directly or indirectly any activities that significantly convert or degrade biodiversity and habitat including modified habitat, natural habitat and critical natural habitat? | | Maybe | The activities implemented for the conservation of natural forests and their biodiversity, and for the sustainable management and use of natural resources could incentivize the leakage of deforestation and forest degradation to other areas. This might be more relevant if the law 6256 (applied since 2004 and extender four times), which prohibits practices that result in deforestation in the east region, is no longer extended and some practices are allowed again. The conversion or degradation of habitats could also result from agroforestry and livestock activities if safeguards are not applied. |

³ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

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| Will the proposed project likely convert or degrade habitats that are legally protected? | No | The project attempts to support current efforts to legalize public natural protected areas, strengthen land use planning processes and develop sustainable alternatives in buffer zones surrounding natural protected areas. |
| Will the proposed project likely convert or degrade habitats that are officially proposed for protection? (e.g.; National Park, Nature Conservancy, Indigenous Community Conserved Area, (ICCA); etc.) | Maybe | Lack of clarity and recognition of land tenure rights, weak land use planning, and the legalization of lands –previously proposed for protection– for other uses (e.g. urban development, agriculture and livestock production – due to agricultural reform) presents challenges and could promote conversion or degradation of habitats. |
| Will the proposed project likely convert or degrade habitats that are identified by authoritative sources for their high conservation and biodiversity value? | No | Among the key environmental benefits of the project will be the conservation of biological corridors, critical for maintaining connectivity between natural protected areas. These are primordial for the preservation of biodiversity. |
| Will the proposed project likely convert or degrade habitats that are recognized- including by authoritative sources and /or the national and local government entity, as protected and conserved by traditional local communities? | Maybe | In local small farmer's (<i>campesinos</i>) and indigenous communities could revert the efforts implemented for the protection of habitats if their concerns and needs are not addressed, or economic alternatives supported are not sustainable and culturally appropriate. This could result from inadequate or insufficient participation of these local stakeholders, resulting in conversion or degradation of habitats. The is a risk if key local stakeholders particularly are not engaged directly –according to their circumstances, capacities and local governance structures– in decision making, as well as design, implementation, and monitoring of the activities. |
| Will the proposed project approach possibly not be legally permitted or inconsistent with any officially recognized management plans for the area? | No | The activities proposed are based on the existing legal framework. |
| Will the proposed project activities result in soils deterioration and land degradation? | No | Soil conservation and avoidance of erosion is a key benefit that can be achieved through the implementation of the project. |
| Will the proposed project interventions cause any changes to the quality or quantity of water in rivers, ponds, lakes or other wetlands? | No | The conservation and sustainable management of forest areas supports the regulation of water |

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| | | | resources, and the avoidance of significant impacts of flooding and other extreme events. |
| Will the proposed project possibly introduce or utilize any invasive alien species of flora and fauna, whether accidental or intentional? | No | | Use of native species will be encouraged. |
| Safeguard Standard 2: Resource Efficiency, Pollution Prevention and Management of Chemicals and Wastes | | | |
| Will the proposed project likely result in the significant release of pollutants to air, water or soil? | No | | |
| Will the proposed project likely consume or cause significant consumption of water, energy or other resources through its own footprint or through the boundary of influence of the activity? | No | | |
| Will the proposed project likely cause significant generation of Green House Gas (GHG) emissions during and/or after the project? | No | | The project's objective is to reduce emissions through avoided deforestation. |
| Will the proposed project likely generate wastes, including hazardous waste that cannot be reused, recycled or disposed in an environmentally sound and safe manner? | No | | |
| Will the proposed project use, cause the use of, or manage the use of, storage and disposal of hazardous chemicals, including pesticides? | No | | |
| Will the proposed project involve the manufacturing, trade, release and/or use of hazardous materials subject to international action bans or phase-outs, such as DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Convention on Persistent Organic Pollutants or the Montreal Protocol? | No | | |
| Will the proposed project require the procurement of chemical pesticides that is not a component of integrated pest management (IPM) ⁴ or integrated vector management (IVM) ⁵ approaches? | No | | |
| Will the proposed project require inclusion of chemical pesticides that are included in IPM or IVM but high in human toxicity? | No | | |
| Will the proposed project have difficulty in abiding to FAO's International Code of Conduct ⁶ in terms of handling, storage, application and disposal of pesticides? | No | | |
| Will the proposed project potentially expose the public to hazardous materials and substances and pose potentially serious risk to human health and the environment? | No | | |
| Safeguard Standard 3: Safety of Dams | | | |
| Will the proposed project involve constructing a new dam(s)? | No | | |
| Will the proposed project involve rehabilitating an existing dam(s)? | No | | |

