
Annual Performance Report

Project/Programme title: FP063 - Promoting private sector investments in energy efficiency in the industrial sector and in Paraguay
[Fomento de las inversiones del sector privado en eficiencia energética en el sector industrial y en Paraguay]

Accredited Entity: Inter-American Development Bank (IDB)

Date of Report submission: [YYYY/MM/DD]

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RATIONALE

This report layout is designed to support the drafting of a structured report that assesses, evaluates, documents, and communicates the progress on Funding Proposal (FP) implementation and on its associated Funded Activity Agreement (FAA). The layout aims to provide a clear and comprehensive understanding of key objectives, progress, and risks, drawing on project implementation related data provided by Accredited Entities (AEs). Considering the Green Climate Fund's (GCF) evolving strategic direction toward a Risk-Based Approach, the report is intended to:

- Track quantitative and qualitative progress of the project implementation.
- Highlight critical findings and emerging trends.
- Identify risks and propose actionable mitigation strategies.
- Support evidence-based decision-making.
- Promote transparency and accountability.
- Align with strategic and regulatory frameworks.
- Serve as a foundation for AE engagement on project performance

METHODOLOGY

The report's layout mirrors, to the extent possible, the structure of the Funding Proposal (FP) to maintain coherence with the presented information. However, the FP and the Report differ in scope and strategic intent; thus, while the FP serves a functional role in informing the Report, it does not dictate a strictly parallel structure.

A. PROJECT DATA (Prefilled where possible)				
Should any information/data prefilled from Section A.1 to Section A.12 be incorrect or require updating, please inform GCF's Project Lead of appropriate corrective action.				
A.1. Date of report submission		Click or tap to enter a date.		
A.2. Project or programme	Project	A.3. Sector	Public	
A.4. Total Financing (GCF + Cofinance)	GCF financing		million USD (\$) 23	
	Grant		million USD (\$) 3	
	Co-financing		million USD (\$) 20	
	Grant		Options Enter amount	
	Grant		Options Enter amount	
	In-kind		Options Enter amount	
	Total Financing		million USD (\$) 43	
A.5. Total GCF funding disbursed to this date	million USD (\$) 5			
A.6. Implementation period	From 1/16/2019 to 1/16/2028			
A.7. ESS Category (Refers to <i>GCF revised Environmental and Social Policy</i> and <i>GCF ESS Standards</i> to assess your FP category.)			I-3	
A.8. Executing Entity Information				
Full legal name	Country of registration	Entity type	Role in project	Focal point(s) and email(s)
<i>e.g. National Climate Action Agency</i>	<i>e.g. Kenya</i>	Choose an item.	<i>e.g. Lead Executing Entity</i>	<i>e.g. Sarah Kimani, s.kimani@ncaa.go.ke</i>
Inter-American Development Bank (IDB)	USA	Multilateral development bank	Executing Entity for outputs 1.1, 1.2, 1.3, 2.1	N/A
Agencia Financiera de Desarrollo (AFD)	Paraguay	Public development bank (second-tier), autonomous government agency	Executing Entity for output 3.1	N/A
A.9. Co-Financier information				
Full legal name	Country of registration	Focal point(s) and email(s)	Ownership entity type	Beneficial owner(s)
Inter-American Development Bank (IDB)	USA	N/A	Multilateral Development Bank	Not applicable – multilateral organization owned by its member countries

A.10. Alignment with country NDCs & NAP <i>(NB Only populate if applicable, e.g., if your project/programme specifically contributes to a country's NDC or NAP target/s)</i>				
Country	Date of NDC/ NAP submission	NDC/ NAP objective	Brief description of project's alignment with NDC/ NAP objectives	Percentage of target met with proposed project. Beneficial owner(s)
Paraguay	1/10/2015	Unconditional reduction of 10% of national GHG emissions by 2030, plus an additional 10% reduction conditional on access to international climate finance and technical support.	The FP063 project contributes to Paraguay's NDC mitigation objectives by promoting investments in energy efficiency in industrial SMEs, reducing dependence on firewood and other fossil fuels, and facilitating the transition toward the use of renewable electricity. The project strengthens the financial and institutional framework needed to scale up the use of low-carbon energy, contributing specifically to the conditional component of the NDC linked to access to climate finance.	<u><1 %</u>
A.11. Estimated duration of impact			20 years	
A.12 Report to be shared with NDA				
A. Please indicate whether this report is already shared with the relevant NDA(s) for this Funded Activity. The report will be shared with the NDA. B. Please indicate if information provided in this APR is disclosable outside the Green Climate Fund. ☐ Yes – Yes - The Accredited Entity agrees that the information reported is disclosable. ☒ No - No - The information reported is partly confidential. The disclosable version of the APR will be attached. Please provide further explanation, if any: Please see attached				

B. EXECUTIVE SUMMARY

Should any information/data prefilled in Section “B” be incorrect or require updating, please inform GCF’s Project Lead for appropriate corrective action.

B.1. Summary

During the reporting period, the project advanced from preparation to early delivery, showing tangible progress toward its objectives. In 2025, three energy efficiency sub-loans were disbursed to enterprises in Paraguay, confirming that the financing mechanism is operational and able to support cleaner industrial investment.

The project also strengthened the conditions needed to scale up impact. Governance and coordination improved through the consolidation of the Energy Efficiency Committee as the Program Management Unit, while technical, operational, and market support mechanisms were reinforced. More than 30 training sessions and technical meetings helped strengthen the capacity of financial institutions, companies, and technology providers to identify and prepare energy efficiency investments. The approval of an IDB Technical Cooperation grant also helped secure continuity for key support activities.

The main challenge remained the low level of loan disbursement compared with original targets. This reflects weaker-than-expected market demand, limited maturity of the insurance market, and a still-narrow pipeline of investment-ready projects. To address this, the project intensified outreach, technical validation, coordination, and pipeline development, while AFD launched a pilot to test demand in additional sectors.

C. RESULTS AND IMPACTS

C.1. Overall Summary of the Project Progress

(This section provides a narrative report summarizing the overall progress of the implementation status of the funded activity progress during the reporting period. 1,500 words)

Outcome 1 (Component 1) “Institutional strengthening and product promotion”

During 2025, institutional and operational capacities were strengthened to implement and promote energy efficiency investments in the industrial sector. AFD consolidated management, coordination, and program monitoring mechanisms, improving the ecosystem’s readiness to structure, evaluate, and disseminate bankable projects. The positioning of the energy efficiency product was reinforced through public-private coordination efforts and strategic communication actions, contributing to greater visibility, improved understanding of the instrument, and stronger alignment among financial institutions, firms, and technology providers, thereby laying the groundwork for the expansion of the energy efficiency market. During 2025, the Energy Efficiency Committee was consolidated as the Program Management Unit, strengthening governance mechanisms, institutional coordination, and implementation oversight. By the end of 2025, the IDB Technical Cooperation (PR-T1389) for USD 979,611 was approved, which will provide continuity and operational support to the activities under Component 1. While significant progress has been made in terms of institutional strengthening and product promotion, the program remains under alert status due to low execution levels in terms of credit placements for energy efficiency projects.

Output 1 Improved access to financial and non-financial instruments and operational mechanisms to deploy them in the financing of energy efficiency investments by SMEs: During 2025, technical, operational, and market instruments that facilitate SMEs’ access to energy efficiency investments were strengthened. Contractual tools and evaluation methodologies remained available, technical capacities of key stakeholders were reinforced, and dissemination and coordination mechanisms were expanded. These actions improved the preparation of the project pipeline, reduced information barriers, and strengthened interaction among financial institutions, companies, and technology providers. Throughout the year, more than 30 training sessions and technical meetings were held with IFIs, suppliers, business associations, and companies, reaching 218 participants (45% women), strengthening capacities and generating informed demand.

Activity 1.1 “Develop financial and non-financial instruments, including standard performance contracts, insurance policies covering energy savings, and validation methodologies to account for energy savings.”

1.1.1 – Standard performance contracts: During 2025, the two contract models developed in 2022 remained valid and operational within AFD, supporting the structuring of energy efficiency projects and the allocation of risks between SMEs and technology providers. However, the practical applicability of these contracts has been limited due to the current absence of an Energy Savings Insurance (ESI) market, whose emergence in the medium term appears highly unlikely.

1.1.2 – Energy savings insurance policy: Progress continued to be limited by the low level of maturity of the insurance market. The policies developed remain available, and alternatives were analysed with the insurance sector.

1.1.3 – Energy savings accounting methodologies: The methodology developed in 2022 continued to be applied in 2025, including its use in the first three loans approved. The tools and forms continued to be refined, enabling more streamlined technical evaluations.

1.1.4 – Business Plan and promotion: In 2025, the program’s promotion strategy and the dissemination of the first financed projects were strengthened.

1.1.5 – Technical validation: Three loans were approved and disbursed with specialized technical validation, and the expansion of the validation team is being considered.

1.1.6 – Institutional management: During 2025, the program’s operational and management mechanisms were strengthened. The AFD ECO system manual was approved, and progress was made in project registration and monitoring through semi-automated tools. Likewise, a repository of potentially bankable projects was developed, systematizing technical information and contacts of companies, technology providers, and consultants, with the aim of supporting pipeline preparation and evaluation processes. These actions were complemented by institutional coordination spaces and technical dialogue that contributed to strengthening program governance.

Activity 1.2 “Improving access to financial and non-financial instruments, as well as operational mechanisms to deploy them in the financing of energy efficiency investments by SMEs.”

1.2.1 – Training of AFD staff and market stakeholders: During 2025, training and outreach actions under the energy efficiency program were strengthened, including technical trainings, a National Energy Efficiency Forum, networking activities, and the institutional relaunch of the program.

1.2.2 – Training for IFIs on Energy Efficiency financing: Training sessions and technical meetings were conducted with 17 IFIs, reaching 301 participants, of whom 52.5% were women. The sessions covered product conditions, eligibility criteria, and project evaluation.

1.2.3 – Training of local technical validators: No new edition of the certificate program was conducted; however, the project methodology continued to be applied through direct support from the technical validator during the evaluation of the first approved loans.

1.2.4 – Training of technology solution providers: Technical meetings were held with 11 providers, reaching 45 participants (35.6% women), strengthening coordination with IFIs and SMEs.

1.2.5 – Workshops and seminars for SMEs: Workshops and informational meetings were organized with 63 participants (33% women), aimed at disseminating the program's mechanisms and building a pipeline of projects.

1.2.6 – Products, publications, and outreach: Training and outreach activities reached 218 participants (45% women). Technical materials were updated, and a multi-channel dissemination strategy was implemented, strengthening the product's visibility and AFD's institutional positioning.

Activity 1.3 “Implementation of mechanisms to monitor fuelwood prices.”

1.3.1 – Assessment of the fuelwood market structure: During 2025, analysis of the fuelwood market continued based on the studies completed in 2022. The National Forestry Roundtable, led by REDIEX, was consolidated as a public–private coordination space to discuss the need for information systems that improve traceability and price formation. The Rural Association of Paraguay continued monitoring fuelwood prices for public dissemination.

1.3.2 – Dialogue roundtables and report on efficient industrial energy consumption: During 2025, multisectoral dialogue spaces were promoted through forums and workshops organized by AFD and industrial associations. These spaces addressed regulatory challenges, industrial energy efficiency, energy matrix diversification, and the formalization of SMEs.

1.3.3 – Capacity building and awareness-raising campaign: In 2025, awareness-raising actions were strengthened through the institutional relaunch of the energy efficiency product, multi-channel communication campaigns, participation in sector events, and strategic partnerships. These actions increased the product's visibility and strengthened AFD's positioning.

Outcome 2 (Component 2) “Regulatory development and enabling environment” - Output 2 Development of institutional, policy, and regulatory environments conducive to EE investments - Activity 2.1 “Promoting an environment to improve the implementation of energy policies to reduce the use of wood”: Component 2 concluded on November 9, 2022; therefore, there were no new milestones to report for the 2025 period.

Outcome 3 (Component 3): Increased access by SMEs to investment finance for EE projects

In 2025, progress was recorded in expanding access to financing for energy efficiency investments, through the effective disbursement of sub-loans under the second-tier credit line. The program successfully operationalized the financial scheme and the eligibility, technical validation, and monitoring mechanisms, demonstrating its operational feasibility.

Although the overall financing volume remained below the original targets, the sub-loans extended—primarily to small and medium-sized enterprises (SMEs)—enabled measurable energy consumption reductions and helped build the institutional and technical foundations necessary to scale up energy efficiency financing in the medium term.

As previously noted, the program is currently under alert status due to the low level of disbursements. To test demand in a broader market segment—beyond industrial SMEs, as originally contemplated in the program design—AFD is implementing a pilot initiative with its own resources to extend financing to additional sectors and to firms of any size, with a view to assessing scalability and market potential.

Output 3 “SMEs’ access to financing for EE enabled”: During 2025, SMEs’ operational access to financing for energy efficiency projects was enabled through the disbursement of three sub-loans, including one approved in 2024 whose disbursement took place during the reporting period. The operations complied with the program's eligibility criteria and were subject to prior technical validation. Of the sub-loans disbursed in 2025, two corresponded to male-led enterprises and one to a female-led enterprise. These advances consolidated the operational and monitoring processes of the credit line.

Activity 3.1 “Increase the second-tier credit line provided to SMEs in Paraguay’s economy for medium- and long-term EE projects”

During 2025, three loans were disbursed under the energy efficiency credit line, including one loan approved in 2024 whose disbursement took place during the reporting period. Of the loans disbursed in 2025, two were granted to male-led enterprises and one to a female-led enterprise. All operations complied with the program's eligibility criteria and were subject to prior technical validation, consolidating the operability of the credit line and its monitoring mechanisms.

C.2. Performance against the Funding Proposal Logical Framework Indicators

For each of the indicators please report only the 'annual value' for the reporting year; this means reporting solely the values achieved from January 1st, 2025, to December 31st, 2025. The "cumulative value" will automatically be updated by the system by aggregating reported annual values since project FAA effectiveness.

Please ensure that targets are clearly defined and reported using the following categories:

- **Midterm Target:** The results to be achieved by the midpoint of implementation.
- **Final Target:** The results to be achieved by the conclusion of project or programme implementation.
- **Lifetime Target:** The total results expected over the entire operational period of the project or programme.

Note that the baseline, midterm, final and lifetime targets will be prefilled based on your previous Annual Performance Report and/or Funding Proposal. It is imperative that you carefully review, verify and update where relevant.

Should the project be Multicountry, please report the achievement by Country.

Lastly, avoid using commas or periods as thousand separators. Periods should only be used as decimal separators.

For REDD+ Results-Based Payment (RBP) projects, you are only required to report on the progress of activities.

Should any prefilled information/data in the Logical Framework be incorrect or require updating, please inform GCF's Project Lead for appropriate corrective action.

GCF Outcome Level: Standardized Indicators

MITIGATION (CORE 1 and 4)

(IRMF) Core Indicator 1 Greenhouse gas (GHG) emissions reduced, avoided, or removed/sequestered. (PMF) M1 Tonnes of carbon dioxide equivalent (t CO₂eq) reduced because of GCF-funded projects/programmes

Total GHG emission reduced, avoided, or removed/sequestered (tCO₂eq) because of GCF support, disaggregated by result area.

Report on the GHG emissions reduction achieved during this reporting year only. This should include reduced, avoided, or sequestered through project activities such as renewable energy deployment, energy efficiency improvements, or carbon sequestration initiatives. You must also disaggregate this value by country and result area.

Baseline	Target			Previous Year Cumulative Value	Annual Value (Reporting Year)	Cumulative Value (Automatically calculated)
	Mid-term	Final	Lifetime			
0	Year 5: 600,000 Year 10: 1.9 Million	4,040,899	4,040,899	67.74	933.72	1001.46
Disaggregation by: Result Area				Cumulative Value (tCO ₂ eq)		
MRA 1: Energy Generation and Access				Enter number		
MRA 2: Low-emission Transport				Enter number		
MRA 3: Buildings, Cities, Industries and Appliances				1001.46		
MRA 4: Forestry and Land Use				Enter number		

Total	<u>1001.46</u>				
Checkbox Selection (Forestry and land use mitigation intervention)					
☐ Reduction of current emissions ☐ Removal and sequestration ☐ Avoidance and substitution					
Checkbox Selection					
☒ Part of Funding Proposal (to be indicated by AE)					
MRA 3: Buildings, cities, industries and appliances					
(IRMF) Supplementary Indicator 1.1 Annual energy savings (MWh) (PMF) M7.1 Energy intensity/improved efficiency of buildings, cities, industries, and appliances because of Fund support					
Baseline	Target		Previous Year Cumulative Value	Annual Value (Reporting Year)	Cumulative Value (Automatically calculated)
	Mid-term	Final			
<u>0</u>	<u>377,000</u>	<u>2,134,000</u>	<u>1,585.4</u>	<u>2,631.22</u>	<u>4,216.62</u>
Checkbox Selection					
☐ Efficient appliances ☒ Industrial processes & manufacturing efficiency ☐ Building efficiency ☐ Public infrastructure and services					
Checkbox Selection					
☒ Part of Funding Proposal (to be indicated by AE)					

Optional co-benefit Indicators					
Indicator CB 3 Total number of established or strengthened institutional frameworks, policies, plans and coordination mechanisms to support climate-resilient and low-emission development. (unit customizable) (PMF) M5.1/A5.1 Institutional and regulatory systems that improve incentives for low-emission planning, development and climate resilience and their effective implementation (PMF) M5.2/A5.2 Number and level of effective coordination mechanisms					
Baseline	Target		Previous Year Cumulative Value	Annual Value (Reporting Year)	Cumulative Value (Automatically calculated)
	Mid-term	Final			
<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>
Checkbox Selection					
☐ Part of Funding Proposal (to be indicated by AE)					

