

**ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK
(ESMF)**

**DOCUMENT ASSOCIATED WITH THE PROPOSAL FOR REDD+ RESULTS-BASED
PAYMENTS IN PARAGUAY FOR THE PERIOD 2015-2017**

October 2019



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Executive Summary

Paraguay has made significant progress in the pillars of REDD+ preparedness under the United Nations Framework Convention on Climate Change (UNFCCC), with a view to strengthening the implementation of REDD+ and to accessing payments for results.

In addition to the safeguards framework for REDD+ agreed under the UNFCCC, the pilot programme for REDD+ results-based payments of the Green Climate Fund (GCF) includes a number of requirements on safeguards that must be addressed by countries who wish to participate in this programme. The requirements include, among other elements, the identification of environmental and social risks, and mitigation measures for these risks, of activities associated with the use of the proceeds of payments for results. In response to this requirement, and to support appropriate planning and implementation of activities, this document, an Environmental and Social Management Framework (ESMF), has been developed. The ESMF includes the results of an initial assessment of potential environmental and social risks of project activities, and identifies measures of mitigation to manage them, as well as different safeguards policies, standards and elements of the legal framework that will be applied.

In line with UN Environment standards and policies on environmental, social and economic sustainability, the project activities will be implemented with a precautionary approach and a human rights-based approach. The project will respond to any significant concerns or disputes raised during the stakeholder engagement process. The project will implement measures 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.

An initial screening of risks has been carried out, in accordance with UN Environment protocol for projects, which has identified the project as having “moderate risk”. The risk identification process indicates that there are some environmental, social and economic concerns. Environmental risks include those related to displacement of pressures and deforestation to other areas, and potential negative impacts on biodiversity. Social risks include the lack of protection of the rights and culture of indigenous peoples and possible restrictions on access to natural resources that local communities depend on for their livelihoods, as well as potential inequitable negative impacts on gender equality and/or the situation of women and girls. Economic displacement was also identified as a risk, as more effective application of the legal framework for forests and the implementation of specific activities focused on forest conservation could lead to loss of jobs or other economic hardships.

The risks are likely to change over time, and will depend on how, when, where and with whom the activities associated with the use of proceeds are implemented. As such, the identification of risks, as well as the definition of measures to prevent, minimize or mitigate them, are continuous processes that will be associated with periodic monitoring and reporting, in a participatory manner, and according to the needs and capacities of Paraguay. Any changes to the ESMF will be duly disclosed and communicated to relevant stakeholders. This framework will be updated during project inception.

In this document, measures identified to avoid, minimize and mitigate risks are presented. The document also details minimum considerations for updating the ESMF, focused on the following elements: i) screening and managing risks; ii) biodiversity protection; iii) involuntary resettlement; iv) indigenous peoples; v) participation of relevant stakeholders; vi) gender; vii) stakeholder response and grievance redress mechanisms; viii) monitoring and evaluation. An initial Gender Assessment and Action Plan have been developed, and are included as a separate annex to the project proposal. In addition, detailed annexes are included in the ESMF with indicative content and indices for the

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following plans, which will be developed at project inception: an indigenous peoples plan; a resettlement and livelihood restoration plan; and a stakeholder engagement plan.

1. Introduction

Paraguay has made significant progress in the pillars of REDD+ preparedness under the United Nations Framework Convention on Climate Change (UNFCCC), with a view to strengthening the implementation of REDD+ and to accessing payments for results.

REDD+ policies and measures (PAMs) have the potential to generate additional social and environmental benefits, but their planning and implementation may involve certain risks. In this regard, to minimize these potential risks, while promoting the multiple benefits of REDD+, the Parties to the UNFCCC have adopted the "Cancun safeguards": a set of seven safeguards that should be promoted and supported in countries that implement REDD+.

Considering the guidance and agreements under the UNFCCC, Paraguay developed different elements of their national approach to safeguards, which include: (1) national interpretation of safeguards, and identification of relevant elements of the legal framework; (2) considerations to consolidate and strengthen the application of safeguards; (3) analysis of existing information systems that could contribute to a safeguard information system (SIS); (4) [an initial version of this system](#), and 5) preparation and submission to the UNFCCC of the [first summary of information on safeguards for the period 2011-2018](#).

In addition to the safeguards framework for REDD+ agreed under the UNFCCC, the pilot programme for results-based payments from REDD+ of the Green Climate Fund (GCF), which began in late 2017, includes a number of requirements on safeguards that must be addressed by countries who wish to participate in this programme.¹ An important component of these requirements is to evaluate – looking towards the past – how environmental and social risks were managed during the implementation of the activities that enabled Paraguay to obtain the results for which a payment is sought, and how the applicable safeguard policies and standards of the Green Climate Fund were considered. It also includes addressing – looking towards the future – the identification of environmental and social risks, as well as the application of safeguards policies and standards in the implementation of activities associated with the use of the proceeds of payments for results.

To respond to the first aim, an Environmental and Social Assessment (ESA) was developed for this project proposal, looking at how environmental and social risks were managed during the implementation of activities that allowed for the results to be achieved. To respond to the second aim, this document, an Environmental and Social Management Framework (ESMF) to accompany the Proposal for REDD+ Results-Based Payments in Paraguay for the Period 2015-2017, has been developed. The ESMF describes how environmental and social risks will be identified, assessed and managed in a manner consistent with the GCF's environmental and social standards (ESS), including the determination of the relevant environmental and social risk category of the proposed activities.

Paraguay's REDD+ results-based payments proposal will apply the safeguards policies and standards of UN Environment as Accredited Agency supporting the project proposal, which are consistent with the policies and standards of the Green Climate Fund, along with the safeguards framework agreed under the UNFCCC for REDD+. The analysis included in the ESMF is complementary to the Environmental, Social and Economic Review Note (ESERN), which was carried out as part of UN Environment protocol on the application of safeguards to projects. It will also serve to help inform the project-level ESMF planned to accompany the development and implementation of the national

¹ Call for proposals for the pilot programme for REDD+ results-based payments (Green Climate Fund, Decision B.18/07).

REDD+ strategy “Forests for sustainable growth” (*Estrategia Nacional: Bosques para el Crecimiento Sostenible*, ENBCS according to its abbreviation in Spanish).

This document responds to the requirement to develop and present an ESMF as part of the proposed financing for results-based payments for REDD+ in Paraguay in the period 2015-2017, and includes the project description, and information on the proposed activities to be implemented, followed by the applicable standards for the ESMF as well as relevant elements of the national legal framework. It then includes an analysis of potential environmental and social risks and mitigation measures associated with the use of proceeds. Planning for the continuous application of environmental and social standards in the use of proceeds, as well as more specific activity-level planning, are then discussed.

2. Project description

The Government of Paraguay requested that UN Environment, as Accredited Entity (AE), help develop the project “Paraguay REDD+ RBP for results period 2015-2017”, submitted to the “pilot programme for REDD+ results-based payments” of the Green Climate Fund.

The development of this project has built upon Paraguay’s preparation phase for REDD+ from 2011 onward, when the country started to develop its Warsaw Framework for REDD+, as requested by the Conference of the Parties of the UNFCCC, in order to be eligible for results-based payments.

The four main elements developed by Paraguay are its National REDD+ Strategy (the National Strategy of Forests for Sustainable Growth, the *Estrategia Nacional de Bosques para el Crecimiento Sostenible*, ENBCS in Spanish), the National Forest Monitoring System (NFMS), Forest Reference Emissions Levels (FREL) (based on historical emissions from deforestation for the period 2000-2015), and the Safeguards Information System (SIS). 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, and has submitted its *First Summary of Information on Addressing and Respecting REDD+ Safeguards in Paraguay for the period 2011-2018* to the UNFCCC.

The design of the project submitted to the GCF focuses on Capacities, enabling environment and monitoring systems put in place for the implementation of the ENBCS (Outcome 1), as well as Governance and operational procedures of Climate Change Fund established and finance channelled to NDCs, the ENBCS and low carbon development plans (Outcome 2). To ensure an efficient and transparent implementation, a programme management unit and technical monitoring system will be put in place.

The project will be implemented over a period of 6 years, with the support of other UN Agencies and national organizations, following UN Environment rules and procedures as Accredited Entity. Further details on the project outputs are below.

Output 1: Capacities, enabling environment and monitoring systems put in place for the implementation of the ENBCS

The ENBCS provides the general framework for implementing concrete actions to address the direct and underlying drivers of deforestation and forest degradation. The set of activities grouped under Output 1 will support several components of the ENBCS. These include securing legal titles for several protected areas and completing their zoning plans; the strengthening of ongoing activities to reduce deforestation; and supporting sustainable production protocols in agroforestry systems, as well as for forest management and biomass. Greater access to sustainable economic alternatives for indigenous and small rural farmer communities will also be promoted.

Proceeds from the proposal will be used to significantly strengthen human resources and operational capacities at both the National Forestry Institute (INFONA) and the Ministry of Environment and Sustainable Development (MADES) for the enforcement of existing laws. This will help to address issues such as lack of basic infrastructure and equipment, and support operational elements, such as connection with regional offices, capacity to do field inspections, and investments in hardware and analysis for the forest monitoring system, including the rapid response system for illegal deforestation and forest fires. Particular attention will go to strengthening inter-institutional coordination mechanisms.

The forestry and environmental monitoring systems will be consolidated and updated jointly between MADES and INFONA. The monitoring system will be used to support the regulation of actions and enforcement of the Forestry Law, and will include strengthened and improved monitoring capacities.

It is also key to significantly strengthen incentives for forest conservation. In this regards, Paraguay approved the establishment of a system of Payments for Environmental Services (PES; Law 3001/06). This innovative system has a great potential to reduce deforestation rates in Paraguay and does not require the public treasury to be the source of payments. Rather, these take place between private actors with surpluses and deficits in the legally required are for forest conservation. RBPs will thus not be used to support payments but rather to make the mechanism fully operational. This will include (i) simplifying and digitalizing processes to substantially diminish transaction costs; (ii) strengthening enforcement and monitoring.

Strengthening the mechanisms for territorial governance is also an important action that will be supported. The strengthening of territorial governance through MADES and INFONA regional offices and mechanisms for planning and regulating land use (support for land-use planning) will improve control and effective enforcement of forestry and environmental laws. It will also help to reinforce the legal standing of public and private protected areas. Monitoring, supervision and enforcement capacities will be strengthened.

The full application of social and environmental safeguards and a gender approach will be cross-cutting for the whole set of activities financed through the use of proceeds. As part of Output 1, the proceeds will finance the implementation of a monitoring and reporting mechanism for safeguards. Also, a stakeholder engagement plan and a grievance redress mechanism will be established. Finally, the project management unit will include a knowledge management and communication specialist who will work on capturing and systematizing lessons learned, disseminating information to target audiences and advocacy. The project will support South-South exchanges.

Consistency with Paraguay's NDC

The Government of Paraguay developed its Nationally Determined Contribution (NDC) in alignment with its National Development Plan for 2014-2030. The goal established by Paraguay in its NDC is to avoid emissions for 429 MtCO₂eq during the period of implementation of the action plan (2014-2030) and from 2030 onwards to avoid emissions in the amount of 83 MtCO₂ eq. annually.

The NDC established a target of 20% of emissions reductions relative to a projected BAU for 2030. The country set a target of emissions reductions of 10% relative to a BAU for 2030, and an additional conditional target of 10% of emissions reductions relative to a BAU for 2030.

The Third National Communication on Climate Change (2017) determines the baseline according to the following parameters:

- Benchmark: National GHG Inventory with a base year 2000 presented in the Second National Communication.
- Projected emissions: Projected National GHG Inventory using 2011 as the base year: 140 million tons of CO₂ equivalent (under review).
- Projected National GHG Inventory with 2020 as the base year: 232 million tons of CO₂ equivalent (under review).
- Projected National GHG Inventory with 2030 as a base year: 416 million tones of CO₂ equivalent (under review).

The Second Biennial Update Report (2018) outlines the main lines of mitigation actions as part of the country's implementation of its NDC. The activities proposed for the use of the proceeds coming from this GCF REDD+ pilot programme are aligned to two of the lines of action:

- Reduce and avoid deforestation, through payment mechanisms for conservation and for reducing deforestation.
- Encourage the implementation of agriculture with new technologies: reduction in the use of nitrogen fertilizers, reduction in the burning of land for new agricultural fields, introduction of technologies with climate benefits, etc.

These actions are directly related to the AFOLU sector which is the greatest historical contributor of GHG emissions in Paraguay.

Paraguay is in the process of elaborating an NDC Implementation Plan, which integrates measures of the ENBCS as fundamental components for the process to reduce GHG emissions by 2030. The ENBCS is therefore a guiding document for the management of PAMs that contribute to the implementation of the NDC presented by the country to the international community, within the scope of the Paris Agreement.

The document also recognizes the need for Paraguay to receive institutional strengthening for the implementation of public policies aimed at reducing emissions as well as strengthening MRV mechanisms.

The results-based payments received by Paraguay from the GCF will contribute to the implementation of actions for the mitigation component of Paraguay's NDC.

Output 2: Governance and operational procedures of Climate Change Fund established and finance channelled to NDCs, the ENBCS and low carbon development plans

The National Climate Change Fund (NCCF) was created in 2018, through the National Climate Change Act (Law 5875/2018). In its article 14, the Law "Creates the Climate Change Fund, which will be under the responsibility of the Secretariat of the Environment [today MADES; formerly known as the Secretariat of Environment, SEAM]; its purpose will be to attract and deploy public, private, national and international financial resources to support the implementation of actions to address Climate Change. Actions related to adaptation will be a priority in the application of the Fund's resources".

While the NCCF has been established by law, it is still not operational. There is a need to define the NCCF's governance structure, procedures for operation, responsibilities, accountability, the criteria for allocation of resources, safeguards to be applied, risk management, and the definition of the type/conditions of grant and financial products that the NCCF will offer.

This presents a unique opportunity to set up a long-term financing mechanism for REDD+ actions with world-class standards for transparency, participation and application of safeguards. The proceeds from results-based payments (RBPs) will support the establishment of an RBPs window at the NCCF to provide a solid platform for participatory decision making for the investment of resources in the implementation of the REDD+ strategy. The application of GCF and UN Environment safeguards and risk management procedures would ensure a "no-regrets" policy in the implementation of actions and measures. A structure designed to ensure participation of stakeholders involved in anti-deforestation actions would contribute much to an equitable distribution of benefits. Equally importantly, the NCCF would be a platform with a governance structure sufficiently solid so as to make Paraguay over time less dependent on multilateral and other type of institutions for technical and administrative assistance in the management of external funds.

In view of the above, proceeds from this proposal will be used to support making the NCCF operational. As a first measure, proceeds will be invested to define the procedures for operation, responsibilities, accountability, structuring and the criteria for allocation of resources of the Fund, in line with the principles of transparency, integrity and gender equality. Proceeds will also support the identification and definition of the type/conditions of grant and financial products that the RBPs window of the NCCF will offer. Once the rules of operation have been established, and sufficient safeguards are in place, the AE will proceed to disburse proceeds to capitalize the NCCF.

There will be special requirements for the allocation of proceeds through the NCCF. Contributions from RBPs will be kept in a separate sub-account and will be used to support activities in line with the NDCs, the remaining components of the ENBCS not included in Output 1, and low carbon development plans. Activities/projects funded with the use of proceeds through the NCCF will be consistent with the objectives of the GCF. The proceeds will only be used to finance activities/projects with low or moderate risk, as defined by the AE protocol for risk assessment.² The use of proceeds will be in line with the ESMF, and consistent with the Gender Assessment and Action Plan (submitted as a separate annex to the proposal). Throughout the operation of the NCCF, there will be dedicated team of local and international experts verifying that the use of proceeds is in compliance with the above stated conditions. Each project to be supported will have corresponding monitoring activities and audits.

On the sustainability of the fund, the Law 5785 establishes that contributions to the NCCF may come from "(i) the annual resources contemplated in the National Budget; (ii) contributions, payment of rights and uses foreseen in the corresponding Laws; (iii) donations from natural or legal persons, national or international; (iv) contributions made by other countries governments and international agencies; and (v) any other resources obtained under other legal provisions." It is expected that once the NCCF is fully operational, its high standards of transparency, participation and safeguard

² These activities would correspond to GCF risk category C (project has minimal or no adverse risks) or B (project has mild adverse risks that would likely be reversible), and would not include projects of category A (project has significant adverse risks that may be irreversible).

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requirements will attract co-financing from different sources. Targets of interest include the private sector and the energy sector (which already contributes funds to a range of environmental activities), in addition to contributions from the National Budget. The structuring of the NCCF also provides opportunities for leveraging its resources through blended finance and participation into investment vehicles. MADES is already assessing options to ensure regular contributions to the NCCF from fees and taxes.

The full implementation of the ENBCS should also result in the creation of "virtuous circles", where the decrease in deforestation rates opens the possibility of accessing new payments, which are then invested in forest protection, promoting additional decreases in deforestation and thereby allowing continued access to payments. This would have a strong political effect in Paraguay by showing that the environmental sector can generate significant economic resources in addition to those benefits achieved by protecting the environment. If the project is successful in establishing this dynamic, and therefore attract a regular flow of resources, the sustainability prospects of the Climate Change Fund would be greatly improved.

Annex 8 to the proposal provides a description of the structure and operational modalities under discussion for the NCCF.

The following table provides information on the contribution of this proposal to the GCF Fund-level outcomes.

Table 1: Project outputs and Fund-level outcomes

Project outputs	Fund-level outcomes
<p>Output 1: Capacities, enabling environment and monitoring systems put in place for the implementation of the ENBCS</p> <p>Output 2: Governance and operational procedures of Climate Change Fund established and finance channelled to NDCs, the ENBCS and low carbon development plans</p>	<p>Strengthened institutional and regulatory systems</p> <ul style="list-style-type: none"> • The capacities of MADES and INFONA to implement ENBCS are strengthened, with high levels of participation of stakeholders and compliance with safeguards. • An enabling environment to implement the ENBCS (includes piloting sustainable economic alternatives for local actors, such as small farmer and indigenous communities) is created. • The National Forest Monitoring System (National Forest Inventory, terrestrial monitoring satellite systems, and the INGEI of the LULUCF/AFOLU sector) is consolidated. • A safeguards compliance monitoring and reporting compliance system is consolidated • Positioning the ENBCS for paradigm shift on forest and sustainable development
	<p>Improved management of land and forest</p> <ul style="list-style-type: none"> • A strengthened regulatory framework facilitates land use regulation and the control and monitoring of land use in forest lands and reduces deforestation.

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	<ul style="list-style-type: none"> • Financial incentives (subsidies, tailor-made credits, guarantee funds) reduce deforestation drivers. • Market for environmental services encourage forest conservation • Communication campaign positively affects people's behaviour towards forest conservation and sustainable production
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Specific activities corresponding to the two outputs are shown in the table below.

Table 2: Project activities

Output	Sub-output	Activity/Project	Relation to measures and actions in the ENBCS	Details	
Output 1: Capacities, enabling environment and monitoring systems put in place for the implementation of the ENBCS	Early actions in the ENBCS delivered	Actions to improve conservation in public and private nature protected areas (legal titles; land use planning).	Measure 6. Sustainable Forest Management	Strengthening of the ASPs and update of the SINASIP, including strengthening of MADES, titling procedures, infrastructure improvement and management plans development.	
				Implementation of ecotourism and integrated waste management programmes in public and private ASPs.	
		Rapid institutional response to alerts of deforestation and / or degradation.	Measure 9. Development of capacities for environmental regulation, control, monitoring and penalization.	Strengthening of the components (3) of the National Forest Monitoring System (MADES - INFONA)	
				Establishment of the system of monitoring, reporting and verification	
				Establishment of an early response protocol and mechanisms to respond to eventual cases of deforestation, wildfires, post-fire and in the case of risks of loss of forest cover.	
				Acquisition of equipment and technologies for wildfires prevention and control (tractors, sensors, installation of early warning system, etc.).	
				Measure 6. Sustainable Forest Management	Development and pilot implementation of a countrywide plan for forest restoration
				Measure 7. Sustainable financial systems and action; Measure 9. Development of capacities for environmental regulation, control, monitoring and penalization.	Capacity building for wildfire control through training programs for firefighters, park rangers and others.
		Identification and strengthening of ongoing programs and	Measure 5. Adopt entrenchment (arraigo) policies	Strengthening of income diversification programs and sustainable production systems (medicinal plants, honey, yerba mate, fruits, ecotourism, organic products) and commercialization of products.	

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		actions to reduce deforestation		Support and training mechanisms for small producers, indigenous peoples and other local communities, including training on business plans, sustainable production, etc.
			Measure 2. Sustainable Production Systems	Strengthening of existing platforms for facilitating the implementation of sustainable production action plans encouraging gender balance.
			Action 2.3. Improve the efficiency in use of soil resources in production processes.	Support to improve the efficiency in the use of soil resources in production processes (based on the National Soil Neutrality Strategy).
Strengthened capacity and inter-institutional coordination	Regulatory and institutional framework for strengthening the implementation of the ENBCS		Measure 8. Legal framework adaptation and policy articulation	Review/adjustment of the environmental and forestry legal framework and decentralization in participatory, multi-sectoral processes (including adequate management of environmental and social risks).
			Measure 1. Legal framework that prohibits land use change in the Eastern region of Paraguay	Support to political process to extend the prohibition of land use change in the Eastern region.
			Measure 9. Development of capacities for environmental regulation, control, monitoring and penalization.	Strengthening of capacities of the national institutions involved in the implementation of the joint intervention protocol for complaints and whistle blowers.
				Strengthening of the control system for enforcement of the environmental legal framework (MADES)
				Strengthening of the control system for enforcement of the forest legal framework (INFONA)
			Development of capacities for environmental regulation, control and penalization	Measure 9. Development of capacities for environmental regulation, control, monitoring and penalization.
Safeguards information and monitoring system	Implementation, monitoring and reporting on the full respect of safeguards and gender actions.	Measure 9. Development of capacities for environmental regulation, control, monitoring and penalization.	Implementation of the Safeguards Monitoring System and report in a participatory and multisectoral process based on CPLI guidelines.	
System of Payments for Environmental Services strengthened	RBPs will be invested in making the system for environmental services fully operational. This will include (i) simplifying and digitalizing processes to substantially diminish transaction costs for	Measure 3: Promotion of environmental services, valuation of natural capital and of environmental services in all their modalities and		Adjustment in regulations to Paraguay's National Policy on Environmental Services
				Digitalization of the process for entering the system of environmental services
				Development and implementation of a digital platform in INFONA for the determination of forest deficit linked to SIAM to establish the compensation through environmental services.

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		demand and supply actors; (ii) strengthen enforcement and monitoring	procurement mechanisms.	Development of a digital platform for transactions of the Environmental Services Certificates.
				Promotion of adherence to the system of payments for environmental services and access to market for small producers.
				Development of mechanisms and assistance to indigenous communities for the commercialization of environmental services.
	Strengthening territorial governance in the areas of environment and forestry	Strengthening of land use governance through improved planning and regulation	Measure 8. Legal framework adaptation and policy articulation	Strengthening of municipal governance through territorial use planning and regulation mechanisms (support to Territorial Planning including establishment of biological corridors).
Project lessons and results communicated	Communication and knowledge management products		Applies to all actions of the ENBCS	Promotion and distribution of the results achieved in the implementation of ENBCS actions linked to the GCF Result based payments project.
	Impact on the behaviour of key actors for the reduction of deforestation (officials, producers, producer associations)		Applies to all actions of the ENBCS	Systematization of life stories and lessons learned from the GCF Result based payments project.
Output 2: Governance and operational procedures of Climate Change Fund established and finance channelled to NDCs, the ENBCS and low carbon development plans	Regulation, implementation and operation of the Climate Change Fund	Definition of rules of operation, safeguards requirements, participation modalities and decision making mechanism	Applies to all actions of the ENBCS	Establishment of a baseline for measuring and evaluating the project's impacts
			Applies to all actions of the ENBCS	Information dissemination and launching of the Climate Change Fund
	Capitalization of the Climate Change Fund	Disbursements to the Climate Change Fund's account	Applies to all actions of the ENBCS	Definition of TORs for Steering Committee, Technical Committee, eligibility criteria, internal procedure for assessment and selection of projects, grant award and disbursement policy, financial products, E&S policy, procurement policy, gender policy, project monitoring and transparency and access to information policy.
	Project monitoring and auditing	Team of local/international experts verify the correct use of RBPs resources in the Climate change Fund	Applies to all actions of the ENBCS	Capitalization of the RBPs window at the NCCF
				Internal/external auditing; compliance with GCF/AE policies; reporting

2.1 Stakeholder consultations on the use of proceeds

The development of the proposal for results-based payments for REDD+ builds on the extensive stakeholder engagement that was conducted in Paraguay during the REDD+ readiness phase, as well as several additional consultation processes. This proposal was validated by a number of the same key stakeholders involved in activities and processes that allowed Paraguay to reduce emissions from deforestation during the period of results, and who helped define the key outputs and activities for the use of proceeds, focused on supporting ENBCS implementation and establishing the Climate Change Fund and making it operational. The roles played by MADES, as well as the Secretariat of Planning for Economic and Social Development (STP, the GCF Nationally Designated Authority), in Paraguay's results-based payment proposal to the GCF mean that there is significant collaboration and coordination in the development and definition of the ENBCS priority lines that the country should focus on in order to give continuity to the objective of reducing emissions from deforestation and degradation. The consultation process for the development of Paraguay's proposal for results-based payments was led by MADES, in collaboration with STP, with support from UN Environment, and included a series of meetings, workshops and other events with key stakeholders, as summarized below; more detail is included in Annex IV.

MADES and the National Institute for Rural and Land Development (INDERT) signed a framework agreement for inter-institutional cooperation on 22 May 2019, with the aim of designing and implementing actions between the two institutions. The same day, an informative session was held with INDERT focused on Paraguay's opportunity to access GCF results-based payments; strategies and needs related to INDERT's support to the implementation of ENBCS were defined. The main role of the institution in the ENBCS will be to help grant land titles to communities and other stakeholders. INDERT shared concerns related to defining procedures and tools to avoid the overlap of indigenous peoples territories and lands granted to other stakeholders.

A consultation was held on 28 May 2019 with STP in which strategic priorities and a communication channel were established, in part through the designation of a focal point from the STP to collaborate in the development of the proposal. In this meeting, the participants agreed on the approach for developing the funding proposal and the next steps needed for engaging other institutions. STP communicated the importance of the operation of the Climate Change Fund, through transparent and participative processes for selecting projects or deciding on the use of the proceeds.

An information session was held on 29 May 2019 with INFONA about Paraguay's opportunity to access results-based payments from the GCF, the inputs needed to develop the proposal, and the priority lines of action for the implementation of the ENBCS. The main role of the institution in the ENBCS is the monitoring of the country's forest areas and the implementation of the legal framework for forests. INFONA also works with Global Forest Watch, an interactive online monitoring and warning system on forest change designed to provide information needed to enhance forest landscape management and conservation.

Three meetings were held with representatives of the Institute of Indigenous Affairs (Instituto Paraguayo del Indígena, INDI), the Federation for Self-Determination of Indigenous Peoples (Federación por la Autodeterminación de los Pueblos Indígenas, FAPI), and with members of non-

governmental organizations representing indigenous communities and other groups, in order to report on Paraguay's opportunity to access GCF results-based payment.