⁴ "Integrated Pest Management (IPM) means the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimize risks to human health and the environment. IPM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms <http://www.fao.org/agriculture/crops/thematic-sitemap/theme/pests/ipm/en/>

⁵ "IVM is a rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost-effectiveness, ecological soundness and sustainability of disease-vector control. The ultimate goal is to prevent the transmission of vector-borne diseases such as malaria, dengue, Japanese encephalitis, leishmaniasis, schistosomiasis and Chagas disease." (http://www.who.int/neglected_diseases/vector_ecology/ivm_concept/en/)

⁶ Find more information from http://www.fao.org/fileadmin/templates/agphome/documents/Pests_Pesticides/Code/CODE_2014Sep_ENG.pdf

| Will the proposed project activities involve dam safety operations? | No | |
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| Safeguard Standard 4: Involuntary resettlement | | |
| Will the proposed project likely involve full or partial physical displacement or relocation of people? | Maybe | The project will support land use planning. When legalizing natural protected areas or recognizing officially indigenous people's territories, there is the possibility of relocating small farmer's communities. In addition, the lack of recognition or application of the legal framework that protects indigenous peoples' lands and rights associated to land and resources could result in physical displacement or relocation of indigenous peoples, including lack of application of free, prior and informed consent procedures. |
| Will the proposed project involve involuntary restrictions on land use that deny a community the use of resources to which they have traditional or recognizable use rights? | Maybe | When supporting land use planning, legalizing natural protected areas and sustainable use of resources, some restrictions of traditional practices could take place (e.g. subsistence hunting, use of timber and non-timber products, other). |
| Will the proposed project likely cause restrictions on access to land or use of resources that are sources of livelihood? | Maybe | Prohibitions or restrictions on access to land or use of resources could result from the activities attempting to promote conservation and sustainable management of natural resources, if local communities need and livelihoods are not taken strongly into account, and if full and effective participation is not promoted. |
| Will the proposed project likely cause or involve temporary/permanent loss of land? | Maybe | The project will support land use planning. When legalizing natural protected areas or recognizing officially indigenous people's territories, there is the possibility of relocating small farmer's communities. Lack of protection of indigenous peoples' collective rights, including lack of application of free, prior and informed consent procedures, could affect these stakeholders and result in land lost. |
| Will the proposed project likely cause or involve economic displacements affecting their crops, businesses, income generation sources and assets? | No | |
| Will the proposed project likely cause or involve forced eviction? | No | |
| Will the proposed project likely affect land tenure arrangements, including communal and/or customary/traditional land tenure patterns negatively? | No | |

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| Safeguard Standard 5: Indigenous peoples⁷ | | | |
| Will indigenous peoples be present in the proposed project area or area of influence? | Yes | In certain landscapes. | |
| Will the proposed project be located on lands and territories claimed by indigenous peoples? | Maybe | In certain landscapes. | |
| Will the proposed project likely affect livelihoods of indigenous peoples negatively through affecting the rights, lands and territories claimed by them? | Maybe | Negative impacts could result from the lack of effective participation, as well as the lack of recognition and application of principles, laws and regulation that protect indigenous peoples' rights, including the rights related to land. | |
| Will the proposed project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples? | No | | |
| Will the project negatively affect the development priorities of indigenous peoples defined by them? | No | | |
| Will the project potentially affect the traditional livelihoods, physical and cultural survival of indigenous peoples? | Yes | Some activities might be restricted, related to traditions and culture of indigenous peoples. These stakeholders could be affected if they are not engaged in decision-making; in design, implementation and monitoring of activities, and if they are not a key beneficiary of the mechanisms of benefits distribution. | |
| Will the project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? | Maybe | Lack of recognition or protection of the cultural heritage of indigenous peoples could affect them. | |
| Safeguard Standard 6: Labor and working conditions | | | |
| Will the proposed project involve the use of forced labor and child labor? | No | | |
| Will the proposed project cause the increase of local or regional un-employment? | No | | |
| Safeguard Standard 7: Cultural Heritage | | | |
| Will the proposed project potentially have negative impact on objects with historical, cultural, artistic, traditional or religious values and archeological sites that are internationally recognized or legally protected? | Maybe | There are some risks related to the lack of information of cultural heritage, and concrete actions to protect it. If cultural heritage sites are found in the project area, the project will follow the relevant national legal process or customary due diligence process of the concerned communities. | |
| Will the proposed project rely on or profit from tangible cultural heritage (e.g., tourism)? | No | | |
| Will the proposed project involve land clearing or excavation with the possibility of encountering previously undetected tangible cultural heritage? | No | | |
| Will the proposed project involve in land clearing or excavation? | No | | |
| Safeguard Standard 8: Gender equity | | | |

⁷ Refer to the Toolkit for the application of the UNEP Indigenous Peoples Policy Guidance for further information.

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| Will the proposed project likely have inequitable negative impacts on gender equality and/or the situation of women and girls? | Maybe | The project includes as a crosscutting element the gender approach. The current context presents challenges and gaps that might be difficult to address, changes in behavior and local circumstances require long-term support. Considering the gender inequality existing in the society, the project may face challenges in incorporating needs and roles of men and women in different socioeconomic contexts. Gender Action Plan will be developed based on analysis of the stakeholder mapping. The Plan will focus on the modalities of engagement, management, monitoring and communication of men and women throughout the project period. |
| Will the proposed project potentially discriminate against women or other groups based on gender, especially regarding participation in the design and implementation or access to opportunities and benefits? | No | |
| Will the proposed project have impacts that could negatively affect women's and men's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? | No | The gender approach will be mainstreamed in the project. |
| Safeguard Standard 9: Economic Sustainability | | |
| Will the proposed project likely bring immediate or short-term net gain to the local communities or countries at the risk of generating long-term economic burden (e.g., agriculture for food vs. biofuel; mangrove vs. commercial shrimp farm in terms of fishing, forest products and protection, etc.)? | No | The project looks for long-term changes by promoting sustainability. |
| Will the proposed project likely bring unequal economic benefits to a limited subset of the target group? | Maybe | There is a risk of having an unequal distribution of benefits, particularly through the Climate Change Fund. There is concern that fewer benefits will come to local stakeholders, as indigenous peoples and local communities. |

IV. Additional Safeguard Questions for Projects seeking GCF-funding

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| Community Health, Safety, and Security | | |
| Will there be potential risks and negative impacts to the health and safety of the Affected Communities during the project life-cycle? | No | |

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| Will the proposed project involve design, construction, operation and decommissioning of the structural elements such as new buildings or structures? | Maybe | The project considers strengthening institutional capacities, including laboratories improvement, strengthen regional offices in charge of forest control and monitoring. This might involve small construction work in cities or improvement of structures, with limited scope and not implemented in natural areas. The lack of application of law provisions related to health and occupational safety during construction activities could pose a risk. |
| Will the proposed project involve constructing new buildings or structures that will be accessed by public? | Yes | See comment on previous item. |
| Will the proposed project possibly cause direct or indirect health-related risks and impacts to the Affected Communities due to the diminution or degradation of natural resources, and ecosystem services? | No | |
| Will the proposed project activities potentially cause community exposure to health issues such as water-born, water-based, water-related, vector-borne diseases, and communicable diseases? | No | |
| In case of an emergency event, will the project team, including partners, have the capacity to respond together with relevant local and national authorities? | Yes | |
| Will the proposed project need to retain workers to provide security to safeguard its personnel and property? | No | |
| Labor and Supply Chain | | |
| Will UNEP or the implementing/executing partner(s) involve suppliers of goods and services who may have high risk of significant safety issues related to their own workers? | No | |