Project/Programme Specific Indicators
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Indicator Name	Unit	Baseline	Mid-term Target	Final Target	Previous Year	Annual Value	Cumulative
# SMEs using standard performance contract and insurance policy covering energy savings	Number	<u>0</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>
% of SME participating in the project whose energy savings are counted	%	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>	<u>100</u>
Operational AFD Business unit (PMU)	Unit	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>
Functional electronic monitoring and evaluation systems	Number	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
# of AFD staff trained on project mechanisms and methodologies (gender disaggregated)	Number	<u>0</u>	<u>10</u>	<u>15</u>	<u>67</u>	<u>42</u>	<u>109</u>
# of LFIs and staff trained on EE financing	Number	<u>0</u>	<u>3</u>	<u>10</u>	<u>665</u>	<u>301</u>	<u>966</u>
# of local technical validators informed and trained about project	Number	<u>0</u>	<u>2</u>	<u>2</u>	<u>67</u>	<u>2</u>	<u>69</u>
# of technology solution providers trained about program mechanisms	Number	<u>0</u>	<u>10</u>	<u>30</u>	<u>24</u>	<u>23</u>	<u>47</u>
# of SMEs trained on program mechanisms	Number	<u>0</u>	<u>50</u>	<u>100</u>	<u>120</u>	<u>29</u>	<u>149</u>
% of SME applying for credit after being trained on program mechanisms	%	<u>0</u>	<u>0</u>	<u>20</u>	<u>1.39</u>	<u>100</u>	<u>100</u>
# of knowledge sharing events, webinars, products/publications and country	Number	<u>0</u>	<u>0</u>	<u>6</u>	<u>56</u>	<u>66</u>	<u>122</u>

market reports published and disseminated							
Attendance of knowledge sharing events and webinars organized	Number	<u>0</u>	<u>30</u>	<u>60</u>	<u>2023</u>	<u>1146</u>	<u>3169</u>
Availability of Assessment methodology for fuel wood market structure and price drivers to inform market players	Number	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>
# of reports on challenges and opportunities for efficient industrial energy consumption prepared	Number	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
# of capacity building and awareness and socialization campaigns conducted	Number	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>4</u>	<u>4</u>
% of targeted companies that download the digital publicity of the program	%	<u>0</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
# of Review and/or recommendation s provided on policy, regulatory, and institutional frameworks related to EE	Number	<u>0</u>	<u>0</u>	<u>1</u>	<u>8</u>	<u>0</u>	<u>8</u>
# of Assessment studies on technology improvement potential for effective biomass use in Paraguay prepared	Number	<u>0</u>	<u>1</u>	<u>1</u>	<u>7</u>	<u>0</u>	<u>7</u>
# of Test/Survey Report Showing the participant's knowledge on EE policy framework at the end of the workshops	Number	<u>0</u>	<u>1</u>	<u>2</u>	<u>4</u>	<u>67</u>	<u>71</u>
# of SMEs / firms financed (with EE Investment)	Number	<u>0</u>	<u>41</u>	<u>365</u>	<u>1</u>	<u>3</u>	<u>4</u>

Volume of finance to SMEs (USD Million)	USD million	<u>0</u>	<u>5.10</u>	<u>40</u>	<u>0.02</u>	<u>0.088</u>	<u>0.10</u> <u>8</u>
Average Tenor of loans on-lent to EE projects (years)	Years	<u>4</u>	<u>0</u>	<u>6</u>	<u>3</u>	<u>3</u>	<u>3</u>

D. RISKS ASSESSMENT AND MANAGEMENT

D.1. Risk and mitigation measures

As stated in the Board-approved "Risk Appetite Statement," a cornerstone of the GCF's Risk Framework is proactive risk management. This includes risk identification, assessment, monitoring, reporting and appropriate mitigation to minimize and respond to risks, both directly and through partners implementing GCF's projects and programmes.

Risk Management Matrix

A risk is the probability of an event to adversely affect the achievement of the project Impact (its objectives, outcomes, and results). "Inherent risk" refers to the level of risk present before any of the mitigating measures are applied. "Residual risk" represents the level of risk after mitigating measures have been implemented.

Please update the project risk matrix by reviewing and revising information for all previously identified risks, and adding any new risks identified during implementation by selecting the adequate Risk Area in the drop-down menu. For each risk, ensure you provide a clear risk description, outline the potential negative consequences, specify the mitigating measures in place, and complete the severity scoring as required.

For the Integrity Risk Area, an annual reporting (and more frequent and prompt reporting if stated in the legal agreements with the GCF) is required for each of its 3 Risk Sub-areas, as GCF has zero tolerance for Prohibited Practices, for SEAH in Fund-related Activities, and for working with parties and engaging in activities subject to sanctions imposed by the United Nations Security Council. The AE reporting obligations under GCF's policies and in the legal agreement(s) with the GCF include but are not limited to requiring AEs to take action to identify, mitigate and promptly disclose to the GCF any real or perceived Conflict of Interest, any alleged or suspected Prohibited Practice, promptly notify the Fund of any material risks or other indications of money laundering and/or financing of terrorism in relation to the Project and promptly take remedial steps in consultation with the GCF.

The AE shall also provide updates on the risks and mitigating measures under the other Risk Areas when changes to already identified risks or new risks have been identified.

Risk scoring:

For likelihood, please rate on a scale from 1 to 5: 1. Unlikely, 2. Possible, 3. Likely, 4. Almost certain, 5. Certain

For impact, please rate on a scale from 1 to 5: 1. Close to none, 2. Low, 3. Medium, 4. High, 5. Catastrophic

The severity of each risk is automatically computed based on the likelihood and impact of the risk.

Risk name	Origin	Area	Sub-area (The drop-down list is only applicable for Integrity, Legal and E&S risks)	Residual Risk at entry	Current Residual Risk (previous update)	Current Residual Risk (latest update)
Risk 1: Low level of execution and low demand for the credit line	Project related	Design and Implementation	<u>Choose an item.</u>	High		High

Description

Please briefly describe the risk and its root causes to the best of your knowledge. - 150-word limit

During 2025, the project continued to face a low level of financial execution, with a volume of lending significantly below the annual targets. While three sub-loans were disbursed, Paraguay's EE market still presents structural barriers that limit the generation of a sustained project pipeline. The main causes include low effective demand, the limited technical readiness of companies to structure bankable projects, and the limited dynamism of the financial ecosystem to channel EE investments.

Comments: The risk remains high, but corrective actions are being implemented to stimulate the market and improve lending in 2026.

Consequences

<i>Please briefly describe the consequences of the risk to the best of your knowledge. 150-word limit</i> This risk may reduce the expected climate impact. It could also lead to cumulative delays and the need for additional adjustments to the product design.						
Mitigation measures						
<i>Please describe how the identified risk will be mitigated or managed. Do mitigation measures lower the likelihood and/or impact of risk occurring? If so, evaluate the residual risk using a score of 1 to 5. 150-word limit</i> In 2025, AFD relaunched the product, introduced more flexible credit conditions through a pilot, strengthened promotion and coordination activities with IFIs, and advanced a new IDB technical cooperation (PR-T1389) to support implementation. These measures aim to reduce the likelihood of the risk and progressively improve program performance.						
	Inherent risk		Residual risk		Current residual risk	
	<i>Please rate the risk's likelihood and impact before any mitigation measures are applied.</i>		<i>Please rate the risk's likelihood and impact after the proposed mitigation measures are applied.</i>		<i>Please rate the current risk's likelihood and impact.</i>	
Likelihood	4 - Almost certain		3 - Likely		4 - Almost certain	
Impact	4 - High		4 - High		4 - High	
Severity	16		12		<i>Likelihood x Impact, auto populated by the system</i>	
Risk name	Origin	Area	Sub-area <i>(The drop-down list is only applicable for Integrity, Legal and E&S risks)</i>	Residual Risk at entry	Current Residual Risk (previous update)	Current Residual Risk (latest update)
Risk 2: Limited capacities of IFIs and SMEs to develop EE projects	Partner related	AE/EE capacity and suitability	<u>Choose an item.</u>	Low		Medium
Description						
<i>Please briefly describe the risk and its root causes to the best of your knowledge. - 150-word limit</i> The development of energy efficiency projects requires specific technical capacities to identify opportunities, estimate energy savings, and structure bankable investments. In 2025, it was observed that many IFIs and SMEs still face limitations in technical knowledge, operational experience, and specialized resources, which restricts pipeline generation and slows down the channelling of sub-loans. Comments: The residual risk is considered medium, given the progress in awareness-raising, although structural gaps remain.						
Consequences						
<i>Please briefly describe the consequences of the risk to the best of your knowledge. 150-word limit</i> The limited capacity of key stakeholders may constrain the number of eligible projects, reduce the scale of mobilized investments, and affect the achievement of EE targets and emissions reduction goals.						
Mitigation measures						
<i>Please describe how the identified risk will be mitigated or managed. Do mitigation measures lower the likelihood and/or impact of risk occurring? If so, evaluate the residual risk using a score of 1 to 5. 150-word limit</i> During 2025, AFD conducted more than 50 training sessions and strategic events, reaching over 1,100 participants. Standardized technical tools were strengthened, and coordination with trade associations, technology providers, and multilateral organizations was promoted.						

	Inherent risk	Residual risk	Current residual risk
	<i>Please rate the risk's likelihood and impact before any mitigation measures are applied.</i>	<i>Please rate the risk's likelihood and impact after the proposed mitigation measures are applied.</i>	<i>Please rate the current risk's likelihood and impact.</i>
Likelihood	4 - Almost certain	3 - Likely	3 - Likely
Impact	3 - Medium	3 - Medium	3 - Medium
Severity	12	9	<i>Likelihood x Impact, auto populated by the system</i>

Risk name	Origin	Area	Sub-area (The drop-down list is only applicable for Integrity, Legal and E&S risks)	Residual Risk at entry	Current Residual Risk (previous update)	Current Residual Risk (latest update)
Risk 3: Immature insurance market limits the implementation of the ESI instrument	External factors	Financial	<u>Choose an item.</u>	Medium		Medium-High

Description
<i>Please briefly describe the risk and its root causes to the best of your knowledge. - 150-word limit</i> The project includes the development of insurance policies covering energy savings (ESI). However, in 2025 it was confirmed that the local insurance market continues to exhibit low technical and commercial maturity to offer such products, limiting their effective implementation. Comment: The risk remains high due to external factors and the long time horizons required for market maturation.

Consequences
<i>Please briefly describe the consequences of the risk to the best of your knowledge. 150-word limit</i> The absence of an operational insurance instrument may limit the reduction of perceived risks by companies and IFIs, affecting the scalability of financing and market confidence in EE investments.

Mitigation measures
<i>Please describe how the identified risk will be mitigated or managed. Do mitigation measures lower the likelihood and/or impact of risk occurring? If so, evaluate the residual risk using a score of 1 to 5. 150-word limit</i> The policies developed remain available as a reference, and alternatives are being explored with actors in the insurance sector. Meanwhile, the program prioritizes other mitigation mechanisms, such as technical validation and institutional strengthening.

	Inherent risk	Residual risk	Current residual risk
	<i>Please rate the risk's likelihood and impact before any mitigation measures are applied.</i>	<i>Please rate the risk's likelihood and impact after the proposed mitigation measures are applied.</i>	<i>Please rate the current risk's likelihood and impact.</i>
Likelihood	4 - Almost certain	4 - Almost certain	4 - Almost certain
Impact	3 - Medium	3 - Medium	3 - Medium
Severity	12	12	<i>Likelihood x Impact, auto populated by the system</i>

Risk name	Origin	Area	Sub-area (The drop-down list is only applicable for Integrity, Legal and E&S risks)	Residual Risk at entry	Current Residual Risk (previous update)	Current Residual Risk (latest update)
Risk 4: Cultural and market barriers to sustainable biomass	External factors	Regulatory	<u>Choose an item.</u>	Medium		Medium

Description

Please briefly describe the risk and its root causes to the best of your knowledge. - 150-word limit

Although Paraguay has made progress in the regulatory framework for sustainable biomass (Decree 1788/2024 and PNCB), cultural, informal, and market barriers persist, hindering the widespread adoption of certified biomass and transparent price formation.

Comment: Reported as national context, since Component 2 concluded in 2022.

Consequences

Please briefly describe the consequences of the risk to the best of your knowledge. 150-word limit

This risk may indirectly affect the objectives of industrial energy transition and limit the gradual replacement of unsustainable biomass.

Mitigation measures

Please describe how the identified risk will be mitigated or managed. Do mitigation measures lower the likelihood and/or impact of risk occurring? If so, evaluate the residual risk using a score of 1 to 5. 150-word limit

Public-private dialogue spaces (National Forestry Roundtable, sectoral forums) are being promoted, and the traceability and transparency of the biomass market are being strengthened.

	Inherent risk	Residual risk	Current residual risk
	Please rate the risk's likelihood and impact before any mitigation measures are applied.	Please rate the risk's likelihood and impact after the proposed mitigation measures are applied.	Please rate the current risk's likelihood and impact.
Likelihood	4 - Almost certain	3 - Likely	3 - Likely
Impact	3 - Medium	3 - Medium	3 - Medium
Severity	12	9	Likelihood x Impact, auto populated by the system

D.2. Report risk incidents

If any risk (previously identified or not) has materialized, please capture it here as a risk incident.

Is this incident related to an existing anticipated risk? (Mark Yes or No)

Incident Name	Date of Occurrence	Date of Discovery	Incident Severity	Risk Type	Related Risk
Provide descriptive name for the incident.	When did the incident actually happen?	When was the incident first identified or reported?	Select severity.	For new incidents, leave the related risk field blank.	If it is an existing risk, please select a related risk.
N/A	N/A	N/A	N/A	N/A	N/A

Description

Provide a detailed description of what happened, including context, impact, and circumstances surrounding the incident. 300-word limit

Root cause analysis

Analyze the underlying causes that led to this incident. (max 300 words)

E. ENVIRONMENTAL & SOCIAL SAFEGUARDS, GENDER, and INDIGENOUS PEOPLES

This section provides an update against the ESS standards agreed as part of the Environmental and Social Action Plan (ESAP) and Environmental and Social Management Framework (ESMF), as well as Environmental and Social Management System (ESMS), Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP), Indigenous Peoples Plan (IPP), Indigenous Peoples Plan Framework (IPPF), Resettlement Action Plan (RAP), Resettlement Policy Framework (RPF) when applicable.

F.1. progress on key challenges and updates regarding Environmental and Social Safeguards

Key Environmental and Social Changes

Have there been any changes in the key environmental and social risks and impacts? If you tick 'Yes,' please provide further information.

Yes ☐ (Description) No ☒

Environmental and Social Safeguarding Updates

Have there been any change/update on environmental and social safeguarding? you tick 'Yes,' please provide further information.

Yes ☐ (Description) No ☒

Provide any change/update with precise reference to FAA covenants on environmental and social safeguarding, compared to what was specified in the baseline assessment reflected in the ESS standards of the Board-Approved Funding Proposal. For programmes/FIs with subprojects, please fill out information in the "Sub-projects" section below (max. 300 words).

F.2. Compliance with laws and regulations applicable to ESS. Gender and Indigenous Peoples.

Have there been any changes or updates regarding compliance with applicable laws and regulations of the country, as well as the relevant conditions or covenants under the FAA?

Yes ☐ (Description) No ☒

If you tick 'Yes,' please provide further information to specify the applicable law or regulation that is not being met, along with the reasons for non-compliance (max. 100 words).

F.3. ESS standards implementation progress

Does this reporting period include any ESS standards-related activities or updates?

Yes ☒ (Description) No ☐

If you tick 'Yes,' please provide further information to report on the progress made in complying with the requirements of the relevant ESS standards that were triggered during the approval of the funding proposal and during the reporting period, if any; and the GCF Indigenous Peoples Policy, if relevant, describing achievement and specifying details outlined in the tables below.

Activities implemented during the reporting period, including monitoring

Describe the activities and monitoring efforts implemented during this reporting period. (max. 300 words)

In 2025, three new EE projects were financed (one of which had been approved in 2024). The AFD team continued with the environmental and social assessments of the new sub-loans and the monitoring of the sub-loans under implementation. Additionally, the corresponding information was reported to the IDB for the Semiannual Environmental and Social Performance Report. At the same time, the IDB carried out supervision of the environmental and social safeguards for all sub-loans.

- Social and environmental evaluation of the approved sub-loans, applying the risk classification tool (FAA, Section F.3). The Environmental and Social Risk Management Unit (SARAS) conducts ongoing monitoring.
- The approved active loans comply with the eligibility criteria of the EE (SS) product.
- Initial monitoring of beneficiaries' compliance with environmental licenses and labour requirements. No non-compliance issues or problems were reported in the financed portfolio during the period.
- Approval and disbursement of the first loans.
- More than 30 training sessions held with IFIs, associations, suppliers, and companies.
- Strengthening of the Energy Efficiency Committee.
- Implementation of a semi-automated monitoring tool.
- Approval of the AFD ECO system operating manual.
- Multi-channel communication campaigns.
- Follow-up meetings with key stakeholders.

In 2025, 52 training sessions were held on the Energy Efficiency product, with a total of 577 participants, of whom 248 were women (43%).

The training sessions focused mainly on the following topics: Energy Efficiency, the Energy Efficiency Product, FP

Energy Efficiency, and Procecer linked to Energy Efficiency, as well as practical cases on green credit lines, electric mobility, and projects for SMEs. These activities included the participation of Intermediary Financial Institutions (IFIs), companies, associations, and suppliers, strengthening technical and operational knowledge of the product. Additionally, two strategic events were held: • Forum & Expo for AFD's 20th Anniversary, with 482 participants (218 women). • Relaunch of the Energy Efficiency Product, with 87 participants (42 women). In total, the activities, training sessions, and events reached 1,146 people, including 552 women (48%).	
Outputs during the reporting period <i>Detail the outputs achieved during this reporting period. (max. 200 words)</i> - AFD ECO system operations manual. - Repository of financeable projects. - Technical validation reports. - Communication materials. - Participation and satisfaction reports.	
Key environmental, social and gender issues, risks and impacts addressed during implementation <i>Describe the key issues, risks and impacts that were identified and addressed. (max. 300 words)</i> The EE credit product has eligibility and exclusion criteria designed to ensure that the socio-environmental impact is always low; therefore, there are no changes in the environmental and social risk category of the sub-loans. - Projects are located in urban areas with no negative impacts. - Use of renewable electricity (hydroelectric). - Female participation of 43% in trainings. - Inclusion of environmental and social topics in trainings	
Any pending key environmental, social and gender issues needing accredited entity's actions and GCF attention <i>Identify any outstanding issues that require attention. (max. 200 words)</i> No pending issues requiring action were identified.	
Remarks/Notes <i>Add any additional remarks or notes relevant to ESS standards implementation. (max. 100 words)</i> Other achievements during the period: - Start of financial execution. - Institutional strengthening and intersectoral coordination. - Improvement of the monitoring system. - Progress toward program sustainability.	
F.4. Sub-projects information	
Have any subprojects been implemented? Yes ☒ (Description) No ☐	
Title of the sub-project	FP063: Promoting private sector investments in energy efficiency in the industrial sector and in Paraguay (single country project)
ESS management plan/instrument in place FP063 is a single country project and low risk, category C. All loans are category C.	
Stakeholder engagement plan in place	

<i>Describe the stakeholder engagement plan and how it is being implemented. (max. 300 words)</i> AFD staff and market stakeholders: During 2025, training and outreach activities under the EE program were strengthened, including technical trainings, a National EE Forum, networking activities, and the institutional relaunch of the program. IFIs: Trainings and technical meetings were conducted with 17 IFIs, reaching 301 participants, of whom 52.5% were women. The content covered product conditions, eligibility criteria, and project evaluation. Local technical validators: No new edition of the certificate program was conducted; however, the project methodology continued to be applied through direct support from the technical validator in the evaluation of the first approved loans. Technology solution providers: Technical meetings were held with 11 providers, reaching 45 participants (35.6% women), strengthening coordination with IFIs and SMEs. SMEs: Workshops and information sessions were organized with 63 participants (33% women), aimed at disseminating the program's mechanisms and generating a project pipeline. Products, publications, and outreach: Training and dissemination activities reached 218 participants (45% women). Technical materials were updated, and a multi-channel dissemination strategy was implemented, strengthening the product's visibility and AFD's institutional positioning.	
Activities/engagement conducted with Indigenous peoples	
<i>Detail any engagement activities or consultations conducted with Indigenous peoples. (max. 200 words)</i> Official verification confirms the absence of Indigenous Peoples in the projects area of influence.	
Key environmental, social and gender issues, risks and impacts addressed during this reporting period	
<i>Describe the key ESG issues identified and how they were addressed. (max. 300 words)</i> No significant environmental, social, or gender-related issues, risks, or impacts were identified during the reporting period, as all financed sub-loans were classified as low risk (Category C). The absence of significant impacts (noise, waste, emissions) was confirmed, and the protocol for the disposal of the old furnace (demolition of the furnace) was applied when necessary.	
Any pending key environmental, social and gender issues needing accredited entity's actions and GCF attention	
<i>List any outstanding ESG issues that require attention or follow-up. (max. 300 words)</i> No outstanding environmental, social, or gender-related issues were identified during the reporting period that would require action by the accredited entity or the attention of the GCF.	
F.5. Implementation of the stakeholder engagement plan	
Were any actions undertaken to increase engagement of relevant stakeholders in the project, particularly regarding environmental, social, and gender elements?	Yes ☒ No ☐ (Description)
<i>If you tick 'No' please give details of why this was not necessary</i>	
Title of the sub-project	FP063 - Promoting private sector investments in energy efficiency in the industrial sector and in Paraguay (single country project)
Activities implemented during the reporting period	
Please note the activities are numbered across the 6 entry boxes in this section. 1. Energy Efficiency FP 2. Energy Efficiency 3. Energy Efficiency 4. Energy Efficiency 5. Energy Efficiency	

6. Energy Efficiency
7. Energy Efficiency
8. Energy Efficiency
9. Energy Efficiency
10. Energy Efficiency
11. Energy Efficiency
12. Energy Efficiency
13. Procecer, Energy Efficiency
14. Product: Energy efficiency
15. Energy Efficiency
16. Training for consultants on the AFD's EE product
17. Product Energy efficiency
18. Review of Projects eligible for product of EE
19. Product Energy efficiency
20. Energy efficiency
21. Training for technology suppliers on the AFD's EE product
22. The topic was the Energy Efficiency product
23. Analysis of gaps and opportunities for the EE product
24. Energy Efficiency Workshop
25. Agreement for joint identification of fundable projects Commitment to consolidate product in IFIs as a financing option for their clients
26. Training on Energy Efficiency and CHRP Products
27. Training on the Energy Efficiency product
28. Products: Prodesi, Procecer, Promipymes, Energy Efficiency
29. Training on Energy Efficiency products
30. Potential projects to be financed through the Energy Efficiency Product
31. Relaunch of Energy Efficiency Product
32. Forum and discussion on Energy Efficiency aimed at the general public
33. Energy Efficiency Products - Green Investments
34. Green Lines: Energy Efficiency and Green Investments. Conditions and criteria
35. Possible Energy Efficiency credit for your bakery industry, civil facilities and machinery
36. Possible Energy Efficiency credit for the construction and equipping of a chicken shed
37. Green Investments: Tarumá. And Portfolio review for rediscounting Energy efficiency
38. Green Investments/Energy Efficiency
39. Green Investments/Energy Efficiency/FOGAPY
40. Green Investments/Energy Efficiency, portfolio review
41. Possibility of financing with Energy Efficiency for integrated farms
42. Possible financing under Energy Efficiency for two yerba mate customers
43. Product: Energy Efficiency and Green Investments
44. Success story in poultry farms and financing opportunity Energy Efficiency
45. The topic was energy efficiency, labelled portfolio of the IFI
46. Energy efficiency to be financed by suppliers
47. Possible financing for ceramic manufacturers under the Energy Efficiency Product
48. Interest in financing a drying facility under the Energy Efficiency Product
49. Presentation of the Procampo Verde Pilot Programme and its benefits
50. The topic was Energy Efficiency
51. Information on energy efficiency, green investments, Promipymes
52. Energy efficiency equipment that the company imports from INTAB (Brazil)
53. Energy Efficiency and Green Investments - Supplier Partnerships - IFIs
54. Products: Energy Efficiency - Green Investments – Proforestal

Dates and venues of engagement activities

Dates are in DD/MM/YYYY:

1. 09/01/2025 — Hotel La Misión
2. 17/01/2025 — First Floor Meeting Room
3. 12/02/2025 — AFD Offices, 1st Floor

4. 17/02/2025 — AFD Offices, 2nd Floor
5. 24/02/2025 — Annex AFD
6. 11/03/2025 — Don Juan offices and feed factory, Capiatá
7. 11/03/2025 — UIP Auditorium
8. 12/03/2025 — Teams
9. 13/03/2025 — AFD Offices, 2nd Floor
10. 17/03/2025 — UIP Offices
11. 20/03/2025 — Teams
12. 21/03/2025 — AFD Office
13. 24/03/2025 — Teams
14. 28/03/2025 — Encarnación
15. 31/03/2025 — AFD Office
16. 02/04/2025 — UIP
17. 03/04/2025 — Meeting room, 2nd floor
18. 03/04/2025 — AFD Office
19. 04/04/2025 — Meeting room, 2nd floor
20. 13/05/2025 — BNF Office
21. 22/05/2025 — TERMECO S.R.L.
22. 29/05/2025 — Supplier's premises (Villa Hayes)
23. 30/05/2025 — IDB Office
24. 06/06/2025 — AFD Annex
25. 17/06/2025 — Teams
26. 19/06/2025 — Bank Headquarters
27. 20/06/2025 — Teams
28. 24/06/2025 — Google Meet
29. 03/07/2025 — Teams
30. 21/07/2025 — Boardroom
31. 22/07/2025 — Paseo La Galeria
32. 05/08/2025 — Port of Asunción
33. 13/08/2025 — Teams
34. 26/08/2025 — FPJ Headquarters
35. 06/10/2025 — Telephone call
36. 06/10/2025 — Telephone call
37. 06/10/2025 — Teams
38. 07/10/2025 — Headquarters of the BASA Bank
39. 09/10/2025 — Banco Continental Headquarters
40. 10/10/2025 — Head Office
41. 16/10/2025 — Meeting room, 1st floor
42. 20/10/2025 — Mobile
43. 22/10/2025 — House Solar Matrix
44. 23/10/2025 — International Tennis Club
45. 27/10/2025 — Banco Zeta offices
46. 27/10/2025 — Meeting room, 2nd floor
47. 12/11/2025 — Tobatí, Cordillera
48. 13/11/2025 — Teams
49. 18/11/2025 — Braulio Quevedo Ranch
50. 18/11/2025 — Teams
51. 19/11/2025 — Teams
52. 21/11/2025 — Teams
53. 27/11/2025 — ECOCORP
54. 10/12/2025 — 2nd Floor Meeting Room

Sex-disaggregated data on stakeholder engagement participants (male + female =) Sex-disaggregated data on stakeholder engagement participants (male + female =)

1. 3 participants: (1 woman, 2 men)
2. 1 participant: (1 woman, 0 men)
3. 5 participants: (1 woman, 4 men)
4. 4 participants: (2 women, 2 men)
5. 10 participants: (4 women, 6 men)
6. 12 participants: (4 women, 8 men)
7. 25 participants: (10 women, 15 men)
8. 28 participants: (16 women, 12 men)
9. 15 participants: (5 women, 10 men)
10. 8 participants: (5 women, 3 men)
11. 4 participants: (1 woman, 3 men)
12. 10 participants: (4 women, 6 men)
13. 3 participants: (1 woman, 2 men)
14. 1 participant: (1 woman, 0 men)
15. 6 participants: (2 women, 4 men)
16. 10 participants: (2 women, 8 men)
17. 17 participants: (4 women, 13 men)
18. 7 participants: (2 women, 5 men)
19. 7 participants: (2 women, 5 men)
20. 12 participants: (5 women, 7 men)
21. 3 participants: (2 women, 1 man)
22. 3 participants: (1 woman, 2 men)
23. 11 participants: (4 women, 7 men)
24. 11 participants: (4 women, 7 men)
25. 5 participants: (0 women, 5 men)
26. 9 participants: (4 women, 5 men)
27. 2 participants: (1 woman, 1 man)
28. 9 participants: (1 woman, 8 men)
29. 8 participants: (4 women, 4 men)
30. 3 participants: (1 woman, 2 men)
31. 87 participants: (42 women, 45 men)
32. 482 participants: (218 women, 264 men)
33. 7 participants: (6 women, 1 man)
34. 5 participants: (4 women, 1 man)
35. 3 participants: (2 women, 1 man)
36. 3 participants: (1 woman, 2 men)
37. 5 participants: (5 women, 0 men)
38. 6 participants: (2 women, 4 men)
39. 7 participants: (3 women, 4 men)
40. 3 participants: (1 woman, 2 men)
41. 5 participants: (2 women, 3 men)
42. 2 participants: (1 woman, 1 man)
43. 19 participants: (9 women, 10 men)
44. 25 participants: (4 women, 21 men)
45. 4 participants: (2 women, 2 men)
46. 4 participants: (1 woman, 3 men)
47. 8 participants: (2 women, 6 men)
48. 7 participants: (4 women, 3 men)
49. 15 participants: (2 women, 13 men)
50. 171 participants: (94 women, 77 men)
51. 4 participants: (2 women, 2 men)
52. 7 participants: (3 women, 4 men)
53. 7 participants: (2 women, 5 men)
54. 8 participants: (1 woman, 7 men)

Information shared with stakeholders

1. Energy Efficiency FP
2. Energy Efficiency
3. Energy Efficiency
4. Energy Efficiency
5. Energy Efficiency
6. Energy Efficiency
7. Energy Efficiency
8. Energy Efficiency
9. Energy Efficiency
10. Energy Efficiency
11. Energy Efficiency
12. Energy Efficiency
13. Procrecer, Energy Efficiency
14. Energy efficiency product
15. Energy Efficiency
16. Training for consultants on the AFD's EE product
17. Energy efficiency product
18. Review of Projects eligible for product of EE
19. Energy efficiency product
20. Energy efficiency
21. Training for technology providers on the AFD's EE product
22. The topic was the Energy Efficiency product
23. Analysis of gaps and opportunities for the EE product
24. Energy Efficiency Workshop
25. Agreement for joint identification of fundable projects Commitment to consolidate product in IFIs as a financing option for their clients
26. Training on Energy Efficiency and CHRP Products
27. Training on the Energy Efficiency product
28. Products: Prodesi, Procrecer, Promipymes, Energy Efficiency
29. Training on Energy Efficiency products
30. Potential projects to be financed through the Energy Efficiency Product
31. Energy Efficiency Product Relaunch
32. Forum and discussion on Energy Efficiency aimed at the general public
33. Energy Efficiency Products - Green Investments
34. Green Lines: Energy Efficiency and Green Investments. Conditions and criteria
35. Possible Energy Efficiency credit for your bakery industry, civil facilities and machinery
36. Possible Energy Efficiency credit for the construction and equipping of a chicken shed
37. Green Investments: Tarumá. And Portfolio review for rediscounting Energy efficiency
38. Green Investments/Energy Efficiency
39. Green Investments/Energy Efficiency/FOGAPY
40. Green Investments/Energy Efficiency, portfolio review
41. Possibility of financing with Energy Efficiency for integrated farms
42. Possible financing under Energy Efficiency for two yerba mate customers
43. Product: Energy Efficiency and Green Investments
44. Success story in poultry farms and financing opportunity Energy Efficiency
45. The topic was energy efficiency product, IFI labelled portfolio
46. Energy efficiency to be financed by suppliers
47. Possible financing for ceramic manufacturers under the Energy Efficiency Product
48. Interest in financing a drying facility under the Energy Efficiency Product
49. Presentation of the Procampo Verde Pilot Programme and its benefits
50. The topic was Energy Efficiency
51. Information on energy efficiency, green investments, Promipymes
52. Energy efficiency equipment that the company imports from INTAB (Brazil)
53. Energy Efficiency and Green Investments - Supplier Partnerships - IFIs
54. Products: Energy Efficiency - Green Investments – Proforestal

Outputs including issues raised and addressed during the reporting period

1. Company interested in financing a photovoltaic solar park project under the EE - FP Product
2. Advice on obtaining funding from an IFI for an investment in the Chaco
3. Projects to be financed by Energy Efficiency with the Supplier
4. Projects to be financed. Company Provider of technological solutions, solar panels, environmental solutions and water treatment
5. Technical cooperation, consultants for prospects. Steps required for modifications to the GCF
6. Projects for integrated farms Energy Efficiency and Industry
7. Information on promoting energy efficiency projects for industrial SMEs
8. Potential Energy Efficiency projects for SMEs and large companies
9. Recommendations for continuous improvement of the working methodology - Review and validation of the activity schedule
10. Identification of potential projects and strengthening of the network of relevant actors in the field
11. Strategies for establishing commercial partnerships with IFIs to ensure that green projects are implemented
12. Validate indicators for own funds Forward EE product analysis in batches
13. Mechanisms for loans to expand the company via Procrecer and for customers through EE
14. The energy efficiency product was discussed, as well as the existence of possible projects that could be financed through the AFD under this product, and the benefits that customers could access. In addition, we proposed some potential customers.
15. Definition of indicators for products with own funds, as detailed (2) Inclusion of batch modality in both products, own funds and GCF+IDB
16. Agreement for Identification in set of eligible fundable Contact with company for gathering of information and development of case study
17. Specific projects to be financed with Sbk under the EE line for Don Juan Industry and its farms
18. Agreement for Identification in set of projects eligible for funding Contact company for survey of information and development of case study
19. Issues identified to increase product sales, especially among SMEs
20. Energy efficiency
21. Agreement for joint identification of fundable projects Contact with company to gather information and develop case studies. Commitment to consolidate the product in IFIs as a financing option for their clients.
22. The topic was the Energy Efficiency product
23. Review of the placement of Energy Efficiency product operations
24. Levelling of information on commercial strategy - Agreement for joint identification of projects
25. Agreement to jointly identify fundable projects Commitment to consolidate product in IFIs as a financing option for their clients
26. Training on Energy Efficiency and CHRP Products
27. Energy Efficiency Product Training
28. Training on products, with emphasis on Energy Efficiency and its practical applications
29. Financing of electric bus fleet for urban transport
30. About the services offered by the company and the partnerships it has been forming with UIP and IFIs
31. EE product relaunch
32. New conditions for Energy Efficiency Products and Green Investments
33. The new conditions of the current green lines and updates to the annexes were presented
34. Methodology for calculating the different technologies and conditions by eligible destinations.
35. Possibility of financing the expansion of your bakery industry in Obligado (Itapúa)
36. Possibility of financing the expansion of your chicken coop and equipment, Itakyry
37. Green investments: Tatumá financing. And portfolio review for rediscounting Energy efficiency
38. Green Investments/Energy Efficiency
39. Green Investments/Energy Efficiency/FOGAPY
40. Portfolio review for Energy Efficiency rediscounting. Potential prospects
41. Possibility of investments in Energy Efficiency for integrated chicken farms and industry
42. Possibility of financing a dryer, mill and chipper for two yerba mate customers
43. Financing opportunity under Energy Efficiency and Sustainable Investments
44. Financing opportunity under Energy Efficiency and Networking with IFIs
45. The topic was the Energy Efficiency product, review of its portfolio for rediscounting
46. Financing under energy efficiency with agreements between suppliers and IFIs
47. Visit to the Cooperative of Ceramic Industry Associates and visit to 3 ceramic industries

48. Information about the project and its equipment upgrade/replacement needs 49. Presentation of Procampo and Procampo Verde and the benefits of rational grazing and field trips 50. The topic was Energy Efficiency 51. Supplier for dairy farms and the entire dairy chain, for small industries 52. Delays in preparing projects and budgets for companies requiring loans 53. Projects requiring replacement of boilers and furnaces, wood chippers, to use less biomass 54. Possibility of financing for the forestry industry, replacement of boilers, wood chippers, among others	
Remarks/Notes	
Stakeholder engagement activities are cross-cutting throughout the entire project	
F.6. ESS forward planning and lessons learned	
Are there any planned ESS activities for the next reporting period or lessons learned to share from this period?	Yes ☒ (Description) No ☐
Provide planned activities on environmental and social safeguards for the next reporting period	
<i>If you tick 'Yes,' please provide a list of activities in the ESMP to be implemented in the next reporting period. Include relevant deliverables such as reports or action plans, and other project specific products. Please include the monitoring schedule concerning ESS (including other potential vulnerable groups and Indigenous people) for the next annual reporting period. (max. 300 words)</i> During the next period, the implementation of the Environmental and Social Safeguards Management Plan under the relaunched EE product is expected to continue, with the following activities: - Targeted training for financial intermediaries (IFIs) and beneficiary companies, focused on the proper application of environmental and social criteria. - Strengthening of the environmental and social risk monitoring system, including the updating of digital tools to track indicators. - Dissemination of best practices and success stories in energy efficiency, with a focus on sustainability and emissions reduction. - Promotion of the Grievance Redress Mechanism (GRM) among beneficiaries and involved communities, ensuring awareness and accessibility. These actions aim to consolidate the environmental and social approach of the product, in line with IDB and GCF standards, and to ensure that sub-loans continue generating positive impacts in terms of sustainability.	
Provide any success stories, good practices, or challenges, including those related to the engagement of Indigenous peoples and local communities, promoting Indigenous knowledge and benefits to Indigenous peoples and local communities	
<i>(max. 200 words)</i> During the 2025 reporting period, financing was secured for a flagship sub-loan under the Green Credit – EE line, granted to the Paraguayan food company La Divina Pasta (E. KRUTZMANN PEDROZO) through Banco BASA as the intermediary institution. The operation involved the acquisition of low-energy-consumption machinery, which will triple the production capacity of the company, dedicated to the manufacture of dried pasta made from raw vegetables. This investment improves energy efficiency, reduces operating costs, and optimizes product quality, enabling the fulfilment of larger orders and expansion in the national market (project validated according to eligibility criteria, Clause 11.02 (t) of the FAA), including technical review by a specialized consultant, and results in a significant reduction in electricity consumption. La Divina Pasta's supply model generates social and economic benefits by integrating small producers from J. Augusto Saldivar and Altos into a sustainable value chain, strengthening the local economy and promoting rural productive inclusion. This case demonstrates the potential of AFD's EE product to link innovation, sustainability, and local economic impact.	
F.7. Grievance Redress Mechanism - confirmation & grievances	
<i>Please indicate whether the project can confirm the following statement:</i> Fully functional and operational Grievance Redress Mechanisms are in place, have been communicated to and are accessible by all stakeholders applicable to this project	
☒ The accredited entity confirms the statement above at project-level, AE-level, and GCF-level grievance mechanisms.	

☐ The accredited entity does not confirm the statement above											
<i>Provide brief description (max. 100 words)</i>											
Have there been any grievances received during the reporting period?	Yes ☐ (Description) No ☒										
<i>If you select "Yes", please attach Annex 3: List of grievances received in the annex section of this APR.</i> <i>Provide brief description (max. 200 words)</i> During the 2025 period, no complaints or claims related to the project were received. Nevertheless, monitoring and oversight of the mechanism remain active, and communication efforts have been strengthened to ensure its accessibility and effectiveness.											
F.8. Implementation of activities and actions agreed in the Gender Action Plan											
Are there GAP implementation activities or progress to report for this period?											
Yes ☒ (Description) No ☐											
<i>Summary on Activities and Actions agreed in the Gender Action Plan (max. 200 words)</i> <i>Provide a progress report on the gender action plan developed during project preparation stage for the reporting period. This will primarily be a report on activities undertaken and results achieved because of completion of an activity. Further, it should also indicate if the project is on track to achieving the intended outcome(s). The reporting should be done for activities, targets and indicators already set in the action plan including on vulnerable groups (youth, poor, female heads of households, etc.) as would have been identified in the gender analysis and action plan. If activities or targets are not achieved as per plan, reasons should be provided, and recourse action should be proposed. Please include reporting on any changes or deviations. Include a Report on implementation challenges and lessons learnt and how these will inform on-going actions and what action will be taken by when to address the challenges faced. Incorporate both quantitative data and qualitative reports on the performance of such actions, and on progress on actions identified.</i> During 2025, AFD made significant progress in implementing its institutional GAP approved in 2024. The GAP seeks to ensure equitable access and benefits for women and men and mainstreams gender considerations across program implementation. The Gender Subcommittee was consolidated, with the formal appointment of its members and the holding of regular meetings. The subcommittee is composed of representatives from strategic areas such as Budget, Communications, Commercial, and Organizational Development, strengthening institutional governance on gender. In June, the reassignment of a member was approved, ensuring the continuity of the gender approach in budget planning. GAP-aligned efforts included promoting equitable participation in capacity-building activities and strengthening systems for sex-disaggregated data to monitor results. Key activities of subcommittee: - Participation in the International Seminar on Care and Social Protection Policies. - Promotion of gender-focused loans, such as FOGAMU (Women's Guarantee Fund), established within FOGAPY to enhance women entrepreneurs' access to credit by providing loan guarantees of up to 90% for SMEs led by women who lack sufficient guarantees. - Creation of a dedicated space on the intranet to highlight the Subcommittee's actions. - Monitoring of mandatory gender training (Law 7239) including proposals for peer mentoring among staff. In 2025, a gender specialist hired by GGGI was incorporated to support AFD's accreditation process with the GCF. This consultancy focuses on closing gaps identified by the Fund, including reviewing institutional policies, designing an E&S monitoring framework with a gender approach, and developing a comprehensive training plan.											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="background-color: #f2f2f2; padding: 5px;">GAP Activity 1</td> </tr> <tr> <td colspan="2" style="padding: 5px;"> <i>Describe the activity/action implemented. (max. 200 words)</i> Technical Assistance </td> </tr> <tr> <td colspan="2" style="background-color: #f2f2f2; padding: 5px;">Indicator</td> </tr> <tr> <td colspan="2" style="padding: 5px;"> <i>Describe measurable indicator.</i> Percentage of loans for investments channelled to women-led SMEs </td> </tr> <tr> <td style="width: 40%; padding: 5px;"> Rating of indicator </td> <td style="padding: 5px;"> ☐ GREEN (On track to be met) ☒ Amber (Needs attention to be met) ☐ RED (Off track and unlikely to be met) </td> </tr> </table>		GAP Activity 1		<i>Describe the activity/action implemented. (max. 200 words)</i> Technical Assistance		Indicator		<i>Describe measurable indicator.</i> Percentage of loans for investments channelled to women-led SMEs		Rating of indicator	☐ GREEN (On track to be met) ☒ Amber (Needs attention to be met) ☐ RED (Off track and unlikely to be met)
GAP Activity 1											
<i>Describe the activity/action implemented. (max. 200 words)</i> Technical Assistance											
Indicator											
<i>Describe measurable indicator.</i> Percentage of loans for investments channelled to women-led SMEs											
Rating of indicator	☐ GREEN (On track to be met) ☒ Amber (Needs attention to be met) ☐ RED (Off track and unlikely to be met)										

Baseline	0
Target, including sex-disaggregation where applicable	30
Annual progress update (Reporting Period)	
<i>Describe progress made during this reporting period. (max. 200 words)</i>	
During the period from January to December 2025, three loans were disbursed under Component 3 of the project, all granted to men. This represents 0% annual progress with respect to the indicator on channelling loans to women-led SMEs. However, institutional actions have been carried out to promote the product with a gender focus, including training sessions, communication campaigns, and coordination with business associations.	
Cumulative progress update (Entire period)	
<i>Describe overall progress since project start. (max. 200 words)</i>	
Between 2024 and 2025, a total of four loans have been disbursed, of which one was granted to a female-led enterprise. This represents accumulated progress of 25% toward the gender indicator (Target: 30%).	
Budget	0
Currency	million USD (\$)
Timeline (Planned completion of activity)	1/28/2028
Responsibility	
<i>List the organizations, departments, individuals, Stakeholders (s) responsible for delivering this activity. (max. 100 words)</i>	
AFD-IDB	
Remarks/Notes	
<i>Briefly explain why the indicator is highlighted GREEN, AMBER, or RED and what the mitigation action is. Describe the progress made during the reporting period. (max. 100 words)</i>	
The classification is "Amber," since although no loans were disbursed to women-led enterprises in 2025, a loan was granted to a female beneficiary in the previous year (2024), representing accumulated progress of 25%. This indicates a positive trajectory, although still insufficient to reach the 50% target. AFD continues to promote the gender-focused product through training, communication campaigns, and partnerships with trade associations, and a list of projects under evaluation includes initiatives led by women.	
GAP Activity 2	
<i>Describe the activity/action implemented. (max. 200 words)</i>	
Technical Assistance	
Indicator	
<i>Describe measurable indicator</i> Analysis of disaggregated data on women-led SMEs to obtain access to credit	
Rating of indicator	☒ GREEN (On track to be met) ☐ Amber (Needs attention to be met) ☐ RED (Off track and unlikely to be met)
Baseline	0
Target, including sex-disaggregation where applicable	1
Annual progress update (Reporting Period)	

Describe progress made during this reporting period. (max. 200 words)

During the period from January to December 2025, three loans were disbursed under Component 3 of the project, all granted to male-led enterprises. Nevertheless, the gender-disaggregated system implemented by AFD allowed this information to be identified accurately, demonstrating the operability of the monitoring mechanism. The disaggregated data is being used to guide improvement actions in channelling loans to women.

Cumulative progress update (Entire period)

Describe overall progress since project start. (max. 200 words)

Between 2024 and 2025, a total of four loans have been disbursed, of which one was granted to a female-led enterprise. This represents an accumulated progress of 25% in terms of credit access for women-led SMEs, based on the available disaggregated data.

Budget

0

Currency

million USD (\$)

Timeline (Planned completion of activity)

01/282028

Responsibility

Stakeholder(s) responsible for delivering this activity. (max. 100 words)

AFD – IDB

Remarks/Notes

Briefly explain why the indicator is highlighted GREEN, AMBER, or RED and what the mitigation action is. Describe the progress made during the reporting period. (max. 100 words)

It is considered green, as the gender-disaggregated system is fully operational and has been used to analyze access to credit by women-led SMEs. Since the start of the project, AFD has successfully channeled at least one loan to a woman and has disaggregated information that allows for targeted improvement actions. This indicator reflects the institutional capacity to monitor and act based on the available data.

GAP Activity 3

Describe the activity/action implemented. (max. 200 words)

Training sessions

Indicator

Describe measurable indicator. % of women trained of total number of female participants

Rating of indicator

- ☒ GREEN (On track to be met)
☐ Amber (Needs attention to be met)
☐ RED (Off track and unlikely to be met)

Baseline

0

Target, including sex-disaggregation where applicable

20

Annual progress update (Reporting Period)

Describe progress made during this reporting period. (max. 200 words)

During 2025, AFD promoted strategic actions to strengthen the dissemination of the Energy Efficiency product and to encourage dialogue on sustainable development. A total of 52 training sessions on the EE product were conducted, reaching 577 participants, of whom 248 were women (43%). The sessions covered topics such as Energy Efficiency, the Energy Efficiency Product, FP Energy Efficiency, and Procrecer linked to Energy Efficiency, as well as practical cases on green credit lines and electric mobility.

These activities included the participation of Intermediary Financial Institutions (IFIs), companies, business associations, and suppliers, strengthening technical and operational knowledge of the product. Additionally, two strategic events were held:

- Forum & Expo for AFD's 20th Anniversary, with 482 participants (218 women).
- Relaunch of the Energy Efficiency Product, with 87 participants (42 women).

In total, stakeholder engagement activities reached 1,146 people, including 508 women (44.3%), exceeding the Logical Framework targets and strengthening the gender inclusion strategy.	
Cumulative progress update (Entire period)	
<i>Describe overall progress since project start. (max. 200 words)</i> The project maintains a record of the women reached through sessions and events (target: 20%): - 508 women in 2025, out of 1,146 participants (44.3%). - 639 women reached in total since the beginning of the project (131 in 2024 and 508 in 2025).	
Budget	0.03
Currency USD	million USD (\$)
Timeline (Planned completion of activity)	1/28/2028
Responsibility	
<i>List the organizations, departments, individuals, Stakeholders (s) responsible for delivering this activity. (max. 100 words)</i> AFD-IDB	
Remarks/Notes	
<i>Briefly explain why the indicator is highlighted GREEN, AMBER, or RED and what the mitigation action is. Describe the progress made during the reporting period. (max. 100 words)</i> The colour green is assigned because the number of women trained exceeds the established target.	
GAP Activity 4	
<i>Describe the activity/action implemented. (max. 200 words)</i> Capacity-Building	
Indicator	
<i>Describe measurable indicator.</i> A record that includes a report of the project's real gender impact (data collection and analysis disaggregated by sex)	
Rating of indicator	☒ GREEN (On track to be met) ☐ Amber (Needs attention to be met) ☐ RED (Off track and unlikely to be met)
Baseline	0
Target, including sex-disaggregation where applicable	1
Annual progress update (Reporting Period)	
<i>Describe progress made during this reporting period. (max. 200 words)</i> In 2025, AFD used its gender-disaggregated tracking system to monitor the disbursements made under Component 3 of the project. Although the three loans disbursed during the period were granted to men, this information was recorded and analysed, allowing for the generation of evidence on the profile of beneficiaries.	
Cumulative progress update (Entire period)	

<i>Describe overall progress since project start. (max. 200 words)</i> Since the beginning of the project, four loans have been disbursed, one of which was granted to a woman-led company. This information has been recorded and used to assess the project's progress in terms of gender. AFD collects this gender-disaggregated data, enabling the preparation of reports on the project's actual impact. Between 2024 and 2025, a total of four loans were disbursed, one of which was granted to a woman-led company. This represents cumulative progress of 25% with respect to the gender indicator.	
Budget	0
Currency	million USD (\$)
Timeline (<i>Planned completion of activity</i>)	1/28/2028
Responsibility	
<i>List the organizations, departments, individuals, Stakeholders (s) responsible for delivering this activity. (max. 100 words)</i> AFD-IDB	
Remarks/Notes	
<i>Briefly explain why the indicator is highlighted GREEN, AMBER, or RED and what the mitigation action is. Describe the progress made during the reporting period. (max. 100 words)</i> The colour green is assigned given that AFD has a functional system in place to collect and analyse sex-disaggregated data, and has used this information to assess the project's impact in terms of gender. In addition to disbursement data, there is also a training registry that includes gender-disaggregated participation, allowing for a broader analysis of the project's institutional impact.	
F.9. Gender Action Plan implementation review	
Is the gender expert for the project/programme engaged to support the implementation of the gender action plan? If engaged previously, please advise if the gender expert has been retained by the project/programme, including plans to engage another expert if a previously engaged expert has left the project/programme.	Yes ☒ (Description) No ☐
<i>If you tick 'Yes,' please provide details on the gender expert's engagement and retention status. (max. 100 words)</i> In 2025, a gender specialist hired by GGGI was brought on board. She works in coordination with the Gender Sub-Committee of the Sustainability Committee and other technical areas of AFD. This addition responds to recommendations from the GCF and the World Bank, and strengthens internal capacities to implement the Gender Action Plan.	
Has the implementation of gender action plan/s being implemented according to Funding Activity Agreements and GCF's Updated Gender Policy? Please ensure that the budget is included in the reporting above if it was indicated in the approved or updated gender action plan.	Yes ☒ (Description) No ☐
<i>If you tick 'Yes,' please provide further information to explain how the GAP is implemented according to agreements and policy. (max. 300 words)</i> AFD has allocated its own resources to update its internal gender policy, implement actions under the Gender Action Plan, and promote financial products with a gender focus.	
Are the planned activities, targets, indicators, timelines, etc. on track during the reporting period?	Yes ☒ (Description) No ☐

<i>Explain the progress on planned activities, targets, and timelines. (max. 300 words)</i> The activities planned under the Gender Action Plan are underway. Training sessions have been conducted, the FOGAMU product has been promoted, and progress has been made in monitoring gender indicators within the framework of project FP063.	
Were there any revisions of the approved GAP during the reporting period? the updated GAP has details on each change.	Yes ☐ (Description) No ☒
<i>If you tick 'Yes,' please provide further information. To describe the revisions made to the GAP and reasons for changes. (max. 200 words)</i> During the reporting period, no significant deviations were recorded that would require adjustments to the GAP indicators.	
Are the reported results on track to contribute to meeting the sex-disaggregated targets for the direct beneficiaries in the funding proposal, if applicable?	Yes ☒ (Description) No ☐
<i>Provide details on progress towards sex-disaggregated targets for beneficiaries. (max. 300 words)</i> The gender-disaggregation system implemented by AFD makes it possible to monitor the impact of project FP063. Although in 2025 no loans were granted to women-led companies, AFD has made continuous efforts to strengthen its commercial approach with a gender focus. It is worth noting that AFD has two female business executives leading the Energy Efficiency product. Work will continue in coordination with the gender specialist and the Gender Sub-Committee, with the aim of increasing the participation of women project leaders.	
Has the project/programme experienced any implementation challenges that affect gender-related activities? If yes, please include lessons learnt and how they are informing ongoing actions.	Yes ☒ (Description) No ☐
<i>If you tick 'Yes,' please provide further information. To describe challenges faced and lessons learned in implementing gender activities. (max. 200 words)</i> Difficulties were identified among some staff in accessing the mandatory course under Law No. 7239. The Gender Sub-Committee proposed tutoring mechanisms and alternative contact with the responsible institution in order to facilitate completion of the training.	
Were there any best practices identified, or case studies prepared on benefits/activities undertaken as agents of action by women and the female heads of households during the reporting period? Please share any case studies in the text boxes or in the Annex section of the APR.	Yes ☒ (Description) No ☐
<i>If you tick 'Yes,' please provide further information to share best practices or case studies on women's participation and benefits. (max. 200 words)</i> The active participation of the Gender Subcommittee, the inclusion of a gender specialist, and the promotion of products such as FOGAMU represent institutional best practices that strengthen the mainstreaming of the gender approach within AFD.	
Provide planned activities on gender elements for the next reporting period	
<i>Detail the gender-related activities planned for the next reporting period. (max. 200 words)</i> During the next reporting period, the progressive implementation of the institutional Gender Action Plan is expected to continue, strengthening internal capacities and mainstreaming the gender approach in AFD's operational processes. Planned activities include: • Expansion of internal and external training on gender issues, including monitoring compliance with Law No. 7239 and the incorporation of specific content into institutional training programs. • Strengthening the gender-focused monitoring system by integrating sex-disaggregated indicators into institutional reports and validating methodologies to assess the impact of financial products on women beneficiaries.	

- Consolidation of the environmental and social monitoring framework, developed through the technical consultancies initiated in 2025, with an emphasis on integrating the gender approach into the institutional environmental and social policy and into project evaluation procedures.
- Promotion of gender-focused financial products, such as FOGAMU, through communication campaigns, strengthening partnerships with trade associations, and monitoring the disbursement of loans targeted at women entrepreneurs.
- Strengthening of the Gender Subcommittee, including updating its composition, institutionalizing its internal communication spaces, and coordinating with other strategic areas such as Budget, Commercial, and Risk.