During the first meeting, held on 3 June 2019, there were participants from INDI, FAPI, MADES, the United Nations Development Programme (UNDP) and UN Environment. The priority lines of action for indigenous peoples for the implementation of the ENBCS were discussed. This meeting highlighted interest in the proposal and in engaging wider representation of indigenous communities in future discussions, including at the community level. In addition, the indigenous peoples representatives highlighted several topics, including: i) the importance of including other indigenous peoples and organizations in the discussions; ii) formalizing and respecting land tenure rights; iii) participation of indigenous actors; iv) protection of uncontacted indigenous peoples and communities in voluntary isolation; v) strengthening dialogue and capacity building; vi) considering adequate timeframes that allow sharing information and consultations with indigenous communities; and vii) avoiding the generation of unrealistic expectations within communities.

A second meeting was held on 6 June 2019, as a special session of the [REDD+ Working Group](#) (Mesa REDD+). The REDD+ Working Group was created and convened within the framework of the National Commission on Climate Change, with the aim of becoming a space for discussion and technical consultations on issues related to REDD+. During the session, the process for developing a proposal for results-based payments was discussed, and related safeguards products were validated.

Amongst the participants in the session were: the president of the Federation for the Self-Determination of Indigenous Peoples (FAPI), Mr. Hipólito Acevei, representatives of various departments within MADES, the Ministry of Foreign Affairs, the Paraguayan Indigenous Institute, the Paraguayan Rural Association, Guyra Paraguay, the Solidarity Foundation, Alter Vida, the Ministry of Finance, the Paraguayan Industrial Union, the Ministry of Agriculture and Livestock, Itaipu Binacional, the Moises Bertoni Foundation, STP, INFONA, the Production Cooperative Federation (FECOPROD), and Ministry of Urbanism, Housing and Habitat, UN Environment and UNDP.

During the special session of the REDD+ Working Group, FAPI noted the formalization of the free, prior and informed consent protocol, and indicated that the Federation is willing to continue to collaborate with results-based payments project that contributes to the protection of the environment, with the recommendation that a higher percentage of indigenous peoples should be engaged. Also, INDI mentioned that more efforts are needed for effective participation of indigenous peoples, for protecting their rights and promoting closer links between MADES, INDI and indigenous peoples. STP indicated that certain procedures needed to be followed and consensus reached, together with a rational use of resources that can generate results, which could in turn bring additional resources.

A [third meeting](#) that engaged indigenous peoples' representatives and other stakeholders took place on 4 July 2019 to review the full proposal, and gather inputs. The participants included the members of the REDD+ Working Group, including the Ministry of International Affairs, INFONA, STP, INDI, Itaipú Binacional, and Altervida, among others. The participants recommended ensuring consistency with the objectives of the ENBCS throughout the implementation of activities, and paying special attention to the environmental services and the formalization of the borders of protected areas. They also mentioned the need to continue to promote the sustainable use of resources in indigenous peoples' territories; create a plan to restore forests; work with vulnerable communities; strengthen territorial governance; and protect the urban forests.

Further discussions were held on 12 August 2019, with a meeting between MADES, STP and UN Environment to discuss technical aspects of the results-based payments proposal.

A further meeting of the REDD+ Working Group (Mesa REDD+) was convened by MADES on 6 September 2019 to discuss ENBCS implementation and to update on progress of the results-based payments proposal.

Future discussions during project inception will focus on:

- a) Continuing to facilitate free, prior and informed consent (FPIC) processes (based on Decree 1039/18 – “The protocol for the consultation process and provision of FPIC of indigenous peoples in Paraguay”), and engagement of indigenous communities in project activities design, implementation and monitoring; and
- b) Continuing to identify priority lines of action for the implementation of the ENBCS from the perspective of indigenous communities, such as through expansion of the Environmental Services Regime and development of local mechanisms to promote the commercialization of environmental services.

An ongoing commitment was confirmed to continue strengthening the link between MADES, INDI and indigenous peoples’ organizations and communities in Paraguay, supporting greater participation and spaces for discussion and decision-making related to the implementation of the ENBCS.

In addition to these consultations, at project inception and during implementation, each activity proposed for the use of proceeds will have its own consultation mechanism, to ensure participation and ownership of activities. The frequency and scale of stakeholder engagement will have a cross-cutting gender approach, and will be commensurate with the nature of the project activity, the magnitude and probability of potential environmental and social risks and impacts, and concerns raised by affected stakeholders, particularly indigenous peoples and local communities.

The participative governance structures developed for ENBCS implementation, in alignment with the Cancun safeguards and UN Environment and GCF social and environmental safeguards and policies, will be employed so that project activities are discussed with a wide range of stakeholders including national and subnational government departments, civil society, indigenous peoples’ representatives, and local communities. Stakeholder engagement processes will also create spaces for dialogue, and reflection on implementation challenges, opportunities and lessons learnt, informing adaptive management of project implementation.

A project inception workshop will be held within two months of the project start date. Involving project management, implementation partners and wider stakeholders, the inception workshop will be crucial in building understanding of project objectives, outputs and activities, ownership of the project results and informing development of the first annual work plan. During the inception phase of the project, in first 12 months of implementation, a detailed stakeholder mapping exercise and extensive stakeholder consultations will be used to inform the development of a stakeholder engagement plan - determining who participates, in what process, when and how, taking into account different stakeholder circumstances, needs and capacities. The plan, described in more detail in section 6.6, will identify key stakeholders who may be affected by the activities to be financed by the use of proceeds and will include, inter alia:

- a participatory process to develop the plan;

- procedures for ensuring full and effective participation of stakeholders, in particular indigenous peoples and local communities, in alignment with Cancun safeguards and UN Environment ESES;
- stakeholder engagement in activity level environmental and social impact assessment, which will cover the activities planned under ENBCS Climate Change Fund implementation;
- definition of the role of different stakeholders in activity design, implementation, monitoring and evaluation;
- participation of stakeholders in the application and reporting on applicable safeguards frameworks, including the development of the indigenous peoples plan and resettlement plan;
- focus on stakeholder engagement in environmental and forest law reform and enforcement (e.g. implementation of Law 3001/06 on “valuation and compensation for environmental services); and
- stakeholder engagement in the design and implementation of a communication strategy

The stakeholder engagement plan will inform the development of an indigenous peoples plan³ that will include standard operating procedures for Decree 1039/18, which approves the protocol for the consultation process and provision of FPIC of indigenous peoples in Paraguay, ensuring that traditional land-use rights, and access to land or resources that are the basis of indigenous peoples’ livelihoods, inform activity design, implementation and monitoring.

The project will also ensure that accessible, effective and independent processes of grievance redress are operational, based on existing administrative and judicial mechanisms in Paraguay, and guided by the international good practices enshrined in the UN Environment ESES Framework. Further information on this is provided in section 6.8.

The due diligence process on the use of proceeds is described in section 6.1.

3. Applicable safeguards standards

As a basis for this Environmental and Social Management Framework, the following safeguards standards were considered relevant for analysis of activities to be carried out with the use of proceeds in this proposal:

- The safeguards of UN Environment as Accredited Entity to the GCF, and its policies on access to information, and indigenous peoples, which are aligned to the framework of environmental and social standards of the GCF, as well as the UN Environment Environmental, Social and Economic Review Note screening.
- GCF standards on avoidance of prohibited practices, which provided inputs both for the ESA and the full proposal.
- The Cancun safeguards of the UNFCCC, which have been contextualized through the national interpretation of safeguards and analyses of relevant legal and institutional frameworks in Paraguay.

Each of these standards is described in more detail below.

³ The indicative outlines of these plans are presented in Annexes I and III.

3.1 UN Environment environmental, social and economic sustainability framework

The UN Environment [environmental, social and economic sustainability \(ESES\) framework](#) improves business practices of the UN Environment by integrating standardized and structured sustainability measures across all of its work. This Framework sets minimum safeguard standards for UN Environment and its implementing/executing partners and enables UN Environment to anticipate and manage associated environmental, social and economic issues in a holistic manner.

The Framework serves five broad purposes:

- Getting ready for the implementation of the 17 Sustainable Development Goals (SDGs) of the UN 2030 Agenda through closer engagement with UN entities and partners to strengthen development aid by routinely integrating the environmental, social and economic dimensions related to its activities.
- Sets safeguard standards for the operations confirming accountability of UN Environment to member states, and funders.
- Enables UN Environment to minimize potential risks and harm while enhancing the capabilities and credibility of UN Environment with strengthened partnerships.
- Allows UN Environment to identify the full life-cycle costs of its operational choices and to operate more sustainably while improving efficiency over time.
- Enables UN Environment to respond more promptly and effectively to emerging environmental, social and economic issues as an attractive and trusted implementing/executing partner.

The Framework serves its broad purposes by employing two overarching Principles – the precautionary approach and human rights-based approach – plus nine Safeguard Standards, which are:

- Biodiversity conservation, natural habitats, and sustainable management of living resources
- Resource efficiency, pollution prevention and management of chemicals and wastes
- Safety of dams
- Involuntary resettlement
- Indigenous peoples
- Labor and working conditions
- Protection of tangible cultural heritage
- Gender equality
- Economic sustainability

Specific UN Environment Programme policies that are related to the Framework include:

- Policy guidance on environment, human rights and addressing inequalities
- [Indigenous peoples policy](#)
- [Policy and strategy on gender equality and the environment](#)
- [Promoting greater protection for environmental defenders](#)
- [Partnership policy](#)

The general principles apply to all projects, and standards to certain projects depending on their scope and the initial analysis of risks and potential impacts. The principles determine how to avoid, mitigate or minimize potential risks, while standards refer to what to do for it.

There is a strong commitment to avoid, minimize or mitigate environmental, social and economic impacts associated with the projects implemented. Therefore, all actions are subject to a review process according to the safeguard standards during the project preparation phase, and the design,

implementation, monitoring and evaluation is carried out according to applicable safeguard standards.

The initial evaluation phase includes a process to determine the appropriate level of analysis and the management approach proportional to the potential risks and to direct, indirect, accumulated and associated impacts. The context of the physical, biological, socio-cultural and economic project is considered. This evaluation can trigger requirements for the development and implementation of instruments for managing impacts, depending on the outcome of the risk assessment, which includes an analysis of the intensity, relevance and scope of possible impacts. The results of this evaluation are available in the Environmental, Social and Economic Review Note (ESERN) for the project.

UN Environment ensures that the potential negative impacts will be evaluated and avoided, when it is not possible to avoid them they will be minimized, mitigated and managed. It also considers the feasibility of mitigating these impacts and associated financial and technical needs, as well as the different existing alternatives, including the option of not taking any action, the suitability of the alternatives according to local conditions and the institutional, training and monitoring.

Information related to UN Environment projects and safeguards documents is shared to seek involvement of relevant actors and the public. UN Environment also has a process and associated tools for handling complaints and concerns.

In addition, a periodic report is made of compliance with the safeguard requirements and the application of the relevant framework and policies. The safeguard measures and plans are reviewed and updated as deemed appropriate. Midterm and final project evaluations are developed.

Various processes, requirements and tools have been defined by UN Environment for different stages of project development, including review and approval processes, implementation, monitoring and evaluation, legal agreements with partners or collaborators, and stakeholder participation processes. It also establishes a framework of responsibility and accountability that includes a response mechanism for actors. This framework of environmental, social and economic sustainability and the policies associated with it are consistent with the standards and safeguards policies of the Green Climate Fund.

The environment safeguards standards and framework of the UN Environment is continually being reviewed, and is subject to modifications and improvements based on needs in terms of safeguards and sustainability. Specific UN Environment policies relevant to the implementation of activities under the Paraguay results-based payments proposal are described below.

3.1.1 Access to information

UN Environment bases its actions on Principle 10 of the Rio Declaration, related to access to information, public participation in decision-making and access to justice in environmental matters. This includes early consultation processes, as well as access to information and the opportunity to review materials and provide comments before making decisions.

In addition, with the objective of increasing transparency and openness to the work carried out by UN Environment, the Access to Information Policy was defined, which establishes the importance of disseminating and making available environmental information, including on the state of elements of the environment, such as air and atmosphere, water, soil, land, landscape and natural sites, biological diversity and its components; information on factors that affect the environment; and cost-benefit studies for environmental decision-making, among others.

The involvement of actors in an effective and adequate manner depends on the information provided to these actors. UN Environment discloses information, and expects its partners to do the same, based on the following considerations: i) information will be shared in a format and language understandable to the actors involved; ii) with sufficient time to allow review and inputs before approval; iii) through the website and as appropriate other websites of partners and national agencies, in hard copies or in other forms. Among the documents that should be shared are risk assessments, environmental, social and economic assessments, and management plans.

The comments and suggestions received from the relevant stakeholders should be reviewed, answered and included in the corresponding documents.

3.1.2 Indigenous peoples

A policy and guide was developed with the aim of understanding and considering rights, knowledge, practices and systems that provide a framework for harmonious relations between indigenous peoples and the environment. To this end, the recommendations of the Permanent Forum of the United Nations for Indigenous Issues and the United Nations Declaration on the Rights of Indigenous Peoples, among other international instruments, were followed.

The policy aims to strengthen capacities to understand the perspectives, needs and concerns of indigenous peoples, as well as to establish and employ a mechanism that considers their rights, visions and needs. It looks to raise wider awareness of the importance of the involvement of indigenous peoples, as partners and holders of valuable knowledge, and define mechanisms for engagement.

The recognition of the collective rights of indigenous peoples, together with human rights standards, provides a framework for adopting a human rights and culturally sensitive approach. The cultural heritage and traditional knowledge of indigenous peoples can contribute to the development of environmental assessments and the sustainable management of ecosystems.

The members and representatives of the indigenous peoples should be involved in the activities of the UN Environment as partners in the development and implementation of environmental policies. It recognizes the rights, risks, responsibilities and contributions of indigenous actors in the care of the environment; but it is also recognized that there are ways in which they can possibly negatively affect the environment and biodiversity.

Initiatives that could affect indigenous peoples require that these actors participate effectively in decision-making, planning and implementation and that they have the consent to ensure that activities are carried out in line with their rights, cultures, visions and priorities.

Among other areas of work, UN Environment supports the involvement of indigenous peoples in the processes of development of environmental policies; capacity building and development; inclusion of perspectives of indigenous peoples in the implementation of activities; and planning and implementation of projects. It also works on issues of communication, education and awareness about indigenous peoples.

Working with indigenous peoples at a political and programmatic level implies the adaptation of processes and strategies to ensure the effective participation of these actors and transparency in processes.

3.1.3 Civil society engagement

There is a commitment to collaboration and partnership with groups and actors that seeks to ensure transparency and inclusion in the decision-making processes on the actions of the UN Environment. The involvement of civil society organizations such as non-governmental organizations,

networks and organizations, which make important contributions to research and knowledge, has been sought. These allies and partners provide sustainable, broad and essential support to fulfil the mandate of UN Environment.

Efforts are made to ensure the effective and balanced participation of groups and actors that play a key role in sharing knowledge and experiences. They channel the voices of those who are affected by environmental and political problems, and focus on issues relevant to communities and the general public.

3.1.4 Gender

Gender equity and the empowerment of women are recognized as priority issues across all aspects of UN Environment work. The participation of women and men in the activities of environmental protection and sustainable development is promoted.

Considering the mandate of UN Environment, it has the responsibility of leading the achievement of gender equity in environmental assessments, analyses, standards, guidelines and methods used to promote sustainable development and economic growth.

In addition to being guided by international conventions such as the Charter of the United Nations and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), among others, the work on the promotion and contribution to gender equality is informed by two policies: The Action Plan of the United Nations system for gender equality and empowerment of women – which provides a framework for measuring and monitoring performance – and the UN Environment Gender Policy.

There are six elements that must be taken into account for the mainstreaming of the gender approach, which are: i) transparency to obtain gender equity results at different levels; ii) results-based management for gender equity using indicators and protocols for evaluation; iii) supervision through monitoring, evaluation, auditing and reporting; iv) human and financial resources; v) capacity development in gender mainstreaming; and vi) coherence, knowledge and information management.

UN Environment is committed to obtaining results that are gender sensitive and gender responsive, as a means to achieve environmental sustainability. This requires the incorporation of gender perspectives in policy documents, as well as the design and implementation of projects.

In the framework of continuous risk-based management planning, solutions are evaluated and provided with respect to the dimensions of gender mainstreaming. Evaluations are designed and implemented including considerations of gender equity.

3.1.5 Stakeholder response mechanisms

UN Environment projects include procedures to keep the public informed about upcoming activities, to receive and record communications with the public, to identify problems and define how to address them, and to make adjustments in project management.

UN Environment's Stakeholder Response Mechanism is structured to resolve problems promptly, through a transparent, culturally appropriate and accessible consultation process, which follows United Nations standards. The mechanism covers the reception of complaints and the handling of conflicts in an independent, efficient and transparent manner.

The Mechanism provides the opportunity to request a compliance review in response to complaints associated with the projects or programmes, or initiate a process for conflict resolution. The management of complaints or resolution of conflicts is handled through the support of independent experts previously accredited.

The Project Manager or the implementing/executing partners are usually the first point of contact for any project-related complaints from stakeholders. The Project Manager and project team should respond promptly and appropriately to a complaint with the goal of avoiding escalation to the Independent Office for Stakeholder Safeguard-related Response.

The Project Manager can direct the complainants to fill out the “UN Environment Project Concern Feedback Form” form and submit it to the Independent Office for Stakeholder Safeguard-related Response if the issues cannot be resolved at the project level. The Project Manager should advise complainants to provide complete information, so UN Environment can properly assess and address the complaint. The form and instructions on how to submit the complaint form are available on www.unep.org (under “Project Concern” in the “A-Z of UN Environment”) or at www.unep.org/about/eses. The form is available in all UN official languages on the different language versions of the same sites.

The Stakeholder Response Mechanism is coordinated and managed by the Independent Office for Stakeholder Safeguard-related Response. This Office is responsible for both compliance review and grievance redress (dispute resolution) processes:

- **compliance review** is the process used, as appropriate, to review and respond to stakeholders’ concerns that UN Environment may not be in compliance with its Environmental, Social and Economic Sustainability Framework.
- **grievance redress** is a process providing people affected by UN Environment projects with access to appropriate and flexible dispute resolution procedures.

If the Independent Office for Stakeholder Safeguard-related Response finds that the complaint is eligible, s/he forms a team composed of internal or external experts to investigate the case and propose options for the complainant to consider.

A summary of the mechanism is presented in the table below.

Table 3: Stakeholder Response Mechanism

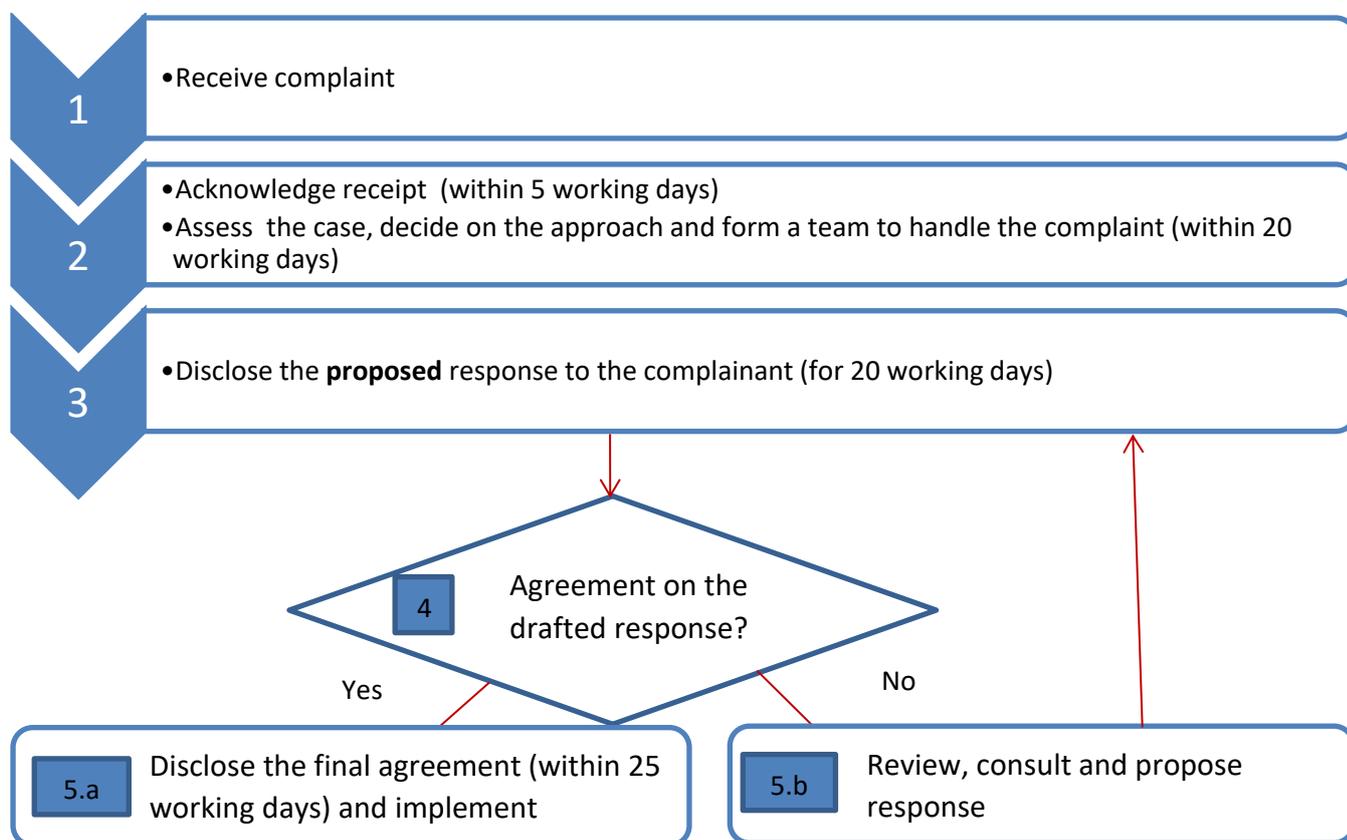
	Compliance review	Grievance response
Complainant	Any person or group of persons who may be affected by UN Environment-supported activities. While anonymous complaints will not be accepted, requests for confidentiality will be respected.	
Channel	Complainants can contact the Independent Office for Stakeholder Safeguard-related Response via mail, phone or email. Complainants should provide full details through the “UN Environment Project Concern” form to enable UN Environment to assess eligibility.	
Eligibility requirements	<ul style="list-style-type: none"> • The complaint is directly related to Environmental, Social and Economic Sustainability issues. • The issue concerns a proposed or on-going UN Environment project. 	

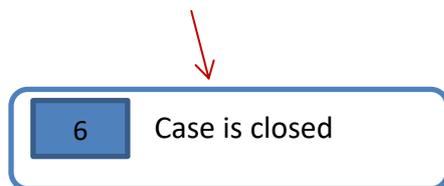
Environmental and Social Management Framework
 Document associated with the Proposal for REDD+ Results-Based Payments
 in Paraguay for the Period 2015-2017

Responsibility within UN Environment	Independent Office for Stakeholder Safeguard-related Response with support of relevant Regional Office and/or Divisions and/or thematic experts.	
Response	Independent Office for Stakeholder Safeguard-related Response investigates the complaint and reports findings and recommendations to the UN Environment Executive Director. UN Environment communicates the decisions and steps that UN Environment will take in response to the concerns.	Independent Office for Stakeholder Safeguard-related Response explores mediation, negotiation, conflict resolution, and/or referral to another dispute resolution mechanism.
Possible results and follow up action	<ul style="list-style-type: none"> Measures to minimize or mitigate negative impacts from project activities. Revision and disclosure of the project. Permanent suspension of the project. 	<ul style="list-style-type: none"> Proposed measures to address or compensate for negative impacts from project activities. Resolution of issue. Public disclosure of the case.

Regarding the processes for handling stakeholder response cases, following a figure was included to explain the work-flow for the Independent Office for Stakeholder Safeguard-related Response under the Stakeholder Response Mechanism following a complaint.

Figure 1: Stakeholder response work flow





The information related to this mechanism is available through the UN Environment [website](#) and allows registering complaints and comments and reporting on the progress and results obtained from the management of these issues. Information on the compliance review and conflict resolution processes is disclosed, along with instructions for making a complaint and information is recorded on all steps of the handling of each case.

3.2 GCF policy on avoidance of prohibited practices

Although UN Environment safeguards and relevant policies are consistent with those of the Green Climate Fund, the GCF also includes additional guidance through their Policy on Prohibited Practices⁴, which seeks to establish requirements to guide the IIU development of policies and procedures that define and prescribe integrity violations in the operations of the GCF. The purpose of this Policy is to establish the specific conduct and activities which are prohibited by the Fund. The prohibited practices identify threats to the transparent, accountable and efficient use of GCF resources, and ultimately the accomplishment of the overall GCF goal to deliver financing for projects that address the threats of climate change.

The GCF maintains a zero-tolerance policy toward Prohibited Practices and is strongly committed to preventing and combating Prohibited Practices. The GCF expects individuals and entities involved in Fund-related Activities to observe the highest standards of integrity, to refrain from directly or indirectly, condoning, encouraging, participating in or engaging in Prohibited Practices and to take measures, where and when appropriate, to prevent and combat Prohibited Practices regarding all Fund-related Activities. The GCF recognizes established international practices and policies with respect to the prohibition of Prohibited Practices, and particularly the principles in the United Nations' Convention against Corruption and other instruments related thereto.

In accordance with relevant GCF policies, standards and procedures, and subject to the terms of legal agreements concluded between a Counterparty and the GCF, Counterparties shall take timely and appropriate measures to:

- (a) Ensure that Fund-related Activities are carried out in accordance with this Policy;
- (b) Promptly disclose to the GCF any real or perceived Conflicts of Interest in relation to a Fund-related Activity;
- (c) Prevent Prohibited Practices from occurring in relation to a Fund-related Activity, including (but not limited to) adopting, implementing, and enforcing appropriate fiduciary and administrative practices and institutional arrangements to ensure that the Fund proceeds in the form of a grant, loan, contract award, or other forms of financing or support are used only for the purposes for which such financing or support was granted;
- (d) Promptly inform the GCF of Prohibited Practices found, suspected or alleged in connection with a Fund-related Activity;
- (e) Investigate any occurrence of, or report of suspected Prohibited Practices in a Fund-related Activity and report preliminary and final findings of investigations to the GCF;

⁴ [GCF Policy on Prohibited Practices](#).

- (f) To the satisfaction of the GCF, respond to, mitigate, and remedy any Prohibited Practice that is found to have occurred in a Fund-related Activity and take actions to prevent the re-occurrence of such Prohibited Practice;
- (g) Cooperate fully with the GCF in any IUU investigation into reports of suspected Prohibited Practices in connection with a Fund-related Activity, and take all appropriate measures to ensure the full cooperation of relevant persons and entities subject to such investigation, including, in each case, allowing the Fund to meet with relevant persons and to inspect all their relevant accounts, records and other documents relating to the GCF-related Activities and have them audited by, or on behalf of the GCF; and
- (h) Ensure that individuals or entities sanctioned by the GCF do not participate in Fund-related Activities in violation of their sanction.

Information on how activities implemented have and will adhere to GCF policies on avoidance of prohibited practices, supported by the application of Paraguay's relevant legal framework, is provided in section E.4 of the full proposal, and have also been used to inform both ESA and ESMF development.

3.3 UNFCCC safeguards for REDD+

In addition to the safeguards, frameworks and guiding principles mentioned above, activities implemented through with the use of proceeds from this proposal will also be implemented in line with the Cancun safeguards for REDD+, of the UNFCCC.

The formulation of safeguards under the UNFCCC constitutes a general framework and countries are expected to "interpret" the meaning of the Cancun safeguards in their own national context and through a national approach to safeguards. The development of Paraguay's national safeguards approach took place in line with the development process of the ENBCS, and specific policies and measures to implement REDD+ in the country. This process, which is described in more detail in the *First Summary of Information on Addressing and Respecting REDD+ Safeguards in Paraguay for the period 2011-2018*, included several elements:

- analysis of potential benefits and risks of the implementation of policies and measures of the ENBCS, to ensure that they are designed and subsequently implemented in a manner consistent with the REDD+ safeguards, seeking to avoid or mitigate potential social and environmental risks and improve or promote benefits;
- analysis of the legal and institutional framework in Paraguay for REDD+, with emphasis on relevant elements for addressing and respecting safeguards;
- identification of gaps and needs for strengthening the application of the existing legal framework; and
- stakeholder review and consultation.

The Cancun safeguards have been contextualized through the national interpretation of safeguards and analyses of relevant legal and institutional frameworks in Paraguay. Information on the meaning of each of Cancun safeguards in the Paraguayan context is provided, along with different key elements and relevant information on the relevant legal framework for each safeguard. This information is presented below for each of the REDD+ safeguards.

Safeguard a: That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements.

Interpretation in the Paraguayan context:

The complementarity and/or compatibility of REDD+ is defined within the framework of national and international policies, laws, decrees and commitments as related to REDD+ in Paraguay, which include,

among others: the Constitution of the Republic of Paraguay, the 2030 National Development Plan that frames the National Strategy "Forests for Sustainable Growth" (ENBCS), the National Contributions of Paraguay, and other national laws and international agreements on the subject.

Elements of the safeguard:

- Complementarity and compatibility of REDD + with the objectives of national forest programmes, sustainable development, climate change, biodiversity, poverty reduction and human rights, among others.
- Complementarity and compatibility of REDD + with the international commitments of sustainable development, climate change, biodiversity, poverty reduction and human rights, among others.

Safeguard b: Transparent and effective national forest governance structures, taking into account national legislation and sovereignty.

Interpretation in the Paraguayan context:

Transparency and effectiveness are defined by the application of regulations associated with the implementation of REDD+ and the existence of appropriate institutions for forest governance. There is a responsibility to make information related to REDD+ available to the public, ensure accountability and facilitate access to information. There is also a responsibility to make available mechanisms for the resolution of conflicts during the design and implementation of the ENBCS and during the distribution of REDD+ benefits (see safeguard d).

Elements of the safeguard:

- Transparency of forest governance, which includes the responsibility of making information related to REDD+ available to the public, ensuring accountability and facilitating access to information.
- Efficiency of governance, with the existence and coherence of appropriate policies, laws and institutions for transparent and effective governance of forests.
- The existence of conflict resolution mechanisms applicable to REDD+.

Safeguard c: Respect for the knowledge and rights of Indigenous Peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples.

Interpretation in the Paraguayan context:

The recognition and protection of ancestral knowledge and the rights of indigenous peoples and local communities are framed by the Constitution of the Republic of Paraguay, in Chapter V, whose Article 62 recognizes the existence of indigenous peoples and defines them as groups of previous cultures to the formation of the Paraguayan State. Indigenous peoples have the right to communal property of the land, in extension and sufficient quality for the conservation and development of their particular forms of life. Local communities are defined as those dependent on forests and peasants.

Elements of the safeguard:

- Recognition and protection of ancestral knowledge and the cultural heritage of indigenous peoples and local communities.
- Respect and protection of the rights of indigenous peoples and local communities over lands, territories and resources.

- Public participation, including of indigenous peoples and local communities, in decision-making processes.

Safeguard d: The full and effective participation of relevant stakeholders, in particular Indigenous Peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision.

Interpretation in the Paraguayan context:

Full and effective participation is understood as the participation of all stakeholders that can influence REDD+ policies and measures or be affected by them, both in their design and their implementation. The State has the mission of ensuring the right of the participation of women, on equal terms, indigenous peoples and youth. The legal framework of Paraguay guarantees equal opportunities in access to the benefits of nature. Indigenous peoples have the right to be consulted on any project that may affect their lands, territories, natural resources and ancestral livelihoods. This includes the rights of affected indigenous peoples to provide (or not) their free, prior and informed consent. Consultation is an obligation of the Paraguayan State, which also recognizes the rights of people to receive truthful, responsible and fair information.

Elements of the safeguard:

- All stakeholders (who can influence or be affected by REDD+ policies and measures) are taken into account in the design, implementation, distribution of benefits and evaluation of REDD+ activities.
- Free, prior and informed consent of the stakeholders.
- There is transparency and adequate access to information related to REDD+ (see also safeguard b);
- Participation mechanisms and/or platforms are used to facilitate participatory processes and the submission of comments and/or complaints (see safeguard b).

Safeguards e: That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits.

Interpretation in the Paraguayan context:

This safeguard refers to the compatibility of REDD+ policies and measures with the conservation of natural forests and their non-conversion, as well as incentives for the conservation of forests and derived services, and strengthening the provision of other social and environmental benefits.

Elements of the safeguard:

- Conservation of natural forests, their biological diversity and their ecosystem functions; avoid degradation or conversion into planted forests (except to restore the forest).
- Promote opportunities to enhance social and environmental benefits, as well as the improvement of livelihoods, through the design, location and implementation of REDD+ policies and measures and consideration of possible risks of them.

Safeguard f: Actions to address the risks of reversals.

Interpretation in the Paraguayan context:

To ensure that emission reductions are sustained, the selection and design of REDD+ PAMs will consider and monitor risks of reversal of emissions. The National Forest Monitoring System will detect and provide information on reversals and realistic projections that will indicate the risk of deforestation and/or forest degradation.

Elements of the safeguard:

- Selection and design of REDD+ PAMs take into account the risk of reversion, with consideration of long-term financial and ecological sustainability; the legal and compliance frameworks of the country (including land tenure); and possible changes in environmental conditions and in the causes of deforestation and forest degradation.
- Design of the National Forest Monitoring System to detect and provide information on reversals.
- Realistic projections that indicate the risk of deforestation and/or forest degradation in the absence of REDD+.

Safeguard g: Actions to reduce the displacement of emissions.

Interpretation in the Paraguayan context:

To ensure that the successful implementation of REDD+ will not cause leakage or displacement of deforestation to other areas (local, subnational or national) during the process of selection, design and implementation of REDD+ policies and measures, the following will be considered:

- The underlying and indirect causes of deforestation.
- The potential impacts on livelihoods.
- The impacts on supply and demand for forest and agricultural producers.
- The risk of displacement of emissions.
- Forest control systems and monitoring to detect and report displacement.

Elements of the safeguard:

- Selection and appropriate design of REDD+ policies and measures that address the underlying and indirect causes of deforestation and changes in land use, and not only the direct causes.
- Selection and design of REDD+ policies and measures that take into account the potential impacts on livelihoods and supply and demand for forest and agricultural products, as well as the risk of displacement of emissions.
- Design of the National Forest Monitoring System to detect and provide information on displacement (national, subnational, local).

4. Elements of the national legal framework that will support risk management and the application of safeguards at the national level

Paraguay has a broad legal framework that will help to support the safeguards, frameworks and policies applicable to the activities that will be implemented with the use of proceeds from this proposal. Information in the following sections identifies and analyses the relevant elements of Paraguay's legal framework, as well as complementary actions to be implemented, which will be used to help manage risks and apply safeguards.

4.1 Legal framework relevant for the Environmental, Social and Economic Sustainability Framework and safeguard policies of the UN Environment

Below the relevant legal elements are presented for each safeguards standard.

Table 4: Legal framework relevant for UN Environment safeguards policies

Environmental, Social and Economic Sustainability Framework	Relevant elements of the legal framework
Precautionary approach	The Constitution of the country, as well as specific laws, policies and regulations and international agreements associated with forestry, climate change and environmental issues will support the application of this approach.
Human-rights approach	This approach will be cross-cutting in the implementation of activities, and based in the relevant legal framework of Paraguay which supports individual and collective rights through the Constitution and associated laws and policies, as well as through the ratification of international instruments and agreements, which provide broad support for the protection of human rights.
1. Conservation of biodiversity, natural habitats and sustainable management of living resources	<p>Constitution of the Republic of Paraguay, Article 7 of the right to a healthy environment.</p> <p>General Assembly Rio+ 20 66/288. The future we want.</p> <p>Agenda 21.</p> <p>Law 253/93 that approves the Convention on Biological Diversity (Article 1, 2, 3, 7, 8).</p> <p>Law 583/76 that approves and ratifies the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).</p> <p>Law 422/73 "Forest Law".</p> <p>Law 352/94 "Natural Protected Areas".</p> <p>Law 2524/04 "prohibition in the Eastern Region of the activities of transformation and conversion of areas with forest cover", together with extensions thereof in the years 2006 (by Law 3139), 2008 (by Law 3663) and 2013 (by Law 5045), and 2018 (by Law 5266).</p> <p>Law 3001/06 "Valuation and Compensation for Environmental Services".</p> <p>Law 3464/08 creates the National Forest Institute - INFONA, which is the body for applying the legal regulations related to the forestry sector.</p> <p>Law 96/92 of Wildlife.</p> <p>National Forest Policy, presented in 2009.</p> <p>National Biodiversity Strategy and Action Plan (ENPAB) 2015-2020.</p>
2. Efficiency of resources, prevention of pollution and management of	<p>Decree 18.831/86, through which standards of environmental protection are established.</p> <p>Law 5211/14 on air quality.</p> <p>Law 716/96, which sanctions crimes against the environment.</p>

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<p>chemicals and waste</p>	<p>Law 3239/07 of the water resources of Paraguay.</p> <p>Decree 4056/15 establishes regimes of certification, control and promotion of the use of bioenergies that guarantee the sustainability of these renewable energy resources.</p> <p>Law 294/93 "Evaluation of Environmental Impact".</p> <p>Law 3481/08 of promotion and control of organic products.</p> <p>The management of chemicals and rights is carried out in accordance with the existing legal provisions. It is not foreseen that there will be specific risks in this area associated with the implementation of activities from the use of proceeds of this proposal.</p>
<p>3. Safety of dams</p>	<p>Not applicable, it will be outside the scope of the REDD + actions executed.</p> <p>There are protections provided in Law 294/93 "Environmental Impact Assessment".</p> <p>Law 3239/07 of the water resources of Paraguay.</p>
<p>4. Involuntary resettlement</p>	<p>Involuntary resettlement will not be supported within the framework of REDD+ implementation or any of the activities implemented from the use of proceeds. The country has elements of the legal framework for the protection of local actors, which is explained below.</p> <p>Constitution of the Republic of Paraguay, Article 64 of the community property.</p> <p>Law 234/93 Convention on Indigenous and Tribal Peoples of the International Labour Organization of 1989 (ILO Convention 169).</p> <p>Law 904/81 Statute of the Indigenous Communities, to article 64 of the community property.</p> <p>Law 294/93 that ratifies Convention 169 on indigenous and tribal peoples in independent countries.</p> <p>Law 904/81 "Statute of Indigenous Communities" on indigenous community property.</p>
<p>5. Indigenous peoples</p>	<p>Constitution of the Republic of Paraguay, Chapter V of the indigenous peoples (articles 62-67).</p> <p>Law 05/92 approving the International Covenant on Civil and Political Rights (ICCPR).</p> <p>United Nations Declaration on the Rights of Indigenous Peoples.</p> <p>American Declaration on the Rights of Indigenous Peoples.</p> <p>Law 234/93 Convention on Indigenous and Tribal Peoples of the International Labour Organization of 1989 (ILO Convention 169).</p> <p>Law 904/81 Statute of Indigenous Communities.</p> <p>Law 904/81, creation of the Instituto Paraguayo del Indígena (Institute of Indigenous Affairs).</p> <p>Decree 1039/18 by which the Protocol for the process of consultation and free, prior and informed consent with the indigenous peoples living in Paraguay is approved.</p> <p>Law 2128/03 ratifying the Convention on the Elimination of all Forms of Discrimination.</p>
<p>6. Labour and working conditions</p>	<p>Law 729/61 that sanctions the Labour Code, establishes norms, guarantees and recognizes unalienable rights of workers. Provides additional protections for women and minors.</p>

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	<p>Law 213/93 that establishes the Labour Code, whose norms regulate the relations between workers and employers.</p> <p>Law 496/94 that modifies, expands and repeals articles of the 213/93 Labour Code, establishes in article 9 that "work is a right and a social duty and enjoys the protection of the State. It should not be considered as a commodity. It requires respect for the liberties and dignity of the person who provides it, and it will be carried out in conditions that guarantee life, health and an economic level compatible with the responsibilities of the worker, father or mother. There can be no discrimination to workers due to race, colour, sex, religion, political opinion or social status."</p> <p>Law 5115/13 created by the Ministry of Labour, Employment and Social Security.</p> <p>Law 3452/08 approving the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.</p> <p>Law 3540/08 approving the Convention on the Rights of Persons with Disabilities and the Optional Protocol to the Convention on the Rights of Persons with Disabilities .</p> <p>Law 1657/01 which approves Convention No. 182 and the recommendation on the prohibition of the worst forms of child labour and immediate action for their elimination.</p>
<p>7. Protection of tangible cultural heritage</p>	<p>Constitution of the Republic of Paraguay, Article 38 the right to defend diffuse interests.</p> <p>Law 3051/06 National of Culture.</p> <p>Law 5621/16 d and Protection of Cultural Heritage , which aims protection, safeguarding, preservation, rescue, restoration and registration of cultural property across the country; as well as the promotion, dissemination, study, research and increase of such assets.</p> <p>Law 1231/86 that approves and ratifies the Convention on the Protection of the World, Cultural and Natural Heritage.</p> <p>Law 2885/06 approving the Convention on the Defence of the Archaeological, Historical and Artistic Heritage of the American Nations (Convention of San Salvador).</p> <p>Law 904/81 Statute of Indigenous Communities.</p> <p>Sanction the Convention of UNIDROIT on Stolen or Illegally Exported Cultural Property.</p> <p>Paraguay has signed agreements with several countries in Latin America for the recovery of stolen, imported, exported or illegally transferred cultural goods.</p>
<p>8. Gender equity</p>	<p>Constitution of the Republic of Paraguay, article 47 of the guarantees of equality.</p> <p>Law 4675/12 elevates the Secretariat of Women to the Ministry of Women.</p> <p>Law 5777/16 of comprehensive protection for women, against all forms of violence.</p> <p>Law 5808/15 of promotion, protection of motherhood and support for breastfeeding.</p> <p>Law 5446/15 on Public Policies for Rural Women, has as its general objective to promote and guarantee the economic, social, political and cultural rights of rural women; fundamental for their empowerment and development.</p>
<p>9. Economic sustainability</p>	<p>Constitution of the Republic of Paraguay:</p> <ul style="list-style-type: none"> • Article 6 of the quality of life. The quality of life will be promoted by the State through plans and policies that recognize conditioning factors, such as extreme poverty and the impediments of disability or age. The State will also promote research on population factors and their links with social economic development, with the preservation of the environment and with the quality of life of the inhabitants.

	<ul style="list-style-type: none">• Article 115 of the objectives of the agrarian reform consists of the effective incorporation of the peasant population to the economic and social development of the Nation, and is a fundamental factor for achieving rural well-being. <p>National Development Plan 2030 organized around three thematic pillars: (1) Reduction of poverty and social development, (2) inclusive economic growth and (3) Paraguay's insertion in international markets.</p> <p>National Forest Policy, presented in 2009, with the objective of achieving economic growth in Paraguay on a sustainable basis by increasing the economic, social and environmental benefits of goods and services from the country's forests.</p>
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4.2 Legal framework relevant for the GCF interim policy on prohibited practices

Paraguay has developed a legal framework in accordance with international treaties to prevent money laundering and financing of terrorism. The country also has an access to information law that has been comprehensively implemented and has demonstrated significant changes in transparency and accountability of public institutions. For the implementation of the legal framework the government has an agency within the Executive Branch called the Money Laundering Prevention Secretariat ("*Secretaría de Prevención de Lavado de Dinero o Bienes*", SEPRELAD) under the Presidency.

SEPRELAD's main objective is to prevent and avoid the use of the financial system and other sectors of the economy for money laundering that comes from illegal activities. It carries out its actions in accordance with its obligations and faculties as established in Law 1015/97 "That Prevents and Represses Illicit Acts destined to the Legitimation of Money or Goods" and also to determine with precision the need for structural, legal, administrative changes, among others."⁵

The legal framework implemented is extensive; the most important laws underpinning SEPRELAD's actions are:

- **Law 1015/97**, "1015/96 preventing and penalizing unlawful acts to launder money or property" and creates SEPRELAD;
- **Law 3440/08**, "modifying various provisions of law 1160/97, criminal code;
- **Law 3783/09**, which amends several articles of Law No. 1015/97. "That prevents and represses the illicit acts destined to the legitimation of money or goods";
- **Law 4024/10**, "to cast the punitive facts of terrorism, terrorist association and financing of terrorism";
- **Law 4100/10**, "approving the memorandum of understanding between the governments of the states in the financial action task force of South America against money laundering (GAFISUD)";
- **Law 4503/11**, "of freezing financial funds or assets";
- **Law 5582/16**, "approving the amendment to the memorandum of understanding of GAFISUD";
- **Law 5895/17**, "establishing rules of transparency in the regime of stock corporations";
- **Decree 10144/12**, which "establishes the National Anti-Corruption Secretariat (SENAC)." This Secretariat is the governing, normative and strategic instance for the design, execution, implementation, monitoring and evaluation of the National Government's public policies on anti-

⁵ <http://www.seprelad.gov.py/>

corruption, integrity and transparency. It is a technical and specialized management body within the Office of the President of the Republic, with legal personality under public law and full capacity to act in accordance with regulations and other legislative and/or administrative rules that are enacted, for the direction, supervision, coordination, implementation and evaluation of programmes, projects, plans and activities within its area of competence.

- **Law 2535/2005**, "Law adopting the United Nations Convention against Corruption". Article 5 establishes that each State Party shall, in accordance with the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability. In addition, it establishes that each State Party shall endeavor to establish and promote effective practices aimed at the prevention of corruption.

The relevant legislation, including all regulatory decrees, resolutions and circulars, are publicly available in SEPRELAD's virtual library.⁶

The Paraguayan government has also updated its legislation to conform to international requirements, such as the amendment of the Criminal Code (Law 1160/1997). It has developed and implemented a "Strategic Plan of the Paraguayan State to Combat Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction" approved by Presidential Decree 11200 on 11 June 2013. Recommendations from the National Country Risk Assessment on Money Laundering and Financing of Terrorism were also considered and integrated into the Strategic Plan.

The validity of this plan as well as of the existing legislation and its constant improvement guarantee that the Paraguayan government has solid internal structures and regional collaboration mechanisms to avoid prohibited practices of interest to the Green Climate Fund.

UN Environment, as an Accredited Agency to the Green Climate Fund, will use its policies, rules and regulations for the management of funds to comply with the provisions of the GCF. These policies will be applied in all activities that are implemented not only by UN Environment, but also by implementing partners and collaborators of the project.

UN Environment is committed to planning, implementing, monitoring and evaluating activities for transparent, efficient and adequate management of resources, in line with the country's legal framework and the provisions of relevant international instruments and conventions.

In addition, the country has the mechanisms described in the previous section that guarantees that an adequate national legal framework is in place.

More information is provided on the Environmental and Social Assessment annexed to this proposal. In addition, section E of this document reports on compliance with GCF policies during the period for which results-based payments are requested and indicates how these policies will be implemented for the use of proceeds.

⁶ <http://www.seprelad.gov.py/biblioteca/1-leyes>

4.3 Legal framework relevant for addressing and respecting the Cancun safeguards

In the following table, key aspects of the legal framework of the country are presented in relation to the elements of the Cancun safeguards defined by Paraguay in their national interpretation.

Table 5: Legal framework relevant for addressing and respecting the Cancun safeguards

REDD+ safeguards and elements	Relevant elements of the legal framework
<i>Safeguard a: That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements</i>	
<p>Complementarity and compatibility of REDD+ with the objectives of national forest programmes, sustainable development, climate change, biodiversity, poverty reduction and human rights, among others</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 6 of the quality of life. The quality of life will be promoted by the State through plans and policies that recognize conditioning factors, such as extreme poverty and the impediments of disability or age. The State will also promote research on population factors and their links with social economic development, with the preservation of the environment and with the quality of life of the inhabitants. • Article 7 of the right to a healthy environment. Everyone has the right to live in a healthy and ecologically balanced environment. Priorities include the preservation, conservation, restoration and improvement of the environment, as well as its compatibility with integral human development. These purposes will guide the legislation and the relevant government policy. • Article 8 of environmental protection. The activities susceptible to produce environmental alteration will be regulated by law. Ecological crime will be defined and sanctioned by law. Any damage to the environment will import the obligation to recompose and compensate. <p>National Determined Contributions from the Republic of Paraguay, which aims at 20% reductions based on the performance of projected emissions by 2030 (if adequate financial and technological support is available). It refers to the objectives of the 2030 National Development Plan.</p> <p>Law 251/93 "ratifying the United Nations Framework Convention on Climate Change".</p> <p>Law 5681 which approves the Paris Agreement on Climate Change.</p> <p>Law 5875/17 that promulgates the National Climate Change Law, which incorporates a legal framework that seeks to reduce the impact of climate change, in coherence with the Paris Agreement and in line with the Sustainable Development Goals.</p> <p>Law 6123/18 which "elevates the Ministry of the Environment to the rank of ministry and is now known as the Ministry of Environment and Sustainable Development".</p> <p>Decree 14943/01 which implements the "National Climate Change Programme".</p> <p>National Climate Change Plan, from which the following instruments derive: National Mitigation Strategy and National Adaptation Strategy.</p> <p>Law 422/73 "Forest Law". Article 42 states that "All rural properties of more than twenty hectares in forest areas shall maintain 25% of their natural forest area. In case of not having this minimum percentage, the owner must reforest a minimum area equivalent to 5% of the surface of the property".</p> <p>Decree 175/18 "By which Decree 7702 of September 14, 2017 is repealed, the President of the National Forestry Institute (INFONA) is instructed to propose a new</p>

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	<p>regulation, and a provisional regime is established that regulates Article 42 of Law 422/73 "Forestry".</p> <p>Law 352/94 "Protected Wild Areas" aims to set general standards by which the management and administration of the National System of Wild Protected Areas of the country will be regulated. The law declares the National System of Wild Protected Areas as of public interest and public utility and establishes that all inhabitants, private organizations and State institutions have the obligation to safeguard the Protected Wildlife Areas and defines that those under public domain will be inalienable and non-transferable in perpetuity.</p> <p>Law 2524/04 "prohibition in the Eastern Region of the activities of transformation and conversion of areas with forest cover ", better known as the "Zero Deforestation Law", is implemented in the geographical area of the Eastern region and establishes a moratorium on the conversion of forest lands to other uses (agriculture and pastures). It was extended successively in the years 2006 (by Law 3139), 2008 (by Law 3663) and 2013 (by Law 5045), and 2018 (by Law 5266).</p> <p>Law 3001/06 on "Valuation and Remuneration of Environmental Services" provides for the obligation to acquire environmental certificates and specifies the situations in which such certificates must be acquired.</p> <p>Law 3464/08 that creates the National Forestry Institute - INFONA, as an autarchic institution, and decentralized from the State, with legal status, its own assets and legal autonomy. Among the functions granted by the Law of Creation, it is highlighted that it will be the organ of application of Law 422/73 "Forestry", Law 536/95 "On the Promotion of Afforestation and Reforestation" and the other legal regulations referred to the forestry sector.</p> <p>Law 96/92 of Wildlife, which promotes the sustainable use of bi-diversity through quotas.</p> <p>Law 536/95 and Law 1639/00 "on the Promotion of Afforestation and Reforestation" which modifies and extends Law No. 536 of January 16, 1995, "establishes that the State will promote the afforestation and reforestation forest priority lands, based on a forest management plan and with the incentives established in this Law.</p> <p>Law 5282/14 Free citizen access to public information and government transparency, which allows any citizen to access the required information.</p> <p>Decree 4056/15 in charge of establishing regimes of certification, control and promotion of the use of bioenergies that guarantee the sustainability of these renewable energy resources.</p> <p>Decree 10174/12 National Reforestation Plan sets targets of reforestation, which will be implemented with special credits through the National Development Bank (BNF).</p> <p>National Development Plan 2030 organized around three thematic pillars: (1) Reduction of poverty and social development, (2) inclusive economic growth and (3) Paraguay's insertion in international markets.</p> <p>National Forest Policy, presented in 2009, with the objective of achieving economic growth in Paraguay on a sustainable basis by increasing the economic, social and environmental benefits of goods and services from the country's forests.</p> <p>National Biodiversity Strategy and Action Plan (ENPAB) 2015-2020, which aims to identify main objectives and indicate the direction to be followed in the long-term, as</p>
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	<p>well as identify specific activities to implement conservation and sustainable use of biological diversity</p>
<p>Complementarity and compatibility of REDD+ with the international commitments of sustainable development, climate change, biodiversity, poverty reduction and human rights, among others</p>	<p>Law 251/93 that approves the Convention on Climate Change.</p> <p>Law 970/96 approving the United Nations Convention to Combat Desertification, in countries affected by severe drought or desertification.</p> <p>Law 1/89 American Convention on Human Rights (Pact of San José, Costa Rica).</p> <p>Law 234/93 Convention on Indigenous and Tribal Peoples of the International Labour Organization of 1989 (ILO Convention 169).</p> <p>Law 253/93 approving the Convention on Biological Diversity (Article 1, 2, 3, 7, 8).</p> <p>Law 2309/03 that approves the Cartagena Protocol on Biosafety.</p> <p>Law 583/76 that approves and ratifies the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).</p> <p>Law 05/92 approving the International Covenant on Civil and Political Rights (ICCPR).</p> <p>United Nations Declaration on the Rights of Indigenous Peoples.</p> <p>American Declaration on the Rights of Indigenous Peoples.</p> <p>General Assembly Rio + 20 66/288. The future we want.</p> <p>Agenda 21 proposes policies and programmes to achieve a lasting balance between consumption, population and the ability to sustain the land. It also proposes actions to combat the degradation of land, air, water, forests and biodiversity. Here the contracting parties recognize the indigenous peoples as an important stakeholder group.</p>
<p><i>Safeguard b: Transparent and effective national forest governance structures, taking into account national legislation and sovereignty</i></p>	
<p>Transparency of forest governance, which includes the responsibility of making information related to REDD+ available to the public, ensuring accountability, and facilitating access to information.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 28 of the right to be informed. The right of people to receive truthful, responsible and fair information is recognized. Public sources of information are free for everyone. The law will regulate the modalities, terms and sanctions corresponding to them, in order for this right to be effective. Public information is a human right. It includes important considerations for gender. <p>Paris Agreement on Climate Change</p> <ul style="list-style-type: none"> • Article 13 refers to Transparency in order to give a clear vision of the measures adopted to deal with climate change in light of the objectives of the UNFCCC. <p>Law 4989/13 creates the application framework for Information and Communication Technologies in the public sector and creates the National Secretariat of Information and Communication Technologies (SENATICs), which has a global approach with an axis in information transparency and access to it. SENATICs has a "Single portal of information and services oriented to the citizen".</p> <p>Law 5282/14 of citizen's free access to public information and government transparency that defines as public information: "That produced, obtained, under control or in the possession of public sources, regardless of their format, support, date</p>

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	<p>of creation, origin, classification or processing, unless it is established as secret or reserved by law".</p> <p>Decree 10142/12 creates the Single Registry of Social Information.</p> <p>National Forest Policy is the current policy in relation to forest governance; It is in an update process. The policy is based on guiding principles that included in, including consultation, participation, decentralization and transparency.</p> <p>Law 1728/01 on administrative transparency, which establishes rules and procedures to promote transparency in public management and guarantee access to information related to administrative and government acts.</p>
<p>Efficiency of governance, with the existence and coherence of appropriate policies, laws and institutions for transparent and effective governance of forests.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 268, which defines the duties and powers of the Public Ministry including: (1) Ensure respect for rights and constitutional guarantees, (2) promote public criminal action to defend public and social patrimony, the environment and other diffuse interests, as well as the rights of indigenous peoples; (3) to take criminal action in cases in which, to initiate or prosecute it, there is no need for a party, without prejudice to the judge or court acting ex officio, when determined by law, (4) collecting information from officials public for the better fulfillment of its functions, and the other duties and attributions established by law. <p>Law 716/96 that sanctions crimes against the environment.</p> <p>Law 5282/14 of citizen's free access to public information and government transparency.</p> <p>Law 6123/18 That elevates the Secretariat of the Environment to the rank of Ministry and is now known as the Ministry of Environment and Sustainable Development, which is dependent on the Presidency of the Republic. Its purpose is to design, establish, supervise, monitor and evaluate the National Environmental Policy, in order to comply with the constitutional precepts that guarantee national development based on the right to a healthy environment and environmental protection.</p> <p>Law 3464/08, which creates the National Forestry Institute - INFONA, endowed with legal status, its own assets and administrative autonomy, and which will be governed by the provisions of this Law, its regulations and other regulations related to the forestry sector.</p> <p>Law 422/73 "Forestry Law".</p> <ul style="list-style-type: none"> • Article 12, establishes that it is the function of the National Forestry Service (today INFONA): "c) To carry out the inventory of the forests and renewable natural resources of the country; d) Prepare the forestry map, the land registry and the qualification of forests and forest lands. " • Article 27, establishes that "any natural or legal person engaged in the use, industrialization, trade of forest products and reforestation for production purposes, must register in the records of the institution that for this purpose are enabled." • Article 42, establishes that it establishes a minimum area of forest in all rural properties of more than twenty hectares in forest areas. <p>Law 5282/14 of citizen's free access to public information and government transparency.</p> <p>Decree 10144/12 Secretariat of Anticorruption (SENAC), is constituted in the guiding, normative and strategic instance in the design, execution, implementation, monitoring and evaluation of the public policies of the National Government in</p>

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	<p>matters of anti-corruption, integrity and transparency. It is a technical and specialized management body of the Presidency of the Republic, with legal status under public law and full capacity to act in accordance with regulations and other legislative and / or administrative regulations that are issued, for direction, supervision, coordination, execution and evaluation of programmes, projects, plans and activities within the scope of its competence.</p> <p>National Environmental Policy (PAN) of Paraguay that contemplates the three levels of the political-administrative organization: the national, the departmental and the municipal, and will guide its strategies and actions towards the decentralization of environmental management and the strengthening of the management capacity local, with broad social participation.</p> <p>National Climate Change Policy framed in the National Environmental Policy and is constituted as the guiding instrument that will guide the programmes, projects, actions and strategies in environmental matters.</p> <p>Law 2535/05 approving the United Nations Convention against Corruption.</p> <ul style="list-style-type: none"> • Article 5 establishes that each State Party, in accordance with the fundamental principles of its legal system, shall formulate and apply or maintain in force coordinated and effective anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, the proper management of public affairs and public goods, integrity, transparency and the obligation to render accounts. In addition, each State Party shall seek to establish and promote effective practices aimed at preventing corruption.
<p>The existence of conflict resolution mechanisms applicable to REDD+.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 38 of the right to defend diffuse interests. Everyone has the right, individually or collectively, to demand from the public authorities measures for the defense of the environment, the integrity of the habitat, public health, the national cultural heritage, the interests of the consumer and others who, for their legal nature, belong to the community and relate to the quality of life and the collective heritage. • Article 40 of the right to petition the authorities. Every person, individually or collectively and without special requirements, have the right to request the authorities, in writing, who must respond within the deadline and according to the modalities determined by law. <p>Law 1879/02 on Arbitration and Mediation establishes a framework for voluntary mechanisms aimed at resolving conflicts.</p> <p>Law 5282/14 of citizen's free access to public information and government transparency that defines what public information is.</p> <p>Law 1562/00, Organic of the Public Ministry.</p> <ul style="list-style-type: none"> • Title 1, Article 1, "The Public Prosecutor's Office is an organ with functional and administrative autonomy, which represents society before the jurisdictional bodies to ensure respect for rights and constitutional guarantees; promote public criminal action in defense of public and social heritage, the environment and other diffuse interests and the rights of indigenous peoples, and prosecute in cases in which to initiate or continue it was not necessary to request a party".
<p><i>Safeguard c: Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples</i></p>	

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<p>Recognition and protection of ancestral knowledge and the cultural heritage of indigenous peoples and local communities.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 47 of the guarantees of equality. The State will guarantee to all the inhabitants of the Republic equal opportunities in the participation of the benefits of nature, material goods and culture. • Article 62 states that "This Constitution recognizes the existence of indigenous peoples, defined as groups of cultures prior to the formation and organization of the Paraguayan State." • Article 64 of community property establishes that "indigenous peoples have the right to community property of the land, in sufficient extension and quality for the conservation and development of their particular forms of life (...)". The State will provide them with free of charge these lands; the removal or transfer of their habitat without the express consent of the same ones is prohibited. • Chapter V of indigenous peoples (articles 62-67), which guarantees rights to indigenous peoples, including to: (1) developing their ethnic identity in their respective habitat (2) freely applying their systems of political, social, economic, cultural and religious organization (3) voluntary subjection to its customary norms (4) communitarian property of the land, in sufficient extension and quality for the conservation and development of their peculiar ways of life (5) not to be moved from their habitat without their express consent (6) to participate in the economic, social, political and cultural life of the country and (7) to the exoneration of lending social, civil or military services. <p>Law 234/93 Convention on Indigenous and Tribal Peoples of the International Labour Organization of 1989 (ILO Convention 169).</p> <p>Law 904/81 Statute of Indigenous Communities.</p> <ul style="list-style-type: none"> • Article 1. The purpose of this law is the social and cultural preservation of indigenous communities, the defense of their heritage and traditions, the improvement of their economic conditions, their effective participation in the national development process and their access to a legal regime that guarantees them the ownership of land and other productive resources in equal rights with other citizens. The Instituto Paraguayo del Indígena, (Institute of Indigenous Affairs) created by Law 904/81 , has as its mission the patrimonial, cultural and traditional defense of indigenous communities and the provision of legal assistance. <p>Law 919/96 that modifies and expands several articles of Law No. 904 dated December 18, 1981 "Statute of the indigenous communities"</p> <p>Law 294/93 "Environmental Impact Assessment" declares the Environmental Impact Assessment mandatory. For legal purposes, environmental impact is any modification of the environment caused by human works or activities that have, as a positive or negative consequence, direct or indirect, affect life in general, biodiversity, quality or a significant amount of resources natural or environmental and their use, welfare, health, personal safety, habits and customs, cultural heritage or legitimate livelihoods. The Environmental Impact Assessment is defined for legal purposes, as the scientific study that allows to identify, forecast and estimate environmental impacts, in any work or activity projected or in execution.</p> <p>Wildlife Law 96/92.</p> <p>Law 2128/2003 ratifies the agreement against all forms of racial discrimination.</p> <p>Law 4675/12 that elevates the Secretariat of Women to the rank of Ministry.</p> <p>Law 5282/14 of citizen's free access to public information and government transparency.</p>
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	<p>Decree 1039/18 by which the Protocol is approved for the process of consultation and free, prior and informed consent with indigenous peoples living in Paraguay.</p>
<p>Respect and protection of the rights of indigenous peoples and local communities over lands, territories and resources.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 64 of community property. • Article 115 of the objectives of the agrarian reform consists of the effective incorporation of the peasant population to the economic and social development of the Nation, and is a fundamental factor for achieving rural well-being. Equitable systems of distribution, ownership and possession of the land will be adopted; credit and technical, educational and health assistance will be organized; the creation of agricultural cooperatives and other similar associations will be encouraged, and the production, industrialization and rationalization of the market for integral development will be promoted. <p>Law 294/93 that ratifies Convention 169 on indigenous and tribal peoples in independent countries.</p> <p>Land ownership regimes, with articles on state property and private property Articles 13, 14 and 15.</p> <p>Law 904/81 "Statute of Indigenous Communities" on indigenous community property.</p> <p>Law 1863/02 "Agrarian reform and rural development".</p> <p>Law 1183/85 "Agrarian Statute" Paraguayan Civil Code on peasant property.</p> <p>Law 352/94 Wild Protected Areas.</p> <p>United Nations Declaration on the Rights of Indigenous Peoples.</p> <p>American Declaration on the Rights of Indigenous Peoples.</p>
<p>Public participation, including of indigenous peoples and local communities, in decision processes.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 38 of the right to defend diffuse interests. • Article 47 of the guarantees of equality. • Chapter V of the indigenous peoples (articles 62-67). • Article 65 of the right to participation. Indigenous peoples are guaranteed the right to participate in the economic, social, political and cultural life of the country, in accordance with their customary practices, this Constitution and national laws. <p>Law 234/93 That ratifies ILO Convention 169, on indigenous and tribal peoples in independent countries. Articles 6 and 7</p> <p>Law 904/81 Statute of Indigenous Communities.</p> <ul style="list-style-type: none"> • Article 1. The purpose of this law is the social and cultural preservation of indigenous communities, the defense of their heritage and traditions, the improvement of their economic conditions, their effective participation in the national development process and their access to a legal regime that guarantees them the ownership of land and other productive resources in equal rights with other citizens. <p>Law 919/96 that modifies and expands several articles of Law No. 904 dated December 18, 1981 "Statute of the indigenous communities".</p> <p>Law 5282/14 of citizen's free access to public information and government transparency.</p>

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	<p>Decree 1039/18 approving the "Protocol for the process of consultation and free, prior and informed consent with the indigenous peoples living in Paraguay.</p> <p>United Nations Declaration on the Rights of Indigenous Peoples.</p> <p>American Declaration on the Rights of Indigenous Peoples.</p>
<p><i>Safeguard d: The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision</i></p>	
<p>All stakeholders (who can influence or be affected by REDD+ policies and measures) are taken into account in the design, implementation, distribution of benefits and evaluation of REDD+ activities.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 38 of the right to defend diffuse interests. "Every person has the right, individually or collectively, to demand from the public authorities measures for the defense of the environment, the integrity of the habitat, public health, the national cultural heritage, the interests of the consumer and others that, for their legal nature, belong to the community and relate to the quality of life and the collective heritage . " • Article 47 of the guarantees of equality. • Chapter V of the indigenous peoples (articles 62-67). • Article 65 of the right to participation. <p>Convention 169 of the ILO, Law 234/93.</p> <p>Law 904/81 Statute of Indigenous Communities, Article one.</p> <p>Law 919/96 that modifies and extends several articles of Law No. 904 dated December 18, 1981 "Statute of indigenous communities."</p> <p>Law 3966/10 Organic Municipal</p> <ul style="list-style-type: none"> • Articles 66 and 69. Regarding decentralization to allow access to citizen participation, municipalities have the obligation to promote the participation of the inhabitants of the municipality in municipal management and the development of citizen associations to carry out activities of municipal interest, even summoning public hearings to provide information, seek the opinion of citizens, evaluate the quality of services or discuss other matters of public interest. <p>Law 5282/14 of citizen's free access to public information and government transparency.</p> <p>Decree 1039/18, which approved the Protocol for the process of consultation and free, prior and informed consent of the indigenous peoples who live in Paraguay.</p> <p>The National Framework Plan for Development and Territorial Planning of Paraguay establishes the consolidation of the SISPLAN (National Planning System) as a key action. One of the basic principles of SISPLAN is social participation: communities and interest groups can intervene in the different phases of the process, in particular, for the definition of priority demands.</p>
<p>Free, prior and informed consent of relevant stakeholders.</p>	<p>Law 234/93 Convention on Indigenous and Tribal Peoples of the International Labour Organization of 1989 (ILO Convention 169)</p> <ul style="list-style-type: none"> • Article 6 "Consult interested peoples, through appropriate procedures and in particular through their institutions representative, every time that legislative or administrative measures are contemplated that may affect them directly; establish the means through which interested peoples can participate freely, at least to the same extent as other sectors of the population, and at all levels in decision-making in elective institutions and administrative and other bodies responsible for policies and programmes that concern them; establish the means for the full development of the institutions and initiatives of these peoples, and in appropriate cases provide

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	<p>the necessary resources for this purpose. The consultations to be carried out must be carried out in good faith, in a manner appropriate to the circumstances, in order to reach an agreement or obtain their consent</p> <ul style="list-style-type: none"> • Article 4, in which SEAM (current MADES) has the faculty to make consultations to people, institutions and administrations foreseeably affected by the execution of each project in particular. <p>Law 294/93 "Evaluation of Environmental Impact".</p> <p>Law 5282/14 of citizen's free access to public information and government transparency.</p> <p>Decree 1039/18 by which the "Protocol for the process of consultation and free, prior and informed consent with the indigenous peoples who live in Paraguay" is approved.</p>
<p>There is transparency and adequate access to information related to REDD+, as information material and training available to all and culturally appropriate.</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 28 of the right to be informed. • Law 234/93, articles 4, 6, 7 and 30. <p>Law 294/93 "Evaluation of Environmental Impact".</p> <p>Law 5282/14 of citizen's free access to public information and government transparency.</p> <p>Decree 11.681 / 75 by which Law 422/73 is regulated.</p> <ul style="list-style-type: none"> • Article 34 on the file of the public forestry registry carried by INFONA, which is considered for public use. <p>Decree 175/18 repealing Decree 7702 of September 14, 2017, instructs the President of the National Forestry Institute (INFONA) to propose a new regulation, and establishes a provisional regime that regulates Article 42 of the Law 422/73.</p>
<p>Participation mechanisms and / or platforms are used to facilitate participatory processes and the submission of comments and / or complaints (see safeguard b).</p>	<p>Constitution of the Republic of Paraguay</p> <ul style="list-style-type: none"> • Article 40 of the right to petition the authorities. It is the basis of all claims that citizens can make; it establishes the right to petition the authorities in writing, without further formalities, either individually or collectively. This right is considered a human right that, in turn, is part of the Representative, participative and pluralist democracy recognized constitutionally. In turn, the mechanism for petitioning the authorities serves to channel others, such as, for example, the right to freely access information held by the State; human right also recognized constitutionally. <p>Law 4679/2012 "of Administrative Procedures", which establishes the obligation of each Administrative Entity to regulate the mechanisms of administrative procedures that citizens can perform with respect to the documentation held by public institutions. The law establishes a) The certainty of the form of presentation and format, if exclusive, available to the applicant; b) the essential documents required for the case; c) the authorities or agents responsible for the petition; and, d) the maximum periods such as process, stage or pronouncement for the authority or agent to be issued.</p> <p>Law 5282/14 of citizen's free access to public information and government transparency that defines as public information: "That produced, obtained, under control or in the possession of public sources, regardless of their format, support, date of creation, origin, classification or processing, unless it is established as secret or reserved by the laws".</p>

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	<p>Decree 1039/18 approving the "Protocol for the process of consultation and free, prior and informed consent with the indigenous peoples that inhabit Paraguay".</p> <p>Law 3001/06, on the Valuation and Remuneration of Environmental Services, on-line platform for the construction of consultation of dossiers and certification publications.</p> <p>Permanent Human Rights Commission of the Congress of the Republic of Paraguay, responsible for gathering reports and denunciations on human rights issues.</p> <p>The "Ombudsman" in Paraguay has the function of the defence of human rights, the channelling of popular demands and the protection of community interests, as defined in the Constitution.</p> <p>Centre for Access to Public Information, under the Ombudsman's Office, which has the mission of receiving complaints and complaints when the State institutions have unjustifiably denied the requested public information or have not replied.</p>
<p><i>Safeguards e: That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits</i></p>	
<p>Conservation of natural forests, their biological diversity and their ecosystem functions; avoid degradation or conversion into planted forests (except to restore the forest)</p>	<p>National Biodiversity Strategy and Action Plan (ENPAB).</p> <p>Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) ratified in 1976.</p> <p>Law 253/93 approving the Convention on Biological Diversity (Article 1, 2, 3, 7, 8).</p> <p>Law 536/95 and Law 1639/00 "on the Promotion of Afforestation and Reforestation," which modifies and amended Act No. 536 of January 16, 1995, establishes that the State will promote the afforestation and reforestation in forest priority lands, based on a forest management plan and with the incentives established in this Law.</p> <ul style="list-style-type: none"> • Article 7, which prohibits the change of land use of those properties that would have benefited from forestry incentives. In this sense, in those cases in which the property was sold or transferred, the conservation obligation under the approved management plan rests with the new purchaser. <p>Law 4014/10 on Prevention and Control of Fire and 4241/10 on the Restoration of Protective Forests of Watercourses of the National Territory, establishes norms for the management and control of the use of fire in productive activities, while the second seeks to conserve and restore forests Protectors in the Eastern Region and compliance with environmental protection measures for water resources in the Western Region (Chaco).</p> <p>Law 4890/13 of Real Right of Forest Area (DRSF) establishes that the real right of forest area is that whereby the owner of the domain of a property capable of containing plantations or natural forests, constitutes in favour of third parties or surface rights, a right of exploitation or disposal of forest goods planted on the surface of your property or property that in the form of natural forest, which must be exercised in accordance with the environmental legislation that regulates the matter. It also establishes that the obligatory conservation area established as a legal reserve for natural forests by Article 42 of Law 422/73, will not be subject to the creation of a Real Forest Area Right (DRSF), and this must be respected by said Law in this regard.</p>

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	<p>Law 3239/07 aims to regulate the sustainable and integral management of all waters and the territories that produce it, regardless of its location, physical state or its natural occurrence within the territory.</p> <p>Law 751/95, which approves the agreement on cooperation to combat illegal wood trafficking, Articles 1-9. It seeks to reduce or eliminate the traffic of wood exploited without permission.</p> <p>Law 2524/04 "prohibition in the Eastern Region of the activities of transformation and conversion of areas with forest cover ", better known as the "Zero Deforestation Law", is implemented in the geographical area of the Eastern region and establishes a moratorium on the conversion of forest lands to other uses (agriculture and pastures). It was extended successively in the years 2006 (by Law 3139), 2008 (by Law 3663) and 2013 (by Law 5045), and 2018 (by Law 5266).</p> <p>Law 422/73 "Forest Law", which establishes that individuals must maintain a legal reserve of natural forests and that INFONA is the enforcement authority. It establishes in its article 42 a minimum area of forest, in all the rural properties of more than twenty hectares in forest areas.</p> <p>Law 5211/14 air quality.</p> <p>Law 294/93 "on Evaluation of Environmental Impact".</p> <p>Law 96/92 of Wildlife.</p> <p>Law 3001/06 of Valuation and Compensation for Environmental Services.</p> <p>Law 716/96, which penalizes litigation against the environment.</p> <p>Decree 4056/15 establishes regimes of certification, control and promotion of the use of bioenergies that guarantee the sustainability of these renewable energy resources.</p> <p>Decree 18831 / 86, by which standards of environmental protection are established.</p> <p>Decree 9701/12 regulating trade in species included in the Convention on International Trade in Endangered Species of Wild Fauna and Flora.</p> <p>Decree 10655/91 contributes to the conservation of biological species and the protection of natural habitats through proper management of the species included in the CITES appendices.</p> <ul style="list-style-type: none"> • Articles 1-9, by which organisms are created, assigned functions, conservation measures are dictated, the hunting or collection, export, import and re-export of the species included in the CITES appendices are regulated. <p>Decree 9425/95 by which Law 536/95 "On Promotion of Afforestation and Reforestation" is regulated.</p> <ul style="list-style-type: none"> • Article 12, the State will subsidize once for each forested or reforested area, 75% of the direct costs of the implementation estimated by the National Forest Service. Said bonus shall be granted to natural or legal persons of any nature who have complied with all the requirements of Law 536/95 and these regulations.
<p>Promotion of opportunities to enhance social and environmental benefits, as well as the improvement of livelihoods, through the</p>	<p>Law 422/73 "Forest Law".</p> <p>Law 536/95 and Law 1639/00 " on the Promotion of Afforestation and Reforestation ," which modifies and extends Law No. 536 of January 16, 1995, "establishes that the state will promote the afforestation and reforestation forest priority lands, based on a forest management plan and with the incentives established in this Law.</p>

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<p>design, location and implementation of REDD+ policies and measures and consideration of their possible risks.</p>	<p>Law 3001/06 of Valuation and Compensation for Environmental Services. The objective of this law is to promote the conservation, protection, recovery and sustainable development of the country's biological diversity and natural resources. According to Article 2, the functions of ecosystems directly or indirectly benefit populations.</p> <ul style="list-style-type: none"> • Article 3 creates the Environmental Services Regime, whose objective is to establish a mechanism that allows the valuation of the various environmental services provided by a land or farm, and their compensation in accordance with them. • Article 5 establishes that the owners or possessors of elements of nature that contribute to the generation of environmental services shall be entitled to the corresponding remuneration for the services rendered. To do this, the State will define guidelines for the setting of the values of said services. <p>Decree 1001/18 by which the real estate tax values established by the National Cadastre Service of the Ministry of Finance are established, which will serve as the tax base for the determination of the real estate tax and its additional for the 2019 fiscal year.</p> <p>Development of the National Strategy "Forests for Sustainable Growth" and other REDD+ plans and projects with consideration of co-benefits. Strategy issued in June 2019.</p>
Safeguard f: Actions to address the risks of reversals	
<p>Selection and design of REDD + PAMs take into account the risk of reversion, with consideration, for example, of its long-term financial and ecological sustainability; the regulatory and compliance frameworks of the country (including land tenure); and possible changes in environmental conditions and in the causes of deforestation and forest degradation.</p>	<p>Law 3001/2006 on the Valuation and Retrieval of Environmental Services.</p> <p>Law 2524/04 "prohibition in the Eastern Region of the activities of transformation and conversion of areas with forest cover ", better known as the "Zero Deforestation Law", is implemented in the geographical area of the Eastern region and establishes a moratorium on the conversion of forest lands to other uses (agriculture and pastures). The same was extended successively in the years 2006 (by Law 3139), 2008 (by Law 3663) and 2013 (by Law 5045), and 2018 (by Law 6256).</p> <p>Law 4890/13 of Real Right of Forest Area - DRSF establishes that the real right of forest area is that by which the owner of the domain of a property susceptible to contain forest plantations or natural forests, constitutes in favour of third parties or surface, a right of use or disposal on the forest property planted on the surface of your property or on the assets that are in the property in the form of natural forest. The right must be exercised in accordance with the environmental legislation that regulates the matter. It also establishes that the obligatory conservation area established as a legal reserve for natural forests by Article 42 of Law No. 422/73 "Forestry", will not be subject to the creation of a Real Forest Area Right (DRSF), and this must be respected by said Law in this regard.</p> <p>Decree 4056/15 in charge of establishing regimes of certification, control and promotion of the use of bioenergies that guarantee the sustainability of these renewable energy resources.</p> <p>National Development Plan 2030.</p>
<p>Design of the National Forest Monitoring System to detect and provide information on reversals.</p>	<p>Law 422/73 "Forest Law".</p> <ul style="list-style-type: none"> • Article 12, establishes that it is a function of the National Forest Service (today INFONA), which includes: carrying out an inventory of the country's forests and renewable natural resources and preparing the forest map, the land registry

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	<p>and the qualification of forests and forest lands. This information provides the basis for the National Forest Monitoring System.</p> <p>Law 251/93 that approves the Convention on Climate Change.</p> <ul style="list-style-type: none"> • Article 4, states: "Commitments: All Parties, taking into account their common but differentiated responsibilities and the specific nature of their national and regional development priorities, objectives and circumstances", indicate that countries should: Prepare, update periodically, publish and provide to the Conference of the Parties, in accordance with Article 12, national inventories of anthropogenic emissions by sources and absorption by sinks of all greenhouse gases not controlled by the Montreal Protocol, using methodologies comparable to be agreed upon by the Conference of the Parties". Thus, national inventories of anthropogenic emissions could be a source of important information regarding the detection and provision of information on reversals. <p>Law 1561/00 "that creates the National Environmental System, the National Council of the Environment and the Secretariat of the Environment".</p> <ul style="list-style-type: none"> • Article 12, establishes that it is function, attribution and responsibility of the Secretariat of the Environment (SEAM, current MADES) to promote the control of the activities tending to the exploitation of forests. <p>Law 5211/14 on Air Quality.</p> <p>Law 3464/08 "That creates the National Forestry Institute".</p> <ul style="list-style-type: none"> • Article 6, provides that it is the function and attribution of INFONA to develop the NFMS, by providing in Article 6, paragraph that is its function to monitor the extraction of timber and non-timber products from the use of the forest until the first transformation thereof. This monitoring and the collection of relevant data could allow to improve controls and strengthen monitoring, in addition to detecting reversals in the context of the extraction of timber products and providing relevant information on the subject to the SIS.
<p>Realistic projections that indicate the risk of deforestation and/or forest degradation in the absence of REDD+.</p>	<p>This is based on the legal forest and climate change framework.</p>
Safeguard g: Actions to reduce displacement of emissions	
<p>Selection and appropriate design of PAMs that address the underlying and indirect causes of deforestation and changes in land use and not only the direct causes.</p>	<p>Law 2524/04 "prohibition in the Eastern Region of the activities of transformation and conversion of areas with forest cover ", better known as the "Zero Deforestation Law", is implemented in the geographical area of the Eastern region and establishes a moratorium on the conversion of forest lands to other uses (agriculture and pastures). It was extended successively in the years 2006 (by Law 3139), 2008 (by Law 3663) and 2013 (by Law 5045), and 2018 (by Law 5266).</p> <p>Development of National Strategy "Forests for Sustainable Growth", issued subsequently in June 2019.</p> <p>National Mitigation Strategy. It focuses its efforts on mainstreaming actions linked to the mitigation of the adverse effects of climate change, in order to articulate strategies for its effective implementation.</p> <p>National Mitigation Plan and its action plans (Under construction).</p>

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<p>Selection and design of REDD + PAMs that take into account the potential impacts on livelihoods and supply and demand for forest and agricultural producers, as well as the risk of displacement of emissions.</p>	<p>Law 294/93 Law on Environmental Impact Assessment.</p> <p>Law 422/73 Forest Law.</p> <ul style="list-style-type: none"> • Article 26: The transportation and commercialization of wood and other forest products cannot be carried out without the corresponding guides issued by the National Forest Service. Said guides will specify: Quantity, species, weight or volume, origin and destination of the product transported. • Article 42 states: "All rural properties of more than twenty hectares in forest areas shall maintain twenty-five percent of their natural forest area. In case of not having this minimum percentage, the owner must reforest an area equivalent to five percent of the surface of the property."
<p>Design of the National Forest Monitoring System to detect and provide information on displacement (national, subnational, local).</p>	<p>Law 422/73 "Forest Law".</p> <ul style="list-style-type: none"> • Article 12 establishes that it is a function of the National Forestry Service (today INFONA): (1) To carry out an inventory of the country's forests and renewable natural resources and (2) to prepare the forestry map, the land registry and the qualification of forests and lands forestry. <p>Law 251/93 that approves the Convention on Climate Change.</p> <ul style="list-style-type: none"> • Article 4 states: "Commitments: All Parties, taking into account their common but differentiated responsibilities and the specific nature of their national and regional development priorities, objectives and circumstances, shall: a) Prepare, update periodically, publish and to provide the Conference of the Parties, in accordance with Article 12, national inventories of anthropogenic emissions by sources and the absorption by sinks of all greenhouse gases not controlled by the Montreal Protocol, using comparable methodologies which will have to be agreed by the Conference of the Parties". National inventories have the potential to contribute to the detection and provision of displacement information. <p>Law 1561/00 creating the National Environment System, the National Environment Council and the Environment Secretariat.</p> <ul style="list-style-type: none"> • Article 12, paragraph n) establishes that it is the function, attribution and responsibility of the Secretariat of the Environment (SEAM, now MADES) to promote the control of the activities tending to the exploitation of forests. <p>Law 3464/08 that creates the National Forestry Institute.</p> <ul style="list-style-type: none"> • Article 6 provides that it is the function and attribution of the INFONA to perform the SNMF, by having in its article 6, subsection c), which is its function to monitor the extraction of timber and non-timber products from the use of the forest until the first transformation thereof. It has the potential to provide information relevant to displacement in the context of timber products. <p>Law 6256/18 enacted on December 14, 2018, according to which the MADES and the INFONA must establish the structure of the SNMF, which will identify the definitions, organic and financial provisions that were necessary for the SNMF to provide official information of the state of the national forest cover owned by the territory of the Republic of Paraguay, periodically, measurably, verifiably and comparable with other geographic information systems, as well as offering parameters and information that allow us to measure the magnitude of the carbon content stored in the mass national forest and the qualitative and quantitative classification of forest species that make up the national forest mass.</p>

5. Potential risks and mitigation measures for activities to be implemented with the use of proceeds

In line with UN Environment standards and policies on environmental, social and economic sustainability, the project activities will be implemented with a precautionary approach, where if there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. Activities will also be implemented in line with principles on human rights, making sure to include any potentially affected stakeholders, in particular local communities and forest dependent peoples, 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.⁷

An initial screening of risks has been carried out through an Environmental, Social and Economic Review Note (ESERN), in accordance with UN Environment protocol for projects, which has identified the project as being of “moderate risk” as detailed below. According to this risk categorization, there are potential negative impacts, but they are less significant; few if any impacts are irreversible; impacts are amenable to management using standard mitigation measures; and limited environmental or social analysis may be required to develop an Environmental, Social and Economic Management Plan (ESEMP). Straightforward application of good practice may be sufficient without additional study.

Table 6: Summary of safeguards risks triggered, UN Environment Environmental, Social and Economic Review Note (ESERN)

Safeguard Standard Triggered by the Project	Impact of Risk⁸ (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

⁷ 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.

⁸ The UNEP (UN Environment) Environment, Social and Economic Sustainability (ESES): Implementation Guidance Note provides information on assigning values to the Impact of Risk and the Probability of Risk to determine the overall significance of Risk (Low, Moderate or High).

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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

The table below includes more detailed information and evaluation of potential risks, as well as proposed mitigation measures. This will inform further assessment and management measures will be implemented for the project activities. The risk matrix included below will be reviewed again and updated, with the development of an ESEMP for the project activities. This will encompass a stakeholder engagement plan, a gender action plan, an indigenous peoples plan, and a biodiversity action plan. This work will be led by the Project Management Unit, with the safeguards and gender specialists, and wider stakeholder consultation and engagement.

The table below builds on the results of the ESERN, as well as a series of analyses of potential risks that was carried out with project stakeholders, including as part of the design process for the project "Support for the completion of the REDD+ preparation phase in Paraguay", implemented by the United Nations Development Programme (UNDP), MADES and INDI.

The review of the risk identification process indicates that there are recurrent concerns, mostly of a social nature. The environmental risks related to displacement of pressures and deforestation to other areas, fires and advance of the agricultural frontier are highlighted. On the other hand, prominent social risks include lack of protection of the rights and culture of indigenous peoples; problems with land tenure and legalization of titles; lack of capacities and intra and interinstitutional coordination, and lack of land-use planning.

The risks are likely to change over time, and will depend on how, when, where and with whom the activities associated with the use of proceeds are implemented. As such, the identification of risks, as well as the definition of measures to prevent, minimize or mitigate them, are continuous processes that will be associated with periodic monitoring and reporting, in a participatory manner, and according to the needs and capacities of Paraguay. These processes must involve relevant stakeholders throughout the risk management cycle, with emphasis on vulnerable actors such as indigenous peoples and small farmer (*campesino*) communities.

The identification of risks informs the selection of measures needed to manage these risks (which can include measures to avoid, minimize or mitigate risks), many of which relate to the application of laws and policies in the country.

Table 7: Risk matrix and mitigation measures

Risk	Comments	Mitigation measures
<p>1. The project could potentially involve involuntary restrictions on land use that affect a community's use of resources, and/or cause restrictions on access to land or use of resources that are sources of livelihoods.</p>	<p>In the implementation of project activities that are focused on supporting land-use planning, expanding and strengthening natural protected areas and sustainable use of resources, there is a risk that some restrictions of traditional practices could take place (e.g. subsistence hunting, use of timber and non-timber products, among others).</p> <p>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.</p>	<p>The detailed stakeholder engagement plan that will be developed in the inception phase of the project will be essential to identify key stakeholders who may be affected by the activities; to develop a plan to ensure the protocol of free, prior and informed consent is followed; and to ensure that traditional or recognizable use rights of land and access to land or resources that are sources of livelihoods are understood and inform activity design and implementation.</p> <p>The project will be implemented with a gender-responsive, human rights-based approach, with a focus on capacity building. Support will be provided for those who may be affected adversely, especially poor, marginalized and vulnerable communities, with consideration of the specific needs of women and girls.</p> <p>One of the activities of the project will support indigenous and small rural farmer (<i>campesino</i>) communities to have greater access to sustainable economic alternatives. These alternatives could help to compensate for any lost access or resources that have an impact on livelihoods.</p> <p>One of these sustainable alternatives which will be supported by the project is the Law 3001/06 "For the valuation and compensation for environmental services". Definition of the payment modalities will be part of the stakeholder engagement plan.</p>
<p>2. The project could lead to full or partial physical displacement or relocation of people and/or involve temporary or permanent loss of land.</p>	<p>Involuntary resettlement has not and will not be supported within the framework of REDD+ implementation in Paraguay, nor will it be supported as part of any of the activities implemented from the use of proceeds. It is not expected that the use-of-proceeds project will cause forced evictions or negatively affect land tenure arrangements, including communal and customary or traditional land tenure claims. Special attention will be paid to identify measures to avoid:</p>	<p>The project will be implemented in line with guidance and national regulations on free, prior and informed consent.</p> <p>It is not expected that the project will cause forced evictions, or negatively affect land tenure arrangements, including communal and/or customary/traditional land tenure patterns. However, some activities such as land-use planning and strengthening of protected areas could result in planned or involuntary resettlement, and/or restricted access to natural resources contributing to local livelihoods. This possibility will be analyzed in</p>

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	<ul style="list-style-type: none"> • involuntary resettlement particularly when a protected area is being established; • acquisition of land or land-use rights through expropriation or negotiation; • restrictions on land-use that community use of resources to which they have traditional use rights; and • restrictions on access to land or use of resources in protected areas that are sources of livelihoods. <p>Despite all efforts to avoid loss of access to land and natural resources, the project could, however, lead to full or partial voluntary displacement or relocation of people.</p> <p>The project will support land-use planning, in line with one of the strategic objectives of the ENBCS: to promote land-use planning at the municipal level to determine the use of land linked to forests. It will also support the strengthening of the national system of protected areas (both public and private areas), and improved forest governance, including tenure rights. Strengthening protected areas could result in planned/involuntary resettlement and/or restricted access to natural resources contributing to local livelihoods.</p> <p>When legalizing natural protected areas or officially recognizing indigenous people’s territories, there is a possibility that small farmer (<i>campesino</i>) communities will be relocated. In addition, the lack of recognition or application of the legal framework that protects indigenous peoples’ lands and rights associated to land and resources</p>	<p>detail during the project inception phase through an extensive resettlement impact assessment, which, in turn, will inform a Resettlement and Livelihood Restoration Plan (the indicative contents of which are available in Annex II). This plan, developed in close consultation with affected stakeholders and in line with the government protocol on FPIC (Decree 1039/18), would specify the procedures to be followed and the actions taken to mitigate adverse effects, compensate losses, and provide benefits to persons and communities voluntarily resettling as a consequence of the project’s activities.</p> <p>Indicative compensation processes will involve:</p> <ul style="list-style-type: none"> • informing potentially affected persons of their rights, consulting them on options, and providing them with housing, economically feasible livelihood alternatives and technical assistance; • prompt compensation provided at full replacement cost for loss of assets attributable to the project before land clearing, construction, or access restrictions begin; • providing support throughout the transitional period, including livelihood development and restoration assistance; • compensation in the form of land for land when livelihoods of directly affected persons are land-based, or where land is in collective ownership; • the possibility of cash compensation for land when overall impact on livelihoods is assessed as relatively minor; • including adequate civic infrastructure and community services at all residential sites of resettlement • transparent compensation procedures and standards, applied consistently to all directly affected persons; • displacement not occurring until compensation has been made available and, where applicable, resettlement sites and relocation assistance has been secured; and
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	<p>could result in physical displacement or relocation of indigenous peoples.</p>	<ul style="list-style-type: none">• providing resettlement assistance in lieu of compensation for land to help restore the livelihoods of those resettled when they do not have formal legal rights or claims to lands. <p>UN Environment will ensure that communities and persons directly affected by planned resettlement are engaged in the planning and decision-making processes, as well as during implementation and monitoring of resettlement. There is a strong commitment, however, on the part of MADES and UN Environment to ensure any resettlement will be avoided, and only carefully planned resettlement considered in cases of legal enforcement of ENBCS actions.</p> <p>In addition, at project conception, a detailed stakeholder engagement plan will be developed, identifying those who might be at risk through the implementation of activities. A specific plan on indigenous peoples will be developed (the indicative contents of which are available in Annex III), which, along with free, prior and informed consent protocols, will be used to inform land-use planning processes that involve indigenous peoples and/or local communities.</p> <p>For activities related to the expansion or strengthening of protected areas, protected area management actions will be carefully designed and implemented, informed by stakeholder involvement and local livelihood needs. As the locations of the activities may overlap with areas set aside for conservation, the project activities will be developed and implemented in line with the objectives, proposed actions, expected results established in the existing National Strategy and Action Plan for Biodiversity Conservation 2015-2020 (particularly the actions determined under the subsectors Wild Protected Areas and Wild Protected Areas under Special Jurisdiction) as well as existing protected areas management plans.</p>
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<p>3. The project could cause or involve economic displacements, affecting crops, businesses, income generation sources and assets, or bring unequal economic benefits to a limited subset of the target group.</p>	<p>Economic displacement could arise when the implementation of activities focused on forest conservation has a negative impact on other economic activities. More effective application of the legal framework for forests, improved forest governance, monitoring and regulation, and the implementation of specific activities focused on forest conservation could possibly lead to the loss of jobs, or other economic hardship/losses (for example, related to impacts on the timber industry or inability to implement/expand agricultural practices, among others).</p> <p>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, such as indigenous peoples and local communities. The project will look to address this and ensure long-term changes by promoting sustainability.</p>	<p>Specific risk will depend on how, where and with which stakeholders activities are implemented. Mitigation measures could focus on development of sustainable alternatives, including the promotion of payment for environmental services; incentives for agroforestry practices; support for agricultural intensification practices that use land more efficiently, among others.</p> <p>The specific needs and potential impacts on different stakeholders, including small farmers and indigenous communities, will be considered during the project inception stage.</p> <p>A grievance redress mechanism will be available throughout project implementation.</p> <p>Under the FCPF “Forests for Sustainable Growth” project, a benefits distribution system for REDD+ is currently being developed, which will inform activity design and project implementation. A detailed stakeholder mapping and engagement plan developed at project inception will support the identification of key actors for the implementation of activities, as well as needs to develop stakeholder-specific activities. For example, it is envisaged that specific activities will be implemented focusing on capacity building and the generation of new opportunities and spaces for indigenous peoples' participation, including the following:</p> <ul style="list-style-type: none"> • Involvement and generation of sustainable economic alternatives for local actors, including through procedures to expand the Environmental Services Regime for indigenous peoples, and establish a local promotion mechanism for the commercialization of their environmental services; • Recruitment of the Project Management Unit (PMU) which will include personnel that focuses safeguards, as well as on the implementation of the Environmental and Social Management Framework; • Activities focused on strengthening the link between MADES, INDI, and indigenous peoples, ensuring greater participation and diversity in the
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		<p>spaces for discussion and decision-making related to the implementation of ENBCS; and</p> <ul style="list-style-type: none"> • Participation of representatives of indigenous groups in the REDD+ Working Group (<i>Mesa REDD+</i>) of the National Commission on Climate Change with a special emphasis on REDD+ safeguards. <p>Annex II includes indicative content for the Resettlement and Livelihood Restoration Plan, which will be developed at project inception and which will take account of the potential risks to livelihoods as well as the mitigation measures mentioned here, among others.</p>
<p>4. The project could negatively affect the livelihoods, physical and cultural survival of indigenous peoples through affecting the rights, lands and territories claimed by them.</p>	<p>Some of the proposed project areas include indigenous communities. Negative impacts could result from the lack of effective participation of indigenous peoples, as well as the lack of recognition and application of principles, laws and regulation that protect indigenous people’s rights, including the rights related to land.</p> <p>Indigenous peoples 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. There might be potential impacts on the cultural heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices. Lack of recognition or protection of the cultural heritage of indigenous peoples could affect them.</p> <p>In areas with high forest cover and high poverty rates, there tends to be a relatively high dependence of communities, including indigenous communities, on forests for their livelihoods. Implementation of REDD+ actions designed with the participation of local stakeholders and communities, and</p>	<p>Project implementation areas will avoid known areas in the Chaco region where the Ayoreo uncontacted indigenous community is living.</p> <p>The design and implementation of activities will be guided by the detailed stakeholder engagement and indigenous peoples’ plans to be developed at project inception. Other key information to help assess, analyze and mitigate risks include the information available from the 2012 indigenous census on the location of indigenous communities; information contained in the online portal developed by FAPI; and the mapping of sacred sites for indigenous peoples developed with the UN-REDD National Programme in Paraguay. Activities will also be designed and implemented in line with the national decree on free, prior and informed consent.</p> <p>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.</p> <p>Annex I includes indicative content for an Indigenous Peoples Plan, which will consider the risks and mitigation measures mentioned here, among other key elements; this will be developed at project inception.</p>

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	<p>with a gender approach, can benefit local livelihoods by helping to clarify and strengthen land tenure rights, increasing community capacity for forest management, and by maintaining ecosystem services important for both food security and climate change adaptation.</p>	
<p>5. The project could have inequitable negative impacts on gender equality and/or the situation of women and girls.</p>	<p>The project includes the gender approach as a crosscutting element. The current context presents challenges and gaps that might be difficult to address. Changes in behavior and local circumstances will require long term support.</p> <p>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.</p> <p>Gender issues, differences and gaps in Paraguay largely relate to economic inequities, particularly in rural areas; women’s participation in politics and decision-making; and gender violence; health and education. While progress has been made in recent years in Paraguay on issues related to accessing labour markets, health and education, there are still important gaps.</p> <p>Challenges for women and other vulnerable groups in the sectors covered by the ENBCS and the Climate Change Fund that may inhibit them from getting access, to participating in decision-making or benefitting equally from the interventions of the project relate to the gender differences, issues and gaps mentioned above, and also include historical inequities of ownership of land; unequal political</p>	<p>The project will not discriminate against women or other groups based on gender, especially regarding participation in the design and implementation or access to opportunities and benefits.</p> <p>Gender equality and women's empowerment are recognized as cross-cutting priority issues. The participation of men and women in environmental protection and sustainable development activities will be actively promoted.</p> <p>There are six elements that will be taken into account for gender mainstreaming in the design and implementation of the activities of this proposal; these are: i) strengthening accountability for gender equity at different levels; ii) enhancing results-based management for gender equity using indicators and protocols for evaluation; iii) establishing oversight through monitoring, evaluation, auditing and reporting; iv) allocating sufficient human and financial resources; v) capacity building for gender mainstreaming; vi) ensuring coherence, knowledge and information management.</p> <p>An initial Gender Assessment and Action Plan have been developed, and will be updated at project inception based on analysis of the stakeholder mapping. The plan will include on the modalities of engagement, management, monitoring and communication of men and women throughout the project period.</p> <p>In addition to hiring a gender specialist for the Project Management Unit, which will help to ensure gender mainstreaming throughout the design and implementation of project activities, UN Environment will undertake a gender assessment at the activity level, and develop action plans at the project level</p>

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	<p>participation and participation in decision-making processes; unequal economic opportunities and access to the labour market; domestic and caring roles which can make participation in some traditional spaces of discussion and decision-making difficult; and discrimination. A number of small farmer and indigenous women do not speak Spanish, which can also make participation in decision-making difficult.</p>	<p>according to identified needs and to UN Environment and GCF guidance on gender.</p> <p>Within the context of continuous management, risks will be continually evaluated and monitored, tools for continuous monitoring will be designed and implemented integrating gender equality considerations.</p> <p>The implementation of the ENBCS will also contribute to addressing gender gaps in the environmental and rural sectors and contributes to meeting the objectives outlined in the National Gender and Climate Change Strategy (ENGCC, in Spanish). The ENBCS aims to reduce gender gaps by ensuring the participation of women in all the spheres of decision making related to forests, considering the differentiated roles related to forests and dependency over forest resources between men and women; and by aiming to ensure equal access to services like forest related education, credit and also to land.</p> <p>There is recognition in the policy and legal framework of Paraguay of these risks related to gender, and efforts to promote gender equality through the following, which will also be relevant for project implementation:</p> <ul style="list-style-type: none"> • Constitution of the Republic of Paraguay, article 47 of the guarantees of equality. • Law 4675/12 elevates the Secretariat of Women to the Ministry of Women. • Law 5777/16 of comprehensive protection for women, against all forms of violence. • Law 5808/15 of promotion, protection of motherhood and support for breastfeeding. • Law 5446/15 on Public Policies for Rural Women, has as its general objective to promote and guarantee the economic, social, political and cultural rights of rural women; fundamental for their empowerment and development.
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		<p>Proposed activities will not discriminate against women or reinforce discrimination or inequalities based on gender, and will be implemented in coherence with the Paraguayan normative framework on the matter and the National Gender Strategy on Climate Change (Estrategia Nacional de Género ante el Cambio Climático).</p> <p>Paraguay created a Women's Secretariat in 1992, which became the Women's Ministry in 2012. It also developed a National Plan for Equal Opportunities between Women and Men for the period 2008-2017.</p> <p>Specific measures to address gender issues have been documented in the Gender Assessment and Action Plan developed for the project (Annex 6 of the Funding Proposal).</p>
<p>6. The project could contribute to the conversion or degradation of biodiversity and/or habitat.</p>	<p>The project could potentially contribute directly or indirectly to activities that convert or degrade biodiversity and habit, including modified habitat, natural habitat and critical natural habitat, and habitats that are officially proposed for natural protection (for example, national parks, Indigenous Community Conserved Area, (ICCA), etc.).</p> <p>The conversion or degradation of habitats could also result from agroforestry and livestock activities if safeguards are not applied. It is not expected that the project will convert or degrade habitats that are legally protected, as the project will support efforts to legalize public natural protected areas, strengthen land-use planning processes and develop sustainable alternatives in buffer zones surrounding natural protected areas.</p>	<p>In addressing the causes of deforestation and forest degradation, there will be a focus on implementing positive actions that seek to enhance the benefits of sustainable development, for example with agroforestry practices, combining various techniques both agricultural and livestock with actions of protection and sustainable use of forest resources.</p> <p>Support to the implementation of the Climate Change Fund, including to identify incentives aimed at mitigating the main causes of deforestation and establish the operational mechanisms of the Climate Change Fund, will be provided.</p> <p>One of the strategic objectives of the ENBCS is the promotion and implementation of the land-use planning at the municipal level, which will be supported by the project. The inclusion of forest resources in the land-use planning processes contributes to building a landscape-scale vision, which also recognizes the importance of non-carbon benefits such as biodiversity, as well as carbon benefits of forests.</p>

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	<p>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. However, it is not foreseen that the proposed project will convert or degrade habitats that are identified by authoritative sources for their high conservation and biodiversity value. 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 essential for the conservation of biodiversity and a baseline of information has been identified, for example, through the multiple benefits reports.</p>	<p>Definition of activities that support the ENBCS implementation and contribute to the country's sustainable development goals defined in the National Development Plan, as well as to climate change mitigation and biodiversity conservation goals and objectives, among others.</p> <p>The continuation of the Zero Deforestation Law (which is part of the legal framework in which the ENBCS will be implemented) in the Eastern Region is a measure that aims at biodiversity conservation. Activities to be implemented are compatible with the conservation of natural forests and their non-conversion, as well as incentives for the conservation of forests and derived services, and the strengthening of the provision of other social and environmental benefits. They are also consistent with Paraguay's National Strategy and Action Plan for Biodiversity Conservation 2015-2020, which seeks to identify, characterize, and prioritize the main processes and trends of political, economic, social, and environmental changes that affect the supply of goods and services provided by ecosystems.</p> <p>The Law 3001/06 on Valuation and Compensation for Environmental Services is considered a key measure to implement REDD+ in the country, as it considers the benefits provided to the population directly or indirectly by management activities, conservation and recovery of ecosystem functions. These benefits include: mitigation of emissions, protection of water resources and biodiversity, scenic beauty and protection and recovery of soils, among others. In addition, there is a Law for the Restoration of Protective Forests, which seeks to conserve and restore protective forests of watercourses in the Eastern Region and compliance with environmental protection measures for water resources in the Western Region (Chaco). The implementation of activities supported through the use of proceeds will also help support the implementation of these Laws, among others.</p>
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		<p>The benefits related to biodiversity conservation of the implementation of activities in this proposal would be particularly important considering the level of threat affecting the country's forest ecosystems.</p> <p>Detailed information on biodiversity, including for example, on threatened species and important biodiversity corridors, has been developed, and information has been made available on mapping multiple benefits and the use of information to support decision-making.⁹ This work, as well as the National Strategy and Action Plan for Biodiversity Conservation 2015-2020, will be consulted and updated at project conception, to guide project implementation.</p>
<p>7. There is a risk of reversals, or non-permanence, of emissions reductions and carbon stock in REDD+-related projects. These risks relate to factors that could affect the sustainability and continuity of project implementation.</p>	<p>A number of factors could lead to the non-permanence of emissions reductions in Paraguay, including:</p> <ul style="list-style-type: none"> • Climate change (more frequent drought or flooding); • Wildfires; • Institutional challenges or a government decision to voluntarily withdraw from the project; • Insufficient or ineffective implementation of the relevant legal framework; • Projected demographic trends and changing demands on land; • Instability in the market prices of key commodities such as soy or beef, which could have impacts on opportunity costs; • A decision not to extend the Zero Deforestation Law in 2020 (which was created in 2004, and was 	<p>Within the framework of the ENBCS, and other actions focused on the reduction of emissions, the direct, indirect and underlying causes of deforestation and forest degradation are addressed so that emissions reductions can last over time and be sustainable, so that they are not only conserved during the duration of the project.</p> <p>The ENBCS will support the implementation of sound agricultural and livestock practices that allow forest holders to increase the efficiency and profitability of agricultural activities, reducing the need to increase the area used for the activities to the detriment of the forest cover.</p> <p>Actions have been developed to address illegal logging, as well as human-induced fires.</p> <p>As part of the support that will be provided for the implementation of the Climate Change Fund, incentives aimed at mitigating the main causes of</p>

⁹ See, for example, the publications: [Mapping of multiple benefits of REDD+ in Paraguay: the use of spatial information to support land-use planning and Mapping of multiple benefits of REDD+ in Paraguay: additional analyses to support decision-making about REDD+ policies and measures.](#)

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	<p>amended in 2006 for two years, in 2008 for five years, in 2013 for 5 years and in 2018 for another 2 years) could lead to increased deforestation. In addition, as the Law only refers to the country's Eastern Region, there is a limitation on its ability to ensure the permanence of emissions reductions throughout the entire country.</p>	<p>deforestation and establishment of operation mechanisms of the Climate Change Fund will be identified.</p> <p>One of the most important tools to achieve the effectiveness of the Zero Deforestation Law in the Eastern Region in the medium- and long-term has been Law 3001/06 on "Valuation and Compensation of Environmental Services" whose objective is to increase the value of native forests through a payment for environmental services scheme. Activities implemented with the use of proceeds from this proposal will support the implementation and expansion of this programme.</p> <p>A strategy to address the risk of reversals is the implementation of efficient strategies that strengthen control and the capacity of inspection by national authorities, with emphasis on the actions of INFONA as the forest authority, and MADES as the environmental authority.</p> <p>Forest monitoring and control, such as through the NFMS, is also key to help identify and address areas at risk of reversals, and enable rapid response. Both strengthening and updating of the forest and environmental monitoring systems and implementation of rapid response mechanisms in areas with imminent risk of deforestation are activities that are due to implemented with the use of proceeds.</p> <p>INFONA, through an agreement with the World Resources Institute, is in the design and implementation phase of Global Forest Watch at the national level, to provide data on deforestation almost in real time (with a periodicity of 8 days). This platform will be managed locally and will allow authorities and the general public to access and manage data in a user-friendly way. Among its objectives, INFONA plans to train technicians from the regions for rapid response to deforestation cases using the data provided by the tool.</p>
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		<p>Throughout the implementation of activities, key stakeholders will be involved in the design, implementation and monitoring of activities, with transparency about the scope and budget of activities, in order to help manage expectations.</p> <p>Analyses of resource-needs and capacity-building programmes will be carried out and for stakeholders to help ensure they are able to carry out their commitments under the project.</p> <p>In addition to the set of activities listed above, this proposal considers the potential establishment of a buffer to help further diminish the risk of reversals. The size of this buffer can be estimated following established criteria, particularly the guidelines set by the Carbon Fund. These guidelines propose the establishment of buffers whose size depend on the level of uncertainties and reversal risk factors. The uncertainties in the volume of emission reductions is an issue also addressed in the application of the GCF scorecard. The reversal risks reflect local conditions where the emission reductions take place.</p> <p>The application of the Carbon Fund guidelines to the institutional, environmental and other factors in Paraguay resulted in a size of a buffer equal to 18% of total volume submitted to the GCF. If solicited as part of the proposal review process, Paraguay could set aside a portion of the emission reductions to establish a buffer account. Finally, preliminary estimations of results from 2018 appear to indicate that annual emission reductions will fall to average levels, providing further assurances that the results submitted to the GCF may not be outliers but rather reflect a trend.</p>
<p>8. Displacement of emissions to other sectors or ecosystems could take place if activities are not planned appropriately.</p>	<p>The national scope of the project as well as the continued implementation of the Zero Deforestation Law will help to ensure that displacement of emissions does not occur between regions (Eastern and Chaco). However, there is a</p>	<p>To ensure that activities implemented through the use of proceeds will not cause leakage or displacement of deforestation to other areas (at the local level, to other ecosystems, or to other areas of the national territory) activities will be implemented with consideration of the following factors:</p>

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	<p>risk that actions to reduce emissions for deforestation and forest degradation could lead to displacement of activities to areas or ecosystems.</p> <p>These risks could be related to the following factors, among others:</p> <ul style="list-style-type: none"> • Drivers of land-use change and forest degradation persist despite the design and implementation of REDD+ actions through the ENBCS and other initiatives; • Activities could result in the displacement of land-use change at the local level, such as with forest protection leading to agricultural conversion of natural grasslands; and • Activities could cause the displacement of emissions to other ecosystems, such as through the displacement of pressures on forests to another region or area. <p>In local small farmer (<i>campesino</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. There 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. The proposed project approach possibly will be legally permitted and will be inconsistent with any</p>	<ul style="list-style-type: none"> • Activities implemented, within the framework of the ENBCS, are designed to address the direct, indirect and underlying causes of deforestation (ongoing analyses will be carried to identify potential changes in these causes); • Analysis of potential impacts on livelihoods will be analyzed, and activities developed accordingly, with a focus on ensuring continued access to forests for the products on which communities depend, and the implementation of sustainable economic alternatives where relevant; • The design and implementation of activities will consider impacts on supply and demand for forest and agricultural producers; • Forest control and monitoring systems to detect and report displacement will continue to be implemented and strengthened to help monitor potential displacement. <p>Activities implemented with the use of proceeds will contribute to the implementation and strengthening of the NFMS, which generates information based on remote sensing and field data robust enough to detect and estimate displacement of emissions by deforestation at the level of ecoregions, departments or municipalities. In addition, INFONA is in the development phase of a deforestation early warning system using the Global Forest Watch platform, which will provide information every eight days and whose data will contribute to NFMS.</p>
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	<p>officially recognized management plans for the area, as the activities proposed are based on the existing legal framework.</p> <p>However, it is not foreseen that the proposed project activities result in soils deterioration and land degradation. As defined in the sections of the full proposal on co-benefits, soil conservation and avoidance of erosion is a key benefit that can be achieved through the implementation of the project.</p> <p>It is not foreseen that the proposed project interventions will cause any changes to the quality or quantity of water in rivers, ponds, lakes or other wetlands. The conservation and sustainable management of forest areas supports the regulation of water resources, and the avoidance of significant impacts of flooding and other extreme events. It is not foreseen that the proposed project will introduce or utilize any invasive alien species of flora and fauna, whether accidental or intentional; the use of native species will be encouraged.</p>	
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5.1 Social and environmental risk assessments

During the REDD+ readiness phase, supported by the UN-REDD National Programme, several exercises were carried out to identify the potential risks and benefits associated with REDD+ implementation. The results of the risk assessments are available in the Environmental and Social Assessment document, which is included as an annex to this Full Proposal package, and were also used to inform the table of potential risks above, as well as the information in the ESERN (also available as an annex to the Full Proposal). These informed the implementation of measures and actions in the period 2015-2017. A summary of the key milestones of these risk assessment exercises is included below:

- November 2011 – a workshop was held focused on the identification and analysis of potential benefits and risks of REDD+ actions in Paraguay, in accordance with a country approach to safeguards.
- April 2013 – two workshops on "Environmental and Social Safeguards and Human Rights" were held. These were convened by FAPI, SEAM (now MADES), INFONA and the UN-REDD Programme. Approximately 40 people from various institutional sectors and members of the indigenous communities organized by FAPI participated. The workshops examined the existing framework related to REDD+ safeguards in Paraguay, identifying gaps in forest protection and rights in the legal framework, to be addressed through PAMs developed in the ENBCS.
- September 2013 – a workshop on REDD+ safeguards and social and environmental benefits was held and attended by 30 participants. The workshop focused on the Cancun safeguards; on developing a common understanding of what they mean in the Paraguayan context; and, on how actions can be designed and implemented to enhance social and environmental benefits and to mitigate or avoid risks in accordance with the Cancun safeguards.
- April 2014 - a working session on social and environmental benefits of REDD+ was held. This session focused on how to consider safeguards in planning REDD+ actions. The creation of a REDD+ Safeguards Working Group was planned.
- September-October 2015 – working sessions and workshops on REDD+ safeguards and multiple benefits were held with the REDD+ Safeguards Working Group in Paraguay and the National Technical Team of the UN-REDD National Programme. The working sessions focused on strengthening national capacities on safeguards and multiple benefits; the participatory development of a national roadmap on safeguards, including the development of the national interpretation of the Cancun Safeguards and a proposal for the design of the SIS.
- May 2016 – a series of workshops and meetings were held focused on the development of REDD+ policies and measures to feed into the development of the ENBCS. Work was carried out to produce the inputs needed to consolidate the national approach safeguards. This included a legal analysis on REDD+ safeguards; the interpretation of the Cancun safeguards; and a plan for the development of the SIS.
- July 2016 – a series of workshops and working sessions were held focused on multiple benefits of REDD+ and the Cancun safeguards. The working sessions emphasized information

exchange and national capacity building towards understanding and applying the Cancun safeguards in the development and implementation of the ENBCS.

In addition, as part of the Forests for Sustainable Growth (Bosques para el Crecimiento Sostenible, BCS) Forest Carbon Partnership Facility (FCPF) project, the project team and personnel within MADES have also received trainings on carrying out a Strategic Environmental and Social Analysis (SESA) and on developing an Environmental and Social Management Framework (ESMF) for the project, which will be used to inform the development of these analyses over approximately the next year. Once available, the results of these analyses will be used to update this ESMF.

The review of the risk identification exercises indicates that there were some recurring concerns, many of them of a social nature. These included the lack of protection of indigenous peoples' rights and culture; problems related to land tenure and land titling; poor intra- and inter-institutional coordination and capacities; and lack of territorial planning. The following environmental risks were also highlighted: displacement of deforestation (and deforestation pressures) to other areas, the advance of the agricultural frontier and potential negative effects on biodiversity. The identification of these risks has helped to shape the definition of the policies and measures that currently constitute the ENBCS. Risks associated with gender were widely recognized and detailed in both the stakeholder engagement plans for the ENBCS, as well as the ENBCS itself. Challenges for women and other vulnerable groups in the sectors covered by the ENBCS and the Climate Change Fund that may inhibit them from getting access, to participating in decision-making or benefitting equally from the interventions of the programme, relate to issues such as the historical inequities of ownership of land; unequal political participation and participation in decision-making processes; unequal economic opportunities and access to the labour market; domestic and caring roles which can make participation in some traditional spaces of discussion and decision-making difficult; and discrimination. These issues are discussed in more detail both in the risk matrix above, as well as the Gender Assessment and Action Plan, which is included as an annex to the Full Proposal.

There is evidence of adaptive management for the identified risks in Paraguay that responds to shifting national circumstances and needs, such as in the application of Law 2524/04 prohibiting forest transformation activities and the conversion of forest areas in the Eastern Region. This law experienced several extensions in response to an underlying risk of deforestation throughout this region. There are several laws, regulations, and measures that were implemented to avoid, minimize or mitigate risks according to their importance.

The existence of a solid and broad legal basis for addressing and respecting REDD+ safeguards was identified, as well as for applying the UN Environment Safeguards Framework, which is aligned with the safeguards standards defined by the Green Climate Fund. The development of the ENBCS and the design of specific policies, actions, and measures for the implementation of REDD+ in the country have built on collective construction processes, with a clear gender approach and effective participation of key actors, emphasizing the participation of indigenous peoples.

5.2 Exclusions list

Although the initial screening of risks, carried out in accordance with UN Environment protocol for projects, has identified the project as having “moderate risk”, only activities that are considered to have no or low environmental and social risk will be funded through the use of proceeds.

The exclusions list for activities that will not be supported by the use of proceeds includes those that may involve involuntary resettlement as well as any activities that are associated with prohibited practices specified in the [GCF Policy on Prohibited Practices \(e.g. corrupt practices, fraud, obstructive practices and money laundering\)](#).

Involuntary resettlement has not and will not be supported within the framework of REDD+ implementation in Paraguay, nor will it be supported as part of any of the activities implemented from the use of proceeds. Also, the following exclusions are stated and will be reviewed and validated at the project inception:

1. Activities and investment that would cause the Accredited Entity to become involved in violations of the human rights specified by the United Nations' Universal Declaration of Human Rights.
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES and transboundary movement of waste prohibited under international law.
3. Production or trade in weapons and munitions.
4. Production or trade in alcoholic beverages (excluding beer and wine).
5. Production or trade in tobacco.
6. Gambling, casinos and equivalent enterprises.
7. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
8. Production or trade in unbonded asbestos fibers.
9. Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage
10. Trading in endangered or protected wildlife or wildlife products.
11. Agricultural development on peatlands.
12. Commercial logging operations for use in primary tropical moist forest.
13. Production or trade in wood or other forestry products other than from sustainably managed forests.
14. Hunting of bushmeat other than for self-subsistence.
15. Production or activities involving harmful or exploitative forms of forced labor (all work or service, not voluntarily performed, extracted from an individual under threat of force or penalty)/harmful child labor (employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, moral, or social development).

16. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
17. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

The exclusions list will be reviewed and validated with relevant institutions and stakeholders, including civil society organizations. Other activities may be added to this exclusion list as appropriate.

The existing legal framework for the country also helps to determine which activities and processes may be permitted, and establishes the mandates and responsibilities of different relevant institutions. The ENBCS was developed in line with this framework, seeking to avoid activities that could fall under the definition of prohibited practices explained in the GCF policy.

The safeguards plan to be developed at the beginning of the project will specify processes and tools for risk monitoring, under the premise of zero tolerance to actions that could trigger risks or impacts related to prohibited practices specified in the Green Climate Fund policy on this issue.

6. Considerations for the application of safeguards standards and policies in the use of proceeds

Upon project inception, once the funding proposal is approved and the resources available are confirmed, a process to update the ESMF will take place. Planning activities will define the geographic scope of the activities to be implemented, and the specific details on how and with whom the activities will be executed.

An additional participatory risk assessment and ESMF update may trigger a requirement to prepare and implement any one of several impact management instruments identified in UN Environment's ESES Framework, depending on the assessed risk(s) of the project under consideration (e.g. Indigenous Peoples Plan). Safeguards management plans will identify the actions needed to avoid adverse impacts, and the agencies or organizations responsible for implementing those actions. The management approach will be site-specific and explain the measures for mitigation, locations, target communities, monitoring and institutional capacity development, implementation schedules and cost estimates.

Every step for assessing risks and updating the ESMF at the project inception phase will consider the effective participation of relevant stakeholders, with attention to vulnerable groups, collecting and responding to concerns and inputs of the key stakeholders. Adequate resources will be allocated to conduct this process, including capacity building and logistical elements to allow meaningful participation of key local stakeholders (e.g. indigenous peoples, local, communities, small farmer communities).

This section of the document provides information on minimum considerations for due diligence for scoping and undertaking a more detailed environmental and social assessment of the project, including updating the ESMF. The detailed content of this framework and the associated plans will be determined at the beginning of the implementation of the project. The ESMF update should include specific actions and follow-up measures regarding: i) screening and managing risks; ii) biodiversity protection; iii) involuntary resettlement; iv) indigenous peoples; v) participation of relevant stakeholders; vi) gender; vii) stakeholder response and grievance redress mechanisms; viii) monitoring

and evaluation. Following are information on the due diligence process, as well as the criteria and key considerations related to the elements mentioned above.

6.1 Due diligence process

There is a strong commitment to avoid, minimize or mitigate environmental, social and economic risks associated with the activities that will be implemented with the use of proceeds. All planned activities will be subject to a review process according to safeguard standards during the project preparation phase, as well during the design, implementation, monitoring and evaluation phases, according to applicable safeguard standards.

The initial project preparation phase includes a due diligence process, with scoping and more detailed environmental and social assessment of the specific project activities, for determining the appropriate level of analysis and management approach proportionate to the potential risks and to direct, indirect, cumulative and associated impacts. The physical, biological, socio-cultural and economic context of the project will be taken into consideration. This assessment can trigger requirements for the development and implementation of impact management instruments, which depends on the outcome of the risk assessment, including an analysis of the intensity, relevance, and scope of possible impacts.

Through execution of the procedures for implementing the ESES Framework, UN Environment will ensure that potential negative impacts will be assessed and avoided, and where it is not possible to avoid them, they will be minimized, mitigated and managed. It is also considered the feasibility of mitigating these impacts and associated financial and technical needs, as well as the different existing alternatives, including the option of not taking any action, the suitability of the alternatives according to local conditions and institutional requirements, training, and monitoring.

This proposal is directly related to climate change objectives and targets, and the proposed activities are in line with UN Environment's implementation capacities. The project will have a Project Management Unit that will include, among others, safeguards and gender specialists. In addition, there will be a set of executing partners, chosen on the basis of institutional mandates and on the potential to effectively contribute to the development of activities and the achievement of the objectives of the proposed project.

The due diligence process to be applied for the activities financed by the use of proceeds, embodied in the ESES procedures, can be summarized as follows (see UN Environment ESES Framework, Chapter 3 for details):

- Environmental, social and economic screening (or scoping), using an Environmental, Social and Economic Review Note (ESERN), to identify potential environmental, social and economic risks.
- Preparation of safeguard assessment and management (i.e. gender action, indigenous peoples, resettlement/livelihood restoration, stakeholder engagement) plans prior to project activity approval.

Mitigation, management and monitoring of impacts during project implementation will help ensure that the actions specified in safeguard management plans are carried out. Procedures and requirements have been defined to ensure a prompt and effective response to environmental, social and economic issues that may arise.

The risks identification will be done according to pre-established formats, guidelines, and procedures, based on relevant national circumstances, and for which the participation of key actors in the entire risk management cycle will be encouraged.

The initial risk assessment indicates that, due to the focus and scope of resource use, no significant negative impacts are expected. The majority of risks identified were associated with low probability and low impact. However, considering several previous risk analyses and potential conflicts associated with changes in land use and possible impacts on indigenous peoples' productive activities, an update on the risk identification at the start of the project is foreseen. In addition, safeguards plans will be developed at the beginning of the project to support and guide the implementation of all activities. It is expected that these plans will provide minimum criteria for the execution of activities, or at least define criteria and actions, for the development of stakeholder involvement processes, indigenous people participation and coordination, gender mainstreaming and risk monitoring and resettlement and livelihood restoration.

The safeguards plans to be developed at the start of this project will put emphasis on the determination of processes and tools for risk monitoring, under the premises of zero tolerance to actions that could trigger risks or impacts related to the prohibited practices specified in the Green Climate Fund policy covering this issue. UN Environment ensures that potential negative impacts will be analyzed and avoided, and where it is not possible to avoid them, they will be minimized, mitigated and managed, through the implementation of specific measures, continuous monitoring and institutional capacity building, among others. To this end, information on time requirements and associated costs will be provided in a timely manner, and there will be a close collaboration with project partners in the country.

6.2 Screening and managing risks

UN Environment's environmental, social and economic sustainability framework sets out the scope, related policies and implementation modalities for identifying and avoiding or mitigating environmental, social and economic risks, and for identifying and exploring opportunities to enhance positive environmental, social and economic outcomes.

The screening of risks considers environmental, social and economic risks and opportunities in an integrated manner, recognizing the inter-linkages among the environmental, social and economic dimensions of sustainable development. The process requires the engagement of relevant country stakeholders, including local stakeholders that could be negatively affected by the activities.

All potential adverse impacts will be assessed and avoided, or where avoidance is not possible, minimized, mitigated and managed, including through proposed monitoring, institutional capacity development and training measures, providing an implementation schedule, and cost estimates. When assessing the risks associated with the implementation of activities of the project, their breadth, depth, relevance and scope of impact will be identified. Previous exercises of risks assessment should be reviewed to check if risks identified in the past are still a concern, as well as to identify new risks.

Based on the risks identified, management measures need to be defined to respond promptly and effectively to emerging environmental, social and economic issues. Management of risks would include proposed monitoring measures, institutional capacity development and training measures, together with an implementation schedule, and cost estimates. Also, there will be an assessment of the feasibility of financial engagement, technical and siting alternatives, including the alternative of

no action, as well as potential impacts, the feasibility of mitigating these impacts, and the suitability under local conditions of measures proposed.

The risk assessment process includes considerations for promoting gender equality and empowerment of women. Thus, potential roles, benefits, impacts and risks for women and men will be reviewed and management and monitoring measures will be defined with the aim of supporting equality of opportunity and treatment of women and men.

Not all of the required safeguard measures that the project implementers will have to carry out will be known at the inception stage of the project. For this reason, it is important to monitor risks continuously throughout the project cycle, paying attention to indications of the need for additional environmental, social or economic safeguard measures. UN Environment will provide training to the project personnel, as well as government counterpart and stakeholders participating in risk assessment exercises, according to previously determined procedures.

6.3 Biodiversity protection

Building on the precautionary approach that guides UN Environment's activities, the project will work to prevent environmental degradation and will anticipate and address harm before it happens, even if there is lack of full scientific certainty.

Paraguay has developed a national inventory of its forest resources and the associated carbon content. It also developed studies to identify and map potential benefits related to forests and biodiversity. These studies informed the identification of key areas for maintaining connectivity between natural protected areas; forest patches in the eastern region that have important contributions to prevent water-induced soil erosion; the role of dry forest in the Chaco region in preventing wind erosion; and areas relevant for the conservation of endangered or vulnerable vertebrate groups (e.g. mammals, birds, reptiles, other).

Thus, there is information that could guide the implementation of the ENBCS. The selection of areas where one or several non-carbon benefits could be provided contributes to sustainable development objectives.

In addition, the country's National Biodiversity Strategy and Action Plan 2015-2020 identifies some key elements needed for the success of the strategy. These elements include improved capacities for implementation; available financial resources; national and regional commitment; multilevel cooperation; communication at different levels; coordinated actions, involving diverse sectors and institutions; and institutional capacities.

When assessing and managing risks related to biodiversity conservation, natural habitats, and sustainable management of natural resources, the following considerations will apply during activity-specific assessments during project inception:

- Identification of critical or natural habitats or semi-natural habitats is needed; project activities that may have a significant negative impact in these habitats cannot be included.
- Assessment of potential impacts of the implementation of activities is required, including impacts on ecosystem services.
- Significant conversion or degradation will be avoided in habitats that are legally protected, officially proposed for protection, identified by authoritative sources for their high conservation value, or recognized as protected by traditional local communities, where national legislation so allows.

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- Activities in critical habitats have to ensure that there are not potentially serious adverse impacts on the biodiversity and ecosystem services for which the critical habitat was designated; the operation will not lead to a net reduction in the global, national or regional population of any critically endangered or endangered species; and will ensure that there is not a net loss of biodiversity and ecosystem services by one or more of the following:
 - Avoidance of impact through identification and protection of set-asides;
 - Minimization of habitat fragmentation, such as with biological corridors;
 - Preference given to siting physical infrastructure investments on lands where natural habitats have already been converted to other land uses;
 - Restoring habitats during operations and/or after operations, and
 - Providing biodiversity and ecosystem services offsets.
- Activities should be legally permitted and consistent with any officially recognized management plans for the area. The implementation of activities will be carried out in line with existing management plans, seeking to strengthen the governance of natural resources and to complement existing actions.
- Activities will seek to avoid adverse impacts on soils, their organic content, productivity, structure and water-retention capacity, or to contribute to reversing land degradation.
- Measures are needed to avoid the introduction or utilization of invasive alien species.
- Activities need to be designed and implemented in consultation with appropriate experts, potentially affected communities, local government, local and national NGOs, or other experts and stakeholders.

Each activity under the project's two main outputs will be assessed to determine environmental impacts, emphasizing biodiversity aspects. Impacts identified will inform activity design, to minimize risks and optimize benefits, together with design of any accompanying mitigation measures, where risks cannot be removed entirely. Detailed information on biodiversity, including for example, threatened species and important biodiversity corridors, mapped and used to support ENBCS decision making. This mapping work will be consulted and updated at project inception as part of activity specific environmental impact assessments.

Activity planning and implementation will prioritize the protection of ecologically sensitive areas using practices that mitigate risks to biodiversity, especially endangered and culturally important species. Each site will have documented baseline conditions that need to be understood and monitored. Biodiversity impact assessment and participatory monitoring of biodiversity can be implemented as a key mitigation measure, particularly in the case on indigenous and traditional peoples, which will encourage ownership and valuation of traditional knowledge. Such monitoring could also contribute information to the national safeguard information system.

6.4 Involuntary resettlement

Involuntary resettlement (has and) will not be supported within the framework of REDD+ implementation in Paraguay, nor will it be supported as part of any of the activities implemented from the use of proceeds. It is not expected that the use-of-proceeds project will cause forced evictions or negatively affect land tenure arrangements, including communal and customary or traditional land tenure claims. Special attention will be paid to identify measures to avoid:

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- involuntary resettlement particularly when a protected area is being established;
- acquisition of land or land-use rights through expropriation or negotiation;
- restrictions on land-use that community use of resources to which they have traditional use rights; and
- restrictions on access to land or use of resources in protected areas that are sources of livelihoods.

Despite all efforts to avoid loss of access to land and natural resources, the project could, however, lead to full or partial voluntary displacement or relocation of people. The possibility of restricted land and resource access, as a result of project activities, will be analyzed in detail during the project inception phase, which, in turn, will inform a resettlement and livelihood restoration plan (see the indicative outline of this plan in Annex II). This plan, developed in close consultation with affected stakeholders and in line with the government protocol on FPIC (Decree 1039/18), would specify the procedures to be followed and the actions taken to mitigate adverse effects, compensate losses, and provide benefits to persons and communities voluntarily resettling as a consequence of the project's activities.

Indicative compensation processes will involve:

- informing potentially affected persons of their rights, consulting them on options, and providing them with housing, economically feasible livelihood alternatives and technical assistance;
- prompt compensation provided at full replacement cost for loss of assets attributable to the project before land clearing, construction, or access restrictions begin;
- providing support throughout the transitional period, including livelihood development and restoration assistance;
- compensation in the form of land for land when livelihoods of directly affected persons are land-based, or where land is in collective ownership;
- the possibility of cash compensation for land when overall impact on livelihoods is assessed as relatively minor;
- including adequate civic infrastructure and community services at all residential sites of resettlement
- transparent compensation procedures and standards, applied consistently to all directly affected persons;
- displacement not occurring until compensation has been made available and, where applicable, resettlement sites and relocation assistance has been secured; and
- providing resettlement assistance in lieu of compensation for land to help restore the livelihoods of those resettled when they do not have formal legal rights or claims to lands.

These considerations are particularly important when addressing potential impacts to indigenous peoples and local communities, and even more when indigenous peoples in voluntary isolation or uncontacted peoples could be affected. All efforts will be made to avoid the implementation of any project activities in these areas, or that affect these populations.

UN Environment will ensure that communities and persons directly affected by planned resettlement are engaged in the planning and decision-making processes, as well as during implementation and monitoring of resettlement. There is a strong commitment, however, on the part of MADES and UN

Environment to ensure any resettlement will be avoided, and only carefully planned resettlement considered in cases of legal enforcement of ENBCS actions.

6.5 Indigenous peoples

The indigenous peoples of Paraguay have ancestral ties to the land and ecosystems, which are not only of economic and livelihood importance but also of cultural and spiritual significance and are fundamental to the construction of identities, as well as ways of being, thinking and living. For this reason, the activities to be implemented with the use of proceeds will be designed so that adverse impacts on indigenous peoples are mitigated and their livelihoods can benefit from the project.

The project will be implemented in a way that respects the rights of indigenous peoples and takes into account indigenous peoples' views, needs and rights, to avoid any harm and promote opportunities to improve their livelihoods. Adverse impacts on indigenous peoples will be avoided to the greatest possible extent. Also, indigenous peoples' rights and interests in environmental governance processes and procedures will be the focus of awareness-raising and capacity-building efforts.

Taking into account the respect of rights determined in Constitution of Paraguay, in national laws and relevant international conventions, as well as UN Environment's ESES, several minimum criteria are explained below, which seek to engage indigenous peoples in the design, implementation and monitoring of the project. The project will consider indigenous peoples as key partners, particularly through collaboration with FAPI and INDI, for:

- Development of the planning phase of the project, including during the assessment of potential socioeconomic impacts and risks.
- Identification, selection and support of implementation of measures and actions to ensure adverse impacts on indigenous peoples are avoided, minimized, mitigated or compensated for in a culturally appropriate manner.
- Informing and defining who will share their views, concerns and decisions (e.g. representative bodies and organizations) with the project counterparts, recognizing their autonomy and the right to express their views. It is key to recognize the cultural diversity of indigenous peoples and the need to have adequate representation of this heterogeneous group.
- Continued application of the principle of free, prior and informed consent (FPIC), according to international standards and based on the Decree 1039/18 that approves the *Protocol for the consultation process and provision of free, prior and informed consent of indigenous peoples in Paraguay*. This process will continue to enable indigenous peoples to agree on a plan for consultations throughout the project. The process will continue to be documented, summarizing the consultation results and describing how indigenous peoples' issues have been addressed.
- Full consideration should be given to options preferred by the potentially affected indigenous peoples and to options designed to enable them to benefit from the project in a culturally appropriate and feasible manner, including through the legal recognition of customary or traditional land tenure and management systems and collective rights.
- Identifying and agreeing on stakeholder response and grievance redress mechanisms that would apply based on the existing local governance systems or self-government, considering language,

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processes for decision-making, and cultural norms. These should be accessible, fair, transparent and culturally appropriate.

- Full and effective participate in the design, implementation, monitoring and evaluation of project activities – including indigenous women, youth and elders.
- Identification of key cultural heritage that need to be protected.
- Determination of capacity building needs for defending rights to, and interests in, land, territories and natural and cultural resources, and for participating in and benefitting from development initiatives and climate change actions.
- Information sharing about traditional knowledge and practices and support the identification of actions to protect and, where possible, promote these.
- Effective participation in the design of an equitable mechanism for distributing benefits of the project and accessing these benefits, taking into account the institutions, rules and customs of indigenous peoples, capacities and gender equality.

Implementation of project activities will be consistent with UN Environment’s policies on indigenous peoples’ rights, knowledge, practices and livelihoods. Indicative contents for an Indigenous Peoples Plan is available in Annex I. A detailed plan will be developed in collaboration with indigenous peoples during the inception phase of the project, and will aim to strengthen institutional capacities of project implementing agencies to understand the perspectives, needs and concerns of indigenous peoples, as well as to establish and employ mechanisms that consider their rights, visions and needs. It will look to raise wider awareness of the importance of the involvement of indigenous peoples as partners and holders of valuable knowledge, and define mechanisms for engagement in project and wider ENBCS implementation. The recognition of collective rights, together with acknowledgement that the cultural heritage and traditional knowledge of indigenous peoples, will contribute to the assessment of activity specific environmental and social impact assessments and the development of safeguards management plans. In recognition of the rights, risks, responsibilities and contributions of indigenous actors in the care of the environment, members and representatives of indigenous peoples will be involved in the development, implementation and monitoring of gender action, resettlement and livelihood restoration, stakeholder engagement and, of course, indigenous peoples, plans.

Specifically the indigenous peoples plan will provide details of:

- culturally appropriate consultation and, where required, FPIC processes to be undertaken;
- mechanisms to conduct iterative consultation and consent processes throughout project implementation;
- particular project activities and circumstances that shall require consultation and FPIC;
- FPIC procedures, in line with Decree 1039/18, for impacts on livelihoods and cultural heritage; and
- indigenous peoples working group composition, role, responsibilities and terms of reference.

6.6 Participation of relevant stakeholders

The human rights-based approach of UN Environment’s ESES Framework provides guidance on how the activities need to be designed and implemented. This means that stakeholder engagement and public participation from the project preparation to closure stages should be based on the following

procedural human rights principles: equality and non-discrimination; participation and inclusion; and accountability and rule of law.

This approach recognizes that every person and all peoples are entitled to active, free and meaningful participation in, contribution to, and enjoyment of civil, economic, social, cultural and political development in which human rights and fundamental freedoms can be realized.

The project will encourage full and effective participation of relevant stakeholders, focusing on vulnerable groups such as indigenous peoples, local communities and small farmer (*campesino*) communities, among others.

During the REDD+ readiness phase in Paraguay, some key inputs were developed, including the identification of potential key stakeholders associated with REDD+, principles and operational guidelines for promoting the effective participation of indigenous peoples in REDD+ projects or programmes, and a participation plan that guided the development of the ENBCS. These inputs will be taken into account and the information will be updated if needed.

The development of a stakeholder engagement plan will take place at the beginning of the project, based on the indicative outline included in Annex III, and will take into account:

- The process for developing the stakeholder engagement plan will be led by key stakeholders. It should determine who participates, in what process, when and how, taking into account different stakeholder circumstances, needs and capacities.
- Paraguay's Law 5281/14 on free citizen access to public information, and government transparency, as well as UN Environment's Policy on access to information, will apply.
- There will be a participative definition of a mechanism for distributing resources and benefits of the project.
- Engagement and definition of the role of different stakeholders in the project monitoring and evaluation will take place.
- There will be participation of relevant stakeholders in the application, follow-up and reporting on the applicable safeguards frameworks (Cancun safeguards and ESES/GCF Framework and policies), including indigenous peoples and local communities.
- There will be engagement of relevant stakeholders in activities planned for formulation or reform of environmental and forest laws.
- Engagement in the design and implementation of a communication strategy for the project, in line with other communication needs related to the implementation of the ENBCS, will be supported and promoted.
- Inputs will be developed to guide the application of safeguards to the operation of the Climate Change Fund.

During the development of the funding proposal, these participation processes have already been initiated and are documented in section 2.1 of this ESMF. They have included meetings with key government institutions and potential partners of the project, including representatives of indigenous peoples' organizations.

Meetings with representatives of indigenous peoples organizations, particularly from INDI and FAPI, highlighted interest in the proposal and in engaging wider representation of indigenous communities in future discussions, including at the community scale. These discussions would focus on continuing to identify priority lines of action for the implementation of the ENBCS from the perspective of indigenous communities, such as through expansion of the Payment for Environmental Services scheme for indigenous communities, and development of local mechanisms to promote the commercialization of environmental services. An ongoing commitment was confirmed to continue strengthening the link between MADES, INDI and indigenous peoples' organizations and communities in Paraguay, supporting greater participation and spaces for discussion and for decision-making related to the implementation of the ENBCS. Meetings will continue to take place to provide further information and receive inputs from different indigenous actors.

Other meetings related to the proposed project engaged government actors, NGOs, and other organizations. There was a great deal of interest in the proposal, and the opportunities it could provide to support implementation of the ENBCS.

6.7 Gender approach

In the development of the proposal for results-based payments, UN Environment assessed potential roles, benefits, impacts and risks for women and men. The results of this assessment, as well as an initial action plan setting out what is to be done and by whom, and providing indicators, targets and a budget, are available in the Gender Assessment and Action Plan, which is provided as an annex to the Full Funding Proposal. This will be further updated at key points throughout the life time of the project (i.e. inception stage, annual reviews, mid-term evaluation). Based on the assessment, the project will include actions to avoid, minimize, and/or mitigate any adverse gender impacts or risks, and at the same time implement positive actions to contribute to gender equality and empowerment of women in the forestry and land-use sector.

The main needs and priorities of women and men that were identified through stakeholder engagement activities undertaken in the preparation of the project include those related to: access to natural resources, including for food, medicine, sustainable commercial and other livelihood-related activities; formalization of land tenure; and equal access to economic opportunities and benefits sharing.

A gender specialist will be hired for the Project Management Unit of the programme and provided with a comprehensive mandate, which will ensure gender mainstreaming throughout the design and implementation of project activities. UN Environment will undertake further gender assessments at the activity level and update and expand the action plan at the project level according to identified needs and to UN Environment and GCF guidance on gender.

Integration of gender perspectives in the project, as well as the promotion of gender equality and the empowerment of women is key for sustainable development. A gender-sensitive and gender-responsive approach will be taken throughout the project. Thus, some criteria will apply to the design, implementation, monitoring and evaluation phases. This will be done through¹⁰:

- Accountability for gender-responsive approaches among project implementers, including UN Environment's personnel, country counterparts, partners and collaborators, which support

¹⁰ This is informed by UN Environment's Gender policy.

women's participation and the empowerment of women in discussions about and in the management of natural resources.

- Results-based management for gender equality by utilizing common-system indicators and measurement protocols.
- Oversight through monitoring, evaluation, auditing and reporting by means of, *inter alia*, peer reviews, gender audits and collection of sex-disaggregated baseline and monitoring data.
- Adequate human and financial resources, including better utilization of current resources, joint programming, allocation of additional resources where required, and alignment of resources with expected outcomes and tracking the utilization of resources.
- Capacity-building by developing and/or strengthening capacity and competency in gender mainstreaming.
- Coherence, coordination and knowledge and information management, including the development of robust partnerships with women's organizations and policy modalities.

UN Environment will assess potential roles, benefits, impacts and risks for women and men at the beginning of the projects and throughout the implementation of the project, with the aim of supporting equality of opportunity and treatment of women and men. In this context, the project will include measures to avoid, minimize, and/or mitigate any adverse gender impacts or risks, and at the same time implement positive actions to contribute to gender equality and empowerment of women.

Particular attention will be paid to the different challenges faced by women and girls within indigenous communities and other groups, and to promote the participation and leadership of women in activities.

6.8 Stakeholder response and grievance redress mechanisms

At the inception phase of the project, a grievance redress mechanism will be defined, specifying operating procedures, including follow-up and reporting on the implementation of the mechanism, as well as activities for consulting on and communicating about the mechanism and facilitating access, particularly for indigenous peoples and local communities.

The project's grievance redress mechanism will be defined based on existing country mechanisms; relevant elements of UN Environment's stakeholder response mechanism; the mechanism that is being developed for the ENBCS with the support of the FCPF project (which is currently under design); as well as the considerations in this section, below. Different options for the mechanism will be duly considered, including organized guidance for accessing existing mechanisms, or the use of a new mechanism that will be put in place specifically for the project. In the interim, UN Environment's stakeholder response mechanism will be used as a temporary solution for the project.

UN Environment's ESES Framework establishes an accountability framework that includes a stakeholder response mechanism (see section 3.1.5 of this ESMF), accessible through UN Environment's webpage. The project will ensure that accessible, effective and independent mechanisms and procedures of redress are available, based on appropriate judicial and administrative mechanisms.

This includes procedures to keep the public informed about upcoming activities, as well as to receive and register communications from the public; to assess the issues raised and determine how to

address them; to provide and document responses to public communications; and to make any appropriate adjustments in the management of the respective project.

In addition, a stakeholder response mechanism will receive and facilitate the resolution of stakeholder concerns and address stakeholder responses to environmental and social management performance. This mechanism is structured to resolve concerns promptly and at the lowest possible level, using a transparent consultative process that is, in accordance with UN standards, culturally appropriate and readily accessible.

[An independent office](#) reviews complaints, including compliance concerns and grievances. It has the responsibility for managing the stakeholder response mechanism. Any complaints can be raised and communicated through the [project concern website](#) or a PDF form in 6 official UN languages.

The project will ensure that accessible, effective and independent processes of grievance redress are operational, based on existing administrative and judicial mechanisms in Paraguay, and guided by the international good practices enshrined in the UN Environment ESES Framework. Under this framework an independent office reviews complaints, including compliance concerns and grievances. It has the responsibility for managing the stakeholder response mechanism. Any complaints can be raised and communicated through the project concerned. UN Environment addresses the dispute resolution and compliance review through:

- a compliance review process to review and respond, as appropriate, in cases where UN Environment may not be in compliance with its ESES Framework; and
- a grievance redress process that provides people affected by UN Environment projects access to appropriate and flexible dispute resolution procedures.

Paraguay also has several mechanisms that are available for receiving questions and complaints, and providing answers and solutions. These are the Unified Portal of Public Information ([Portal Unificado de Información Pública](#)); the platform of the National Forest Institute ([Instituto Forestal Nacional](#)); and the mechanism for presenting complaints to the Ministry of Environment and Sustainable Development ([Denuncias Ambientales de MADES](#)).

Project-level grievance redress procedures will be accessible to all stakeholders (being age- and gender-inclusive), confidential, consultative, culturally appropriate, subsidiary and transparency processes, and include procedures to:

- keep the public informed about project activity implementation;
- receive and register communications, concerns and complaints from the public;
- promptly assess issues raised and determine how to resolve them; and
- ensure equitable treatment of all aggrieved individuals and groups
- document responses to public communications, concerns and complaints
- make appropriate adjustments in the management of the project (particularly the safeguards plans); and
- enable continuous learning informing ongoing improvements to the grievance redress mechanism.

To ensure indigenous peoples, local communities and other vulnerable groups can access the grievance redress procedures, the project will ensure that:

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- Stakeholder response and grievance redress mechanisms will be identified or designed in consultation with the affected or potentially affected communities of indigenous peoples and other relevant stakeholders.
- The mechanisms will facilitate the resolution of grievances promptly, through an accessible, fair, transparent and constructive process.
- The mechanisms need to be culturally appropriate and readily accessible, at no cost to the affected communities, and without compensation to the individuals, groups, or communities that raised issues or concerns.
- Where feasible and suitable for the project, the grievance mechanisms will utilize existing formal or informal grievance mechanisms, supplemented as needed with project-specific arrangements.
- There will be consideration of different ways in which stakeholders can submit their grievances.
- Language barriers/limitations will be taken into account, and there will be provision for interpretation/translation when possible.
- There will be provision to keep complainants' identities confidential, especially in instances where the complainants fear retaliation.
- Specific avenues for raising complaints will be identified in consultations with various social groups within the affected communities.

Concerns, responses and grievances need to be registered and documented, and, when possible, made available to the public.

Basic information required to access the grievance redress mechanism will include:

- Actual or perceived negative economic, environmental or social impact on an individual or group, or concern about the potential of project activities to cause such impact;
- Explanation of actual, perceived or potential impact attribution to the project, i.e. how the project caused or may cause such impact;
- Explanation of how the individual or group filing of a complaint or grievance is impacted, or at risk of being impacted; and
- Evidence demonstrating that the individual or group filing a complaint or grievance has authority to represent the interest of other individual or group complainants.

Wherever possible the grievance redress mechanism will strive to foster trust between stakeholder groups and facilitate mutual resolution of concerns and complaints. At the same time mechanism will not impede access to administrative or judicial remedies, as may be applicable, and will be readily accessible to all stakeholders at no cost and without retribution.

Grievance redress mechanism design, access and operations, particularly how to make a complaint, will be communicated during the stakeholder engagement process. The grievance redress mechanism will be revised and updated following recommendations of the project activity specific environmental and social impact assessments conducted during inception. Specifically, protocols for linking and aligning project-level grievance redress with existing national and state-level, and sector-specific, systems will be a priority. Existing national-level grievance redress mechanisms in Paraguay, which the

project will employ, include the Unified Portal of Public Information (Portal Unificado de Información Pública); the platform of the National Forest Institute (Instituto Forestal Nacional); and the mechanism for presenting complaints to the MADES (Denuncias Ambientales de MADES). Also, alternative grievance redress mechanisms traditionally used by indigenous peoples will be identified, documented, promoted and, if possible, applied as a first instance for addressing issues related to the implementation of the project.

6.9 Monitoring and evaluation

UN Environment is committed to avoiding, minimizing or mitigating adverse environmental, social or economic impacts associated with the projects it supports. For this purpose, all proposed actions will be subject to environmental, social and economic safeguards review and screening during project preparation, and they will be designed, implemented, monitored and evaluated in accordance with applicable safeguards standards. This requirement will also be applied to the implementing/executing partners as they deliver work for which UN Environment, which has overall responsibility for management and results.

There are procedures and protocols defined for monitoring and reporting annually on safeguards through the implementation of a safeguards management plan – also called an environmental and social management plan – which includes consideration of engagement of key stakeholders, and responses to the stakeholders when a dispute arises.

Project managers and implementing/executing partners are responsible for ensuring that the actions specified in safeguard management plans are carried out, and for reporting regularly on compliance with these requirements via progress reports. Independent experts may continue to be involved in the monitoring of projects and in ensuring compliance with the project safeguard management plans.

Safeguard management plans should be reviewed periodically, and updated and adjusted as needed. UN Environment must address compliance concerns and other grievances in a timely manner, through the stakeholder response mechanism, even after project closure.

In addition, at the mid-term of a project, the Mid-Term Review or Mid-Term Evaluation will assess whether the environmental, social and economic risks are being vigilantly managed and monitored, and whether the ESES requirements have been complied with. Corrective measures will be proposed as relevant. At the end of the project, the Terminal Evaluation will undertake a similar exercise. It will also assess long-term impacts, if relevant.

UN Environment will monitor the projects it supports for compliance with safeguards management and enhancement measures, by means of self-monitoring reports from implementing/executing partners as well as, when appropriate, supervisory missions by UN Environment staff or external experts. Instruments such as a safeguard management plan and other progress reports will be utilized and updated whenever possible to include provisions for such monitoring.

6.10 ESMF implementation

Institutional roles for the implementation of the ESMF are summarized as follows:

MADES

- With UN Environment support, systematizing of information on how REDD+ safeguards are addressed and respected during ENBCS (and project) implementation through operations and stepwise upgrades of the SIS;

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- Reporting on overall safeguards performance, throughout ENBCS implementation, via the national-level SIS and periodic submission of stakeholder-validated summaries of information to the UNFCCC;
- Promoting institutional uptake and promulgation of good practices and lessons learnt regarding ESMF implementation, supported by the PMU's Communication and Knowledge Management Specialist;
- Through the PSC, ensuring annual quality assurance checks of ESMF implementation to evaluate strengths and weaknesses and to inform improved project management; and
- The REDD+ Working Group and the Climate Change Roundtable, chaired by MADES, will continue serving as a platform for engaging different institutions and stakeholders, gathering inputs and feedback and reaching consensus related to the implementation of the ENBCS.

Project Management Unit (PMU)

- Overall responsibility for ESMF implementation, monitoring and revision under the immediate supervision of the Safeguards Specialist;
- Together with relevant stakeholders, applying environmental and social risk mitigation measures and integration of risk mitigation monitoring into the overall monitoring and reporting framework of the project;
- Developing and executing project activity specific environmental and social impact assessments, through procurement of consultants overseen by the Safeguards Specialist, prior to activity implementation;
- Developing and executing safeguards management (gender action, indigenous peoples, resettlement, stakeholder engagement, etc.) plans led by the Gender and Participation and Safeguards specialists;
- Designing, operating and refining project-level grievance redress procedures and processes, linked to existing national and subnational grievance redress mechanisms led by the Gender and Participation Specialist;
- Biannual review and annual reporting to the Project Steering Committee on ESMF (including constituent safeguards management plan) implementation progress, strengths, weaknesses and lessons learnt;
- Ensuring full and effective participation of stakeholders, particularly indigenous peoples and local communities, throughout ESMF implementation, monitoring and revision; and
- Allocating adequate budget for ESMF (including constituent safeguards management plan) implementation, monitoring and revision, together with any necessary institutional capacity building.

UN Environment

- Task Manager-led quality control oversight of ESMF implementation, monitoring and revision, as part of overall AE responsibilities, through participation in the PSC and PMU; and
- Providing of technical assistance backstopping to PMU-led ESMF implementation, monitoring and revision.

Project activity specific environmental and social impact assessments, and resultant safeguards management plans may require changes and further clarifications to the roles and responsibilities of

participating project organisations and individual staff involved in the implementation, evaluation and monitoring of the ESMF. Such changes will be integrated as part of the participatory decision-making and implementation proceedings of the project.

All project personnel, subcontractors and partners will attend an ESMF induction that covers requirements of relevant safeguards management plans so that they are aware of the environmental and social requirements for project implementation.

7. Conclusions

The ESMF is presented as part of the proposed project for financing results-based payments for REDD+ in Paraguay in the period 2015-2017, supported by UN Environment as Accredited Entity to the Green Climate Fund.

Environmental and social safeguards have been taken into account and applied during both the period of implementation of activities that allowed for the results to be achieved in Paraguay (see the ESA document) and as well as during the development of the funding proposal (see sections on gender, stakeholder engagement and indigenous peoples, among others, in the Funding Proposal document).

This document, the ESMF, includes the results of an initial assessment of potential environmental and social risks associated with activities to be implemented with the use of the proceeds of payments for results, and identifies proposed measures to mitigate the risks, as well as different safeguards policies and standards and relevant elements of the legal framework that will be applied.

In line with UN Environment standards and policies on environmental, social and economic sustainability, the project activities will be implemented with a precautionary approach and in line with principles on human rights. The project will respond to any significant concerns or disputes raised during the stakeholder engagement process. The project will implement measures 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.

The risk identification process indicates that there are some environmental, social and economic concerns. Environmental risks include those related to displacement of pressures and deforestation to other areas, and potential negative impacts on biodiversity. Social risks include the lack of protection of the rights and culture of indigenous peoples and possible restrictions on access to natural resources that local communities depend on for their livelihoods. Economic displacement was also identified as a risk, as more effective application of the legal framework for forests and the implementation of specific activities focused on forest conservation could lead to loss of jobs or other economic hardships.

The risks are likely to change over time, and will depend on how, when, where and with whom the activities associated with the use of proceeds are implemented. As such, the identification of risks, as well as the definition of measures to prevent, minimize or mitigate them, are continuous processes that will be associated with periodic monitoring and reporting, in a participatory manner, in line with the needs and capacities of Paraguay.

In this document measures identified to avoid, minimize and mitigate risks are presented. Risk management and the adequate, transparent and participative application of safeguards will take place throughout the project cycle. In this context, it is fundamental to promote the full and effective

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participation of key stakeholders during the design, implementation, management and monitoring of the project. This requires specific considerations to allow adequate participation of local stakeholders, such as indigenous peoples, small farmers (*campesinos*) and other local communities. Any changes to the ESMF will be duly disclosed and communicated to relevant stakeholders.

The document also details minimum considerations for updating the ESMF, focused on the following elements: i) screening and managing risks; ii) biodiversity protection; iii) involuntary resettlement; iv) indigenous peoples; v) participation of relevant stakeholders; vi) gender; vii) stakeholder response and grievance redress mechanisms; viii) monitoring and evaluation. Updates to this framework, and more detailed associated plans to support implementation, will be determined during the inception phase of the project.

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The Paraguayan laws mentioned in the document are available through the [Central Library and Archive of the National Congress](#).

Annex I: Indicative outline indigenous peoples plan

1. Introduction

Indigenous peoples (IPs) are recognized as key stakeholders that should be engaged during the design and implementation phases of the project. The monitoring and evaluation will take into account IPs issues and will evaluate whether the project has been implemented in line with the AE's and GCF's related policies, as well as the applicable laws, policies and regulations.

An Indigenous Peoples Plan will be developed for engaging IPs in all the phases of the project, seeking to integrate their perspectives and needs, gather and address their concerns, and manage potential risks and negative effects. The plan will be elaborated in close collaboration with potentially affected IPs and will include the sections detailed below. The process will also encompass meetings to gather inputs for developing the plan and review and feedback of a draft document.

2. Legal Framework

Summary of relevant elements that are presented in Table 3 (item 5) and Table 4 (safeguard C) of this ESMF document.

3. Environmental and social assessment and management of risks

The current proposal was based on processes and assessments developed during the REDD+ readiness phase in Paraguay, as well as during additional consultations to develop the Full Funding Proposal. The risks assessed during the design of the project and measures determined to avoid or mitigate them are detailed in Table 5 of this ESMF document.

Even though preliminary assessments have been conducted to inform the outputs and general activities, at the inception stage of the project the detailed scope of the activities will be defined. In parallel, a review and update of the environmental and social assessment, the risks assessment and risks management measures will take place. In addition, IPs representatives will participate in later iterative exercises for updating the risks assessment, and determining appropriate measures to avoid, minimize or mitigate adverse impacts, and to compensate for residual impacts. Special attention will be paid to risks associated with involuntary resettlement and impacts to traditional livelihoods of IPs. The detailed activities and monitoring processes are included in the indicative Resettlement & Livelihood Restoration Action Plan (see Annex II).

4. Stakeholder engagement

Steps will be taken for promoting the full and effective participation of IPs during the development, and implementation of the project. These include:

- Identification of IPs lands and territories where project activities will take place and other IPs areas that may be affected by project activities.
- Definition of IPs representatives and organizations that will be engaged considering the existing cultural diversity in the country, and the need to include women, youth, elders and other groups within indigenous communities .

- Determination of additional broader participation spaces where information will be shared and feedback will be gathered from indigenous stakeholders. It is worth recognizing the existing platforms, such as the Climate Change Roundtable that provide the opportunity for IPs representatives to express their perspectives and participate in the development of environmental policies.
- Document relevant considerations and procedures for ensuring full and effective participation of IPs in the Stakeholder Engagement Plan, taking as start point the [principles, operational guidelines and work plan to Promote the Effective Participation of Indigenous Peoples in future REDD+ projects or programmes](#). This will entail the identification of culturally appropriate and inclusive procedures that allow the active participation of IPs in the implementation of actions taking place in their lands, as well as including their perspectives in the overall implementation of the project. Specific follow-up actions and mechanism will be documented as well.

5. Free, prior and informed consent process

All activities that are planned in IPs lands and territories and that may affect IPs need to be discussed and agreed through a free, prior and informed consent (FPIC) process before implementation. The process applies to all cases when government, private, international institutions or indigenous peoples' entities plan to implement activities that may affect the IPs rights related to land, territories and livelihoods of IPs.

The project will apply the actions and steps determined in the "Protocol for the Process of Consultation and Free, Prior and Informed Consent of Indigenous Peoples Living in Paraguay", issued by the Decree 1039 in 2018. The implementation of the protocol is overseen and coordinated by INDI. Thus, the Indigenous Peoples Plan will explain the steps and elements established in the protocol, and include actions for following-up on its application.

The aforementioned protocol establishes considerations and steps for conducting the process, which are summarized as follows:

- a. Identification of the negotiation and decision-making parties.
- b. Identification of the decision-making process.
- c. Specialists and external advisors.
- d. Agreements on time.
- e. Third party as mediator, facilitator or observer.
- f. Coercion-free environment. Ceasing adverse activities.
- g. Coercion-free environment. Unauthorized contact and promises.
- h. Previous social and environmental assessments
- i. Information sharing.
- j. Conditions for the agreement.
- k. Reasonable participation in benefit sharing.
- l. Mechanism for negotiation and consensus processes among the parties.
- m. Participatory and independent surveillance.
- n. Conflicts resolution and grievance redress mechanisms.
- o. Proof of the agreements and their mandatory nature.

The protocol indicates that IPs in voluntary isolation or initial contact will not participate in a FPIC process and their rights and decisions must be respected.

6. Grievance redress

The preparation of the Indigenous Peoples Plan process will include the review the grievance redress mechanisms applicable for the project (the mechanisms and their procedures are explained in section 3.1.5 and 6.8 of the ESMF document) to ensure these can be accessed by IPs and allow addressing issues raised by these stakeholders in a culturally appropriate way. If gaps are identified, where needed complementary grievance redress mechanisms will be identified and established. Alternative grievance redress mechanisms traditionally used by IPs will be identified, documented, promoted and, if possible, applied as a first instance for addressing issues related to the implementation of the project.

7. Capacity building

This will include the participatory identification of capacity building needs and interests, considering previous inputs, and the definition of culturally appropriate procedures for conducting capacity-building activities.

In this sense, timeframes, languages and other cultural circumstances of key IPs groups will be considered in order to develop a capacity building planning document (that will address the need of other stakeholders as well apart from IPs), which will inform about the topics, audience, responsibilities and methods or tools to be used.

8. Access to benefits

Detailed activities will be designed in a manner that provide IPs (key collaborators and potentially affected communities) with equitable access to project benefits. IPs will be engaged in the design of mechanisms for the distribution of project benefits (e.g. definition of criteria for channeling resources through the Climate Change Fund). The specific circumstances, priorities and needs of the IPs groups will be considered, including women, men, youth, elderly and others.

The project budget will assign resources for supporting the provision of monetary (where applicable) and non-monetary benefits for IPs.

9. Protection of cultural heritage

The plan will document and update, where needed, the information of physical cultural heritage sites, taking into account the definition and characteristics of sacred sites. This information will guide the implementation of the project actions, as no action that may affect these cultural heritage sites will be carried out.

Engagement of IPs representatives will also allow the identification of actions to protect and promote the IPs traditional knowledge systems. Also non-physical expressions of culture will be identified and measures will be defined to avoid impacts.

10. Institutional arrangements

IPs will be involved in the determination of project implementation arrangements. Considerations and measures related to FPIC, information disclosure, stakeholder engagement and grievance redress will be included in the agreements with executing entities.

The focal point for IPs issues in MADES will follow up on the activities determined in the Indigenous Peoples Plan, in collaboration with the personnel of the Programme Management Unit in charge of implementing these activities, together with the corresponding IPs counterparts.

IPs representatives will be identified and delegated to support and follow-up on the implementation of the Plan. IPs organizations such as – but not restricted to – FAPI, that have a long history of involvement in REDD+ readiness activities, including safeguards processes, will continue to play a key role in supporting REDD+ implementation in the country.

Also, the Paraguayan Institute of Indigenous Peoples (INDI) will have an important role by supporting the activities of the Plan and promoting the engagement of IPs in the development and implementation of the project. INDI will be in charge of establishing regulations for compliance with the FPIC protocol in collaboration with IPs (Decree 1039/18).

11. Monitoring, evaluation and reporting

Monitoring and Evaluation will take into account Indigenous Peoples issues and will evaluate whether the project has been implemented in line with UN Environment's and GCF's IPs policies and the applicable laws, policies and regulations. To do so, specific targets and indicators will be developed as part of the plan and will be incorporated in the project monitoring and evaluation tools. UN Environment will ensure to bring on board in-house and external expertise on issues relevant for IPs.

12. Budget

The project budget will identify the costs related to the implementation of the Indigenous Peoples Plan.

13. Implementation schedule

Annual Gantt chart work plans for each project activity will be included here, outlining dates, responsibilities and links with activities determined in the Indigenous Peoples plan.

Annex II: Indicative outline resettlement and livelihood restoration action plan (if applicable)

1. Introduction

The proposed project's Environmental, Social and Economic Review Note (ESERN) assesses the risk of *involuntary* resettlement as 'medium' in relation to project activities involving the legalizing protected areas, recognizing officially indigenous people's territories and sustainable use of natural resources. In such cases, some restrictions of traditional practices could take place (e.g. subsistence hunting, use of timber and non-timber products), if indigenous peoples' and local communities' needs and livelihoods are not considered, and if full and effective participation is not strongly promoted.

Involuntary resettlement, however, has not been supported within the framework of REDD+ implementation in Paraguay, nor will it be supported as part of any of the activities implemented from the use of proceeds. Special attention will be paid, during project inception, to avoid activities that involve:

- acquisition of land or land-use rights through expropriation or negotiation;
- restrictions on land and resource use that to which communities have traditional use rights;
- resettlement when a protected area is being established;
- restrictions on access to land or resources in protected areas that are sources of livelihoods;
and
- changes to the livelihoods of indigenous peoples in voluntary isolation or uncontacted peoples.

Consequently, this indicative outline Resettlement and Livelihood Restoration Action Plan (RLRAP) should be redundant.

Should project activity specific environmental and social impact assessments (ESIA), however, indicate that carefully *planned voluntary* resettlement is deemed an essential and unavoidable necessity, only in cases of legal enforcement of ENBCS actions, the RLRAP outlined here will be elaborated in detail and executed during project inception. The Plan specifies the processes that will govern the activities in cases where there will be economic or physical displacement, or any potential for loss of livelihoods. It will provide details the procedures to be followed in order to properly resettle and compensate affected indigenous people and local communities, in close consultation with those affected stakeholders, and in line with the government protocol on FPIC (Decree 1039/18).

The introduction will describe those proposed activities that have been identified as requiring land acquisition and planned voluntary resettlement, provide explanation of why such resettlement is necessary and unavoidable to achieve the project objectives and, in the broader context, the greater public goods of ENBCS contributions to the country's sustainable development goals. Justification for planned voluntary resettlement, as well as the efforts and measures taken to limit this displacement to an absolute essential minimum, will be explicitly stated.

Although every effort will be made to avoid resettlement, project activities supporting ENBCS implementation that could, if inappropriately implemented, expose indigenous peoples and local communities to risk of socio-economic displacement, include:

- actions to improve conservation in public nature protected areas (legal titles; land use planning).
- rapid institutional response to alerts of deforestation and / or degradation;
- identification and strengthening of ongoing programs and actions to reduce deforestation;
- selection and promotion of innovative programs and actions;
- strengthening of land use governance through improved planning and regulation; and
- improve programs for the management of the system of public and private protected areas

Development of any RLRAP will follow the process outlined in UN Environment's ESES Safeguards Standard 4. As such, the RLRAP reflects the commitment made by UN Environment to the affected indigenous people and local communities to meet obligations arising from any planned voluntary resettlement.

2. Legal framework

This section will describe all relevant international, national, local, and community laws and customs that apply to resettlement and livelihood restoration activities. Particular attention will be paid to laws and customs relating to land tenure. How the collective free, prior, informed consent (FPIC) of indigenous peoples, following the procedures laid out in Decree 1039/18, was obtained for resettlement will also be described here.

The assessment of statutory and customary legal frameworks, as applied to any potential planned and voluntary resettlement, will be informed by efforts to address relevant elements of Paraguay's national interpretation of Cancun safeguards (b), (c), (d) and (e) (see section 4.3).

3. Socio-economic surveys

This section will provide information on the methods and results of socio-economic surveys of the all affected people, their (financial, human, natural, physical and social) assets, as well as their patterns of natural resource use. Informed by these results, impacts of resettlement will be characterised and disaggregated by age, ethnicity, gender, poverty level and other relevant social determinants.

The nature, scope and process of feasibility studies, to determine the suitability of the proposed relocation sites, housing and any agricultural or pasture land, are also to be outlined here. Such assessments will include, *inter alia*: natural resources (soil fertility, possible crops and associated production systems, livestock carrying capacity, water resource demand, etc., as well as environmental and social impact assessments of the sites. Feasibility studies will include a description affected indigenous peoples' and local communities' access to necessary services, energy, food, shelter, water and sanitation.

Existing social or community development programmes operating in or around potential resettlement sites are to be assessed for their efficacy and potential for contributing to livelihood and income restoration strategies. Should existing programmes not be fully aligned with the development priorities of their target communities, support to revision of these interventions, together with options

of entirely novel community development programmes, to ensure adequate livelihood and income restoration and enhancement, should be considered.

4. Resettlement sites, housing and agricultural land allocation

In the unlikely event that the project requires resettlement, this section will describe how affected indigenous people and local communities, engaged through a participatory process, identify relocation sites, assess advantages and disadvantages of each site, and select preferred sites. Relocation site selection will be risk-informed, i.e. selected sites will not subject to higher levels of economic, natural, political or social risks.

Compensation procedures implemented by the project will be prompt, transparent and applied consistently to all directly affected persons. Compensation will be at full replacement cost for loss of assets attributable to the project before activities restricting access begin. When livelihoods of directly affected persons are land-based, or where land is in collective ownership, compensation will be land-for-land, and the possibility of cash compensation for land only considered when overall impact on livelihoods is assessed as relatively minor. Methods of, and data for, valuation used for affected structures, land, trees, and other assets will be identified and described.

Planned voluntary resettlement will not occur until compensation has been made available and resettlement sites and relocation assistance has been secured. Resettlement assistance will be provided, in lieu of compensation for land, to help restore the livelihoods of those resettled when they do not have formal legal rights or statutory claims to land title or access.

The process of stakeholder engagement in housing replacement, describing how affected people have been involved in developing an acceptable strategy for how alternative housing meets adequate housing criteria, is also covered in this section. Adequate housing selection criteria would include, but not be limited to: security of statutory tenure; availability of community services and civic infrastructure; affordability; habitability; accessibility; location; and cultural appropriateness. The specific process of involving affected households in assessing advantages and disadvantages of, and identifying, individual housing sites is also to be outlined here.

Allocation of agricultural or pasture lands, if and where relevant, are to be described, including details of how individual households that will be allocated agricultural/pasture lands, have been involved in identifying and accepting potential new sites. Data and calculations of allocated land quality and quantity and productive potential are to be provided.

Mechanisms for: 1) procuring, 2) developing and 3) allocating title or use rights to resettlement sites, housing, natural resources and agricultural lands are to be included. Such mechanisms are to be responsive to age, ethnicity, gender, poverty level and other relevant social determinants of each affected household. Capital expenditure assessments, for communal infrastructure, housing and agricultural development will be included.

5. Livelihood and income restoration

The purpose of this section is to outline the specific steps to be taken to ensure compensation entitlements are sufficient to restore, or even improve, livelihoods and income streams for affected indigenous peoples and local communities. Livelihood restoration and improvement efforts will need

to consider cultural, environmental, institutional, political, social and technological feasibility of essential economic rehabilitation measures.

The process of consultation with affected people and their participation in finalizing strategies for livelihood and income restoration are to be outlined here. Particular attention to stakeholder consultation processes needs to be paid in situations where a change in livelihood strategies is proposed or required, as these alternative livelihood strategies will require a substantial amount of technical assistance, training and extension services, as well as time, to implement.

Risks, such as impoverishment potential, cultural and institutional barriers to livelihood and income restoration need to be assessed to inform the proposed restoration strategies, as well as the associated stakeholder consultation processes.

6. Institutional arrangements

Institutions responsible for RLRAP delivery, and execution of each activity described in the Plan for assessing the legal framework, surveying baseline socio-economic conditions, and coordinating resettlement and livelihood restoration processes, are to be identified here. Implementing institutions will be identified based on their appropriate mandates, procedures and (human and financial) capacities. Both project partner, state and non-state institutional roles will be described. Inter-institutional coordination, particularly across multiple administrative units, or geographical areas, will need to be considered here.

The Project Management Unit, led by the Gender and Participation and Safeguards specialists, will have overall responsibility for overseeing the development, implementation and monitoring of the RLRAP, if identified as necessary, based on activity specific ESIA's.

7. Consultation and participation

Recognizing the rights, risks, responsibilities and contributions of indigenous actors in the care of the environment, members and representatives of indigenous peoples will be involved in the development, implementation and monitoring of any RLRAP. Based on the project's overall stakeholder engagement plan (ESMF Annex III), affected stakeholders are to be identified and described, as are the processes of consulting affected indigenous peoples and local communities through the development, implementation and monitoring of the RLRAP. Plans will be presented on how potentially affected persons will be informed about:

- their rights;
- resettlement and livelihood options, associated risks and benefits;
- eligibility for compensation for lost assets;
- resettlement assistance;
- grievance redress mechanisms.

8. Grievance redress

Based on the grievance redress mechanisms employed by the overall project (see sections 3.1.5 and 6.7) the specific step-by-step (and cost-free) processes for registering and addressing grievances emanating from any planned and voluntary resettlement, and livelihood restoration, will be described here. Details regarding, *inter alia*, processes for registering complaints and conflicts, response times,

communication modalities and mechanisms of appeal will be included. An outline of relevant administrative and legal redress mechanisms will also be included as failsafe options in the unlikely occurrence that project-level grievance redress mechanisms do not satisfactorily resolve any registered complaints.

9. Monitoring and evaluation

In addition to the overall monitoring and evaluation of the ESMF (see section 6.9), any RLRAP will have dedicated arrangements to track and assess the plans implementation and outcomes. In terms of outcomes, the overall purpose of the monitoring aspect of the plan is to ensure that indigenous peoples and local communities, voluntarily resettling in line with the participatory RLRAP, enjoy at a standard of living and access to livelihoods assets equal, or greater, than what they enjoyed prior to relocation.

Indicators for both plan output-level implementation, and outcomes of that implementation, will need to be designed, informed by the baseline socio-economic surveys and feasibility studies. Monitoring and evaluation arrangements will also inform the need to update the underlying for censuses, asset inventories and resource assessments that form the basis of the RLRAP.

Other key aspects of plan output and outcome monitoring to be determined include: reporting frequency, institutional arrangements, operational budget and adaptive management informed by periodic evaluation. Protocols for both internal (to inform improved plan implementation through corrective action) and external monitoring (to ensure desired outcomes achieved and undesired outcomes avoided) will be developed. Provisions for external third-party mid-term and final evaluations, separate (from the overall project) financial audit, as well as post-project monitoring, ensuring sustained resettlement solutions are reached, will also be made.

10. Budget

The full cost of any planned and voluntary resettlement - including planning, implementation, monitoring, evaluation, as well as substantial contingencies (for non-anticipated adverse impacts) - will be identified in exhaustive detail and a corresponding budget prepared. These will be included, if necessary, in the overall project's budget, ensuring ensure synchronisation with the project's disbursement schedule. Financial responsibilities, between the project and government, and sources of financing will be clearly identified. Mechanisms to adjust cost estimates, particularly any cash compensation payments, for inflation and currency fluctuations will be elaborated. Budget provision will extend beyond project completion to cover external monitoring and evaluation for the entire duration of resettlement and livelihood restoration.

11. Implementation schedule

Annual Gantt chart work plans, with implementation milestones, will be included here.

12. Annexes

- Copies of census and survey instruments, interview formats, and any other research tools.
- Information on all public consultation including meeting minutes, and lists of attendees.
- Examples of formats to be used in monitoring and reporting on RLRAP implementation.
- Entitlement matrix, including budget and timeframe for payment of entitlements.

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- Evidence of FPIC, following Decree 1039/18, given by any resettled indigenous peoples.

Annex III: Indicative outline stakeholder engagement plan

1. Introduction

A project of this complexity with a moderate risk rating (see ESERN) should elaborate a strategic stakeholder engagement plan (SEP), outlining mechanisms for, *inter alia*: information disclosure, environmental and social impact assessment (ESIA) of project activities, giving or withholding free, prior and informed consent (FPIC) to project activities (in the case of indigenous peoples) and monitoring and evaluating project implementation. The project will encourage full and effective participation of relevant stakeholders, focusing on vulnerable groups such as indigenous peoples, local communities and small farmer (*campesino*) communities.

The information in this indicative SEP is provided as guidance to assist in the development of a full stakeholder engagement plan during project inception. The following [checklist](#) will guide development of the full SEP and help ensure that it addresses key issues and components:

- Who - Which stakeholder groups and individuals are to be engaged based on the stakeholder analysis? Have potentially marginalized groups and individuals been identified among stakeholders?
- Why - Why is each stakeholder group participating (e.g. key stakeholder objectives and interests)?
- What - What is the breadth and depth of stakeholder engagement at each stage of the project cycle? What decisions need to be made through stakeholder engagement?
- How - How will stakeholders be engaged (strategy and methods, including communications)? Are special measures required to ensure inclusive participation of marginalized or disadvantaged groups?
- When - What is the timeline for engagement activities, and how will they be sequenced, including information disclosure?
- Responsibilities - How have roles and responsibilities for conducting stakeholder engagement been distributed among project partners? What role will stakeholder representatives play? Are stakeholder engagement facilitators required?
- Resources - What will the stakeholder engagement plan cost and under what budget?

As the basis for the project's full SEP, the introduction to the SEP will summarize the:

- a) national-level identification of key stakeholders associated with REDD+, principles and operational guidelines for promoting the effective participation of indigenous peoples and other key stakeholders in REDD+, and a participation plan that guided the development of the ENBCS; as well as
- b) key environmental and social risks, indicated by the ESERN and elaborated during inception phase activity specific ESIA's, related to each project activity, as well as the main stakeholder groups potentially affected; and
- c) previous stakeholder engagement activities and information disclosure, in relation to this project's development outlining the:
 - individuals, groups, and/or organizations that have been consulted;
 - type of information disclosed and in what formats and languages;
 - locations and dates of any meetings undertaken to date;
 - key issues discussed and key concerns raised;

- responses to issues raised, including any commitments or follow-up actions; and
- process undertaken for documenting these activities and reporting back to stakeholders.

2. Legal framework

Domestic and ratified international legal and regulatory requirements pertaining to stakeholder engagement, applicable to the project – such as public consultation and disclosure requirements related to the ESIA processes - will be outlined here. The two most relevant pieces of national ordinance in the Paraguay context are the:

- Law 5281/14 on free citizen access to public information, and government transparency; and
- Decree 1039/18 on the protocol for the consultation process and provision of FPIC of indigenous peoples.

3. Project stakeholders

This section will provide information on the methods and results of detailed stakeholder analysis conducted during project inception. Informed by these results, key stakeholder groups will be characterized, noting intra-group heterogeneity along the lines of age, ethnicity, gender, poverty level and other relevant social determinants. Key stakeholder groups, who will be informed about and engaged in, the project's design, implementation and monitoring will comprise those who are directly or indirectly affected by the project, as well as those who have the potential to influence project outcomes or operations (positively or negatively).

The preliminary stakeholder analysis will also assess capacities of various stakeholder groups to effectively participate in different stakeholder engagement activities and recommend measures to support them where capacity is limited. Examples of stakeholders include, but are not limited to, beneficiaries and project-affected: academia, communities, civil society organizations, government authorities, indigenous peoples, labor unions, the media private companies and religious groups.

4. Stakeholder engagement programme

This core section of the SEP will describe, in detail, project activity by project activity:

- a) what information will be disclosed, in what formats and languages, and the methods (e.g. websites, leaflets, newspapers, posters, radio, television) that will be used to communicate this information to each of the stakeholder groups identified as a result of the stakeholder analysis;
- b) the methods that will be used to engage and consult with each of the stakeholder groups (e.g. focus groups discussions, key informant interviews, public meetings, questionnaires, workshops); and
- c) the existing (such as the National Climate Change Commission) or novel fora appropriate for engaging different stakeholder constituencies.

Other key considerations in elaborating the full SEP programme include:

- Description of how the views of marginalized and vulnerable groups (e.g. elderly, indigenous people, women, youth) will be taken into account and their participation facilitated;
- Definition of activities that require FPIC from indigenous peoples, referring to the Indigenous Peoples Plan (ESMF Annex I) and national FPIC protocol (Decree 1039/18);

- Outline methods to receive feedback and to ensure ongoing communications with stakeholders (outside of formal consultation meetings);
- Demonstration of the legitimacy, mandate and of (particularly marginalized and vulnerable) stakeholder representatives, e.g. Institute of Indigenous Affairs (INDI) and the Federation for Self-Determination of Indigenous Peoples (FAPI);
- Anticipation of when professional, neutral facilitators might be needed to lead key engagement activities with participatory methods; and
- Description of any other engagement activities that will be undertaken, including participatory processes, joint decision-making, and partnerships undertaken with project stakeholders, e.g. benefit-sharing mechanisms, training and capacity building programs under the expansion of the Environmental Services Regime for indigenous communities.

5. Grievance redress

The grievance redress mechanisms employed by the project are outlined in sections 3.1.5 and 6.7 of the ESMF. The SEP will specify the step-by-step processes by which people concerned with or potentially affected by the project can express their grievances for consideration and redress. Institutional arrangements for who will receive grievances, how will they be resolved, how will the response be communicated back to the complainant, and mechanisms of appeal will all be included.

An outline of relevant administrative and legal redress mechanisms will also be included as failsafe options in the unlikely occurrence that project-level grievance redress mechanisms do not satisfactorily resolve any registered complaints. Details of how to access UN Environments' Stakeholder Response Mechanism, for both compliance review and grievance redress (dispute resolution) processes, will also be included.

6. Monitoring and evaluation

In the context of the project's overall ESMF monitoring and evaluation procedures, this section will describe plans to involve project stakeholders (including target beneficiaries and project-affected groups) in the monitoring of project implementation and potential outcomes of that implementation. To ensure its effectiveness in securing full and effective stakeholder participation, the SEP will be reviewed and modified accordingly, on an annual basis, informed by the results of regular monitoring and evaluation.

This section will include information on how the participation of relevant stakeholders in the application, follow-up and reporting on the applicable safeguards frameworks (Cancun safeguards and ESES/GCF Framework and policies) will be included in the SEP monitoring and evaluation procedures, and how and when the results of stakeholder engagement activities will be reported back to project-affected and broader stakeholder groups.

7. Institutional arrangements

This section will identify who will be responsible for carrying out the stakeholder analysis and the specified stakeholder engagement activities comprising the programmes outlined above for each project activity. Implementing institutions will be identified based on their appropriate mandates, procedures and (human and financial) capacities. Both project partner, state and non-state

institutional roles will be described. Inter-institutional coordination, particularly across multiple administrative units, or geographical areas, will need to be considered here.

The Project Management Unit, led by the Gender and Participation Specialist, will have overall responsibility for overseeing the development, implementation and monitoring of the SEP, including synergies with the indigenous peoples plan (ESMF Annex I) and resettlement and livelihood restoration action plan (ESMF Annex II), if required.

8. Budget

The plan will also outline a detailed budget for stakeholder engagement activities, including potential support for groups to facilitate their participation where necessary.

9. Implementation schedule

Annual Gantt chart work plans, for each project activity, will be included here, outlining dates, frequency and locations of various stakeholder engagement activities.

Annex IV: Stakeholder consultations on the development of the proposal and for the use of proceeds

The meetings and workshops included in this Annex are described in detail in section 2.1.

Information session with MADES and INDERT about Paraguay's opportunity to access GCF results-based payments; 22 May 2019

Article: <http://www.mades.gov.py/2019/05/29/mades-e-indert-firman-convenio-para-preservar-los-recursos-naturales/>

Participants: MADES, INDERT and UN Environment

Photo:



Consultation with STP on strategic priorities and to establish communication channels on GCF results-based payments proposal; 28 May 2019

Participants:

Carlos Vecca (MADES), Gabriel Labbate y Victoria Soeresen (UN Environment), Vice Minister Digno Ibarra, Mario Ruiz Díaz, Hugo García, Gisela Dimodica, Cristhian Pascottini, Hebe Gómez, Briham Piñáñez, Jorge González (STP)

Meeting minutes:

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TEKOATY HA MBA'EREREKOPY
AKÁRAPU'ARÁ RAPE' APO
Sambityhita
Secretaría
TÉCNICA DE PLANIFICACIÓN
DEL DESARROLLO ECONÓMICO
Y SOCIAL

TETÁREKUÁI
GOBIERNO NACIONAL

Misión: "Coordinar e impulsar el diseño, implementación, seguimiento y evaluación del proceso de desarrollo nacional"

Minuta

Tema: Discusión sobre la propuesta de "Pagos por resultados" a presentar ante el FVC
Participantes: Carlos Vecca (MADES), Gabriel Labatte y Victoria Soeresen (ONU Ambiente), VM Digno Ibarra, Mario Ruiz Díaz, Hugo García, Gisela Dimodica, Cristhian Pascottini, Hebe Gómez, Briham Piñáñez, Jorge González
Lugar: Oficina del VM, STP. Fecha: 28-05-19

Desarrollo de la discusión:

-Primeramente, el VM solicita al representante del MADES que comente en líneas generales cómo funcionaría este nuevo sistema de pago por resultados, refiriéndose a los parámetros a tener en cuenta para la valoración exacta de los mismos. Desde el MADES se comentó que los consultores de ONU Ambiente se encuentran trabajando en ello y que la misma sería compartida con la STP y otras instituciones como INFONA, MAG e INDI.

-Se mencionó que este sistema será implementado en otros países de Latinoamérica, como Brasil y Ecuador, quienes presentaron su propuesta al FVC. Se destacó el resultado de ambos y se comentó la intención de imitar sus modelos.

-Se habló sobre la labor del PNUD y de que el mismo carece de un sistema de monitoreo y seguimiento. De hecho, la elección de ONU Ambiente como agenda viene dada por la experiencia en cuanto a los productos enmarcados en el programa REDD+ en Paraguay a cargo de PNUD.

-La STP propone socializar la propuesta con todas las autoridades competentes para la revisión de los requerimientos ya obtenidos en el marco de este proyecto de manera a avanzar en la formulación.

-El representante del MADES comenta sobre su experiencia con ONU-REDD+ y las falencias que posee, ya que formó parte del equipo revisor de los entregables del programa REDD+.

-Desde ONU Ambiente se comentó que se encuentra desarrollando las "Salvaguardas Ambientales y Sociales". Asimismo, asesorando de manera estratégica en cuanto a la distribución y uso de los fondos.

-Se vuelve a recalcar el potencial del Paraguay sobre los pagos por resultados. Mencionando un valor aproximado de USD 130 millones. El mismo se recibiría en 2 pagos por parte del FVC.

-Se manifiesta la consideración de aliarse con las entidades competente ARP y la academia, y considerar la presentación de la propuesta revisada con los miembros de la Comisión Nacional de Cambio Climático. Desde el MADES buscarán la vía de facilitar este proceso. Estarán visitando al MAG, INFONA e INDI para solidar su colaboración y apoyo.

-Desde la STP se comentó que se envió al MADES una propuesta referente al posible uso de los fondos, haciendo alusión al fondo ambiental, el cual ya fue creado por Ley, pero es necesario hacerlo operativo y podría representar una oportunidad para la capitalización de los recursos del FVC.

-El MADES se comprometió en avanzar en la sección económica de la propuesta. Enviarán a la STP la siguiente semana para la revisión y sugerencias.

-Se discutió la posibilidad de llevar a cabo una jornada destinada a la formulación y metodología de la propuesta.

Photo:



Information session with INFONA about Paraguay's opportunity to access GCF results-based payments; 29 May 2019

Participants: INFONA, MADES, UN Environment

Photo:



Meeting with INDI, FAPI, MADES, UNDP and UN Environment about safeguards and Paraguay's opportunity to access GCF results-based payments; 3 June 2019

Article: <http://www.mades.gov.py/2019/06/04/presentan-propuestas-sobre-sistema-de-informacion-de-salvaguardas-a-representantes-de-pueblos-indigenas/>

Participants: INDI, FAPI, MADES, the United Nations Development Programme (UNDP) and UN Environment.

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Lugar: SIS - Sanaguá de la		Fecha: 3/06/19					
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PLANILLA DE ASISTENCIA

Lugar: SIS - SIVAQUERAS socialización Fecha: 3/26/16

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Photos:



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Special session of the REDD+ Working Group (Mesa REDD+); 6 June 2019

Article: <http://www.mades.gov.py/2019/06/07/socializacion-de-las-propuestas-de-salvaguardas-a-los-miembros-de-la-mesa-redd/>

Participants: Amongst the participants in the session were the president of the Federation for the Self-Determination of Indigenous Peoples (FAPI), Mr. Hipólito Acevei, representatives of various departments within MADES, the Ministry of Foreign Affairs, the Paraguayan Indigenous Institute, the Paraguayan Rural Association, Guyra Paraguay, the Solidarity Foundation, Alter Vida, the Ministry of Finance, the Paraguayan Industrial Union, the Ministry of Agriculture and Livestock, Itaipu Binacional, the Moises Bertoni Foundation, STP, INFONA, the Production Cooperative Federation (FECOPROD), and Ministry of Urbanism, Housing and Habitat, UN Environment and UNDP.



PLANILLA DE ASISTENCIA - 2da Reunión Extraordinaria Mesa REDD+

Lugar: Salón Seminario MADES Fecha: 04/07/2019

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PLANILLA DE ASISTENCIA

Lugar:

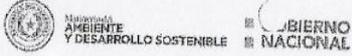
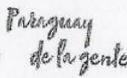
Fecha:

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PLANILLA DE ASISTENCIA

Lugar: _____ Fecha: _____

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Photos:

Environmental and Social Management Framework
Document associated with the Proposal for REDD+ Results-Based Payments
in Paraguay for the Period 2015-2017



Environmental and Social Management Framework
Document associated with the Proposal for REDD+ Results-Based Payments
in Paraguay for the Period 2015-2017





Meeting of the REDD+ Working Group (Mesa REDD+) and indigenous peoples' representatives to review the full proposal; 4 July 2019

Article: <http://www.mades.gov.py/2019/07/05/realizan-segunda-reunion-de-la-mesa-de-trabajo-redd/>

Participants: MADES; BCS project (UNDP); representatives of the Ministerio de Hacienda, Ministerio de Relaciones Exteriores, Urbanismo, Vivienda y Hábitat, Instituto Forestal Nacional (INFONA), Secretaría Técnica de Planificación (STP), Itaipú Binacional, Instituto Paraguayo del Indígena (INDI), Asociación Rural del Paraguay (ARP), Unión Industrial Paraguaya (UIP), Comisión Nacional de Defensa de los Recursos Naturales (Conaderna), organizations including Promesa Chaco, Global Chaco and Altervida.

Photos:

Environmental and Social Management Framework
Document associated with the Proposal for REDD+ Results-Based Payments
in Paraguay for the Period 2015-2017





Meeting of MADES and STP to discuss technical aspects of the results-based payments proposal; 12 August 2019

Articles: <http://www.mades.gov.py/2019/08/12/mades-y-stp-socializan-aspectos-tecnicos-del-proyecto-pago-por-resultado/> and <http://www.stp.gov.py/v1/avanzan-con-proyecto-que-fue-presentado-ante-el-fondo-verde-por-el-mades/>

Participants: Ariel Oviedo (Minister of Environment, MADES); MADES technical team; Carlos Pereira Olmedo (Executive Secretary, STP), Victoria Soerensen (UN Environment consultant)

Photos:





Meeting of the REDD+ Working Group (Mesa REDD+) convened by MADES to discuss ENBCS implementation and update on progress of GCF results-based payments proposal; 6 September 2019

Article: <http://www.mades.gov.py/2019/09/06/socializaron-plan-de-implementacion-de-la-enbcs-a-la-mesa-redd/>

Participants: Representatives of the National Climate Change Directorate of MADES, BCS project, Fundación Moisés Bertoni, Ministerio de Urbanismo, Vivienda y Hábitat (MUVH), Federación por la Autodeterminación de los Pueblos Indígenas (FAPI), Ministerio de Hacienda, Fondo de Conservación de Bosques Tropicales (FCBT), Federación Paraguayo de Madereros (Fepama), Ministerio de Relaciones Exteriores (MRE), Asociación de Productores de Soja, Oleaginosas y Cereales del Paraguay (APS), Secretaría Técnica de Planificación del Desarrollo Económico y Social (STP) and the Instituto para el Desarrollo

Photo:

Environmental and Social Management Framework
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