

# READINESS & PREPARATORY SUPPORT

## PROPOSAL TEMPLATE



**Proposal title:**

Strengthening Paraguay's capacity to access climate finance through DAEs nomination, Sub-national Climate Finance Roadmap development and pipeline strengthening

**Country:**

Paraguay

**National designated authority:**

Secretariat of Technical Planning for Economic and Social Development (STP)

**Implementing Institution:**

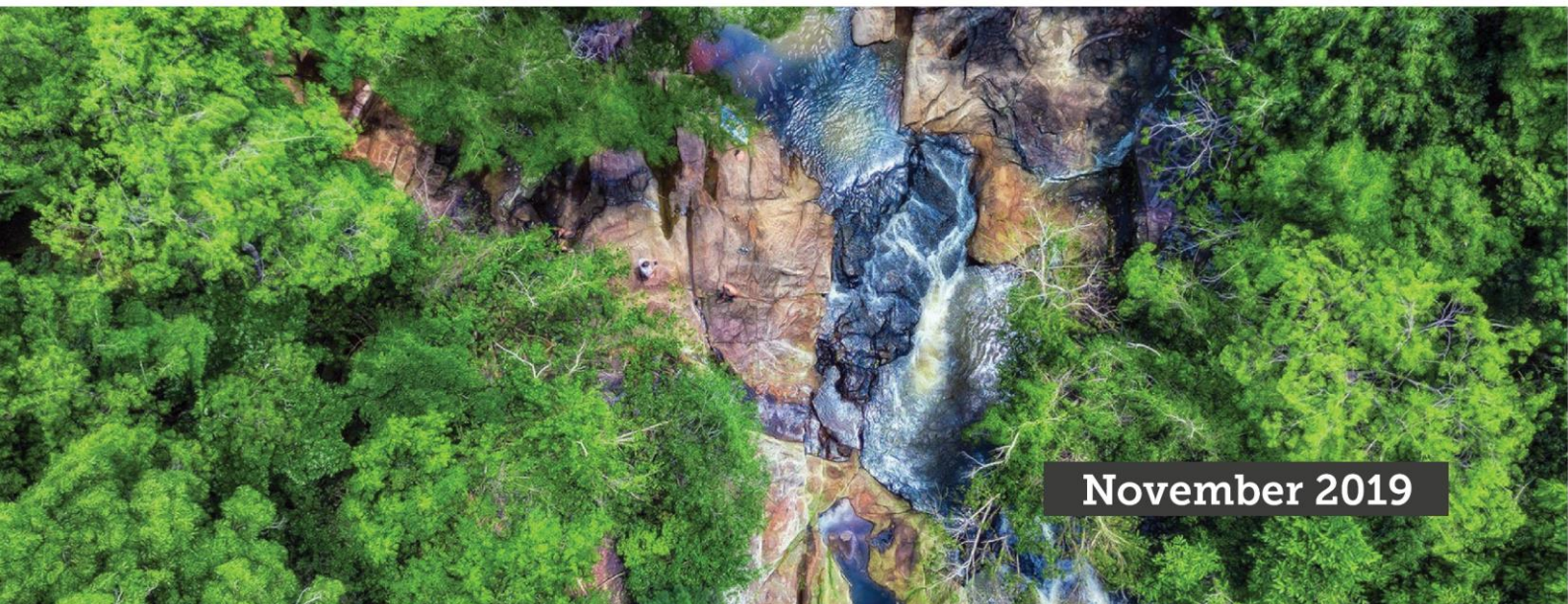
Global Green Growth Institute

**Date of first submission:**

30 December 2019

**Date of current submission/  
version number**

24 August 2020 V.6



**November 2019**

**Before completing this proposal template, please read the guidebook and learn how to access funding under the GCF Readiness & Preparatory Support Programme.**

Download the guidebook:  
<https://g.cf/xxxxx>



#### How to complete this document?

This document should be completed by National Designated Authorities (NDA) or focal points with support from their Delivery Partners where relevant. Once completed, this document should be submitted to the GCF by the NDA or focal point via the [online submission system](#), accessible through the Country Portal of the GCF website.

Please be concise. If you need to include any additional information, please attach it to the proposal.

If the Delivery Partner implementing the Readiness support is not a GCF Accredited Entity for project Funding Proposals, please complete the Financial Management Capacity Assessment (FMCA) questionnaire and submit it prior to or with this Readiness proposal. The FMCA is available for download at the [Library](#) page of the GCF website.

#### Where to get support?

If you are not sure how to complete this document, or require support, please send an e-mail to [countries@gcfund.org](mailto:countries@gcfund.org).

You can also complete as much of this document as you can and then send it to [countries@gcfund.org](mailto:countries@gcfund.org), copying both the Readiness Delivery Partner and the relevant GCF Regional Desks. Please refer to the [Country Profiles](#) page of the GCF website to identify the relevant GCF Country Dialogue Specialist and Regional Advisor.

We will get back to you within five (5) working days to acknowledge receipt of your submission and discuss the way forward.

#### Note: Environmental and Social Safeguards and Gender

Throughout this document, when answering questions and providing details, please make sure to pay special attention to environmental, social and gender issues, particularly to the situation of vulnerable populations, including women and men. Please be specific about proposed actions to address these issues. Consult Annex IV of the Readiness Guidebook for more information.

**Please visit the Country Portal on the GCF website to submit this proposal via the [online system](#).**

When submitting the proposal, please name the file:  
GCF Readiness -[Country]-[yymmdd]

## 1. SUMMARY

### 1.1 Country submitting the proposal

Country name: Paraguay

Name of institution representing NDA or Focal Point: Secretariat of Technical Planning for Economic and Social Development

Name of contact person: His Excellency Mr. Carlos Alberto Pereira Olmedo

Contact person's position: Minister – Executive Secretary

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### 1.2 Date of initial submission

30 December 2019

### 1.3 Last date of resubmission

6 February 2020

**Version number** V.5

### 1.4 Which institution will implement the Readiness and Preparatory Support project?

- ☐ National designated authority
- ☐ Accredited entity
- ☒ Delivery partner

Please provide contact information if the implementing partner is not the NDA/focal point

Name of institution: Global Green Growth Institute

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### 1.5 Title of the Readiness support proposal

Readiness Support for Paraguay's Enhanced Access to Climate Finance

### 1.6 Type of Readiness support sought

Please select the relevant GCF Readiness objective(s) below (click on the box – please refer to Annex I and II in the Guidebook):

- ☒ I. Capacity building
- ☒ II. Strategic frameworks
- ☐ III. Adaptation planning

- ☒ IV. Pipeline development
- ☐ V. Knowledge sharing and learning

### 1.7 Brief summary of the request

The Readiness proposal targets climate change needs and priorities in the National Plan to Climate Change while building on ongoing and past donor funded initiatives.

The proposal will support the following	Sector(s)
Development of Sub-National Climate Finance Roadmap for an effective and efficient climate finance architecture to support NDC implementation and National Climate Finance Strategy	Cross-cutting
Development of sub-national investment plans and based on these, develop GCF concept notes.	RE/EE in transport, solid waste management
Development of project concept notes based on prioritized sectors' investment plans for submission to the GCF.	Cross-cutting
Support the country's access to the GCF through candidate DAE nomination and gap assessment for GCF accreditation.	Cross-cutting
Strengthen capacity to develop green investment projects and access international climate finance	Cross-cutting
Improve the planning and programming capacity of core country stakeholders to contributed to GCF-funded Readiness Programmes	Cross-cutting

The beneficiaries of the proposed Readiness Programme include:

- the Government of Paraguay: the proposed action plan aims to improve the capacity of state and non-state actors to access climate finance enabling the country to meet its NDC targets and raise its ambitions
- the NDA: the successful delivery of the program will increase the capacity of the NDA to deliver and accomplish its mission and raise its targets
- Private sector actors: by working towards the accreditation of local DAEs, the proposed Readiness Programme can open up new opportunities to access affordable climate finance
- Sub-national governments (*Regions or Departments*): the roadmaps of subnational climate finance and investment plan will support subnational government to achieve the updated NDC target and implement National Climate Finance Strategy
- Vulnerable communities of Paraguay: in the present proposal the NDA prioritizes the development of gender responsive and participatory investment plans

### 1.8 Total requested amount and currency

USD499,999.00

### 1.9 Implementation period

18 months

### 1.10 Is this request a multiple-year strategic Readiness implementation request?

- ☐ Yes
- ☒ No



### 1.11 Complementarity and coherence of existing readiness support

For more information on how a country may be eligible to access Readiness support through this modality, please refer to **Annex III of the Readiness Guidebook**.

☒ Yes

☐ No

A Complete list of GCF Readiness support programmes and their coherence with the proposed programme can be found in Section 2, Table 1.

Below is a snapshot of past and ongoing Readiness programmes.

***“Strengthen mechanisms for access and financing of projects to address the challenges of climate change” CAF(2018/20 )***

1. Design an operational and effective coordination unit within the organizational structure of the STP on matters related to the GCF.
2. Establish a National Coordination Mechanism (NCM) lead by the NDA for the articulation with other Ministries, including developing the governing instrument for this mechanism (NCM).
3. Design of the procedure for the no objection for project/programme proposals.
4. Prepare a Country Work Programme including Paraguay's Sustainable Development Priorities with respect to the GCF made consistent with country's existing National Development Plan 2015 -2030, other strategic plans and the Fund's initial results management framework.
5. Design a strategy to mainstream a gender approach in instances of participation of stakeholders related to GCF matters.
6. Identify potential direct access entities with strong capacities to initiate the accreditation process.
7. Designing a mechanism for private sector involvement in the consultation process and presentation of projects related to the actions of GCF

***“Enhancing the role of Local Development Councils to contribute to the implementation of the country's NDC and access to climate finance” FundaciónAvina(2018/20)***

- Assess, diagnose and prioritize emerging municipalities with the potential to contribute to the enhancement of the implementation of the NDCs.
- Strengthen capacities of LDC in the twelve selected municipalities to main-stream climate change in their local development agenda and enhance stake-holder engagement.
- Develop Climate Change Action Strategies and subsequent concept notes to access climate finance from the GCF.
- Share best practices and lessons learned amongst local governments to serve as basis for the strengthening of regional and national climate change, social inclusion, gender and territorial strategies.

***“Advancing a regional approach to e-mobility in Latin America” UNEP (2019/21)***

The project will support ten Latin American countries(namely, Argentina, Costa Rica, Cuba, El

Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay and Uruguay) to identify and address the main barriers for electric mobility by providing the necessary assessments, capacities and financing alternatives to accelerate adoption of electric mobility technology.

#### **National Adaptation Planning**

The country's NDA, with the support of UNEP, is Under development.

## 2. SITUATION ANALYSIS

### **Problem Statement and Proposed Support**

Total greenhouse gas (GHG) emissions in the Republic of Paraguay in 2015 was 75,099.89 Gg CO<sub>2</sub>eq<sup>1</sup> According to the World Resources Institute Climate Analysis Indicators Tool (WRI CAIT), Paraguay's GHG emissions increased by 88.85 MtCO<sub>2</sub>e (94%) from 1990 to 2014. Paraguay's GHGs profile is dominated by emissions from the agriculture sector which accounts for 52.9% of the country's total emissions. Land use, land use change and forestry (LULUCFs) is the second highest source of emissions (30.7%) followed by energy, waste, and industrial processes (IPPU) contributing 12.03%, 2.5%, and 1.8% of total emissions, respectively.

The main direct causes of deforestation include expansion of agriculture and livestock, wood extraction, infrastructure extension, biomass burning and use of fire to clear land. Paraguay pledged in its NDC to reduce its GHG emissions by 20% by 2030, relative to its 2030 business-as-usual emission levels, with 2000 as base line<sup>2</sup>. Paraguay also published several guiding strategies, including its National Climate Change Plan, National Development Plan 2030, national policies and regulations related to mitigation and adaptation actions, which identify the following national climate change priorities:

- Promote the generation and use of renewable sources
- Promote sustainable public and private transport
- Change technology in the industrial sector in favor of cleaner and more efficient sources of energy
- Reduce and avoid deforestation
- Improve access to sustainable services, including sustainable transport and solid waste management
- Expand the infrastructure of solid waste management services in the urban, rural and industrial areas
- Promote energy efficiency in key priority sectors

Paraguay has benefited from a significant number of donor-funded support programmes to aid the achievement of the above priorities (see **Table 1**). However, a number of gaps persist, including:

- A) Limited access to long-term climate finance and insufficient technical capacity/awareness of climate finance needs and opportunities
- B) Lack of strategic investment priorities in the industrial sector and limited private sector engagement in climate change adaptation and mitigation planning and investment.
- C) Weaknesses in the coordination mechanism that inhibit effective coordination among the key actors and ministries and between the sub-national development plans and the climate action plan, resulting in continued difficulties in delivering on the country's national climate change priorities at a national and sub-national levels

#### **A) Limited access to long-term climate finance and insufficient technical capacity/awareness of climate finance needs and opportunities**

<sup>1</sup> See 2nd Paraguay BUR at [https://unfccc.int/sites/default/files/resource/56910784\\_Paraguay-BUR2-1-Informe%20Bial%20de%20Actualizacion\\_PY\\_Dic%202018\\_.pdf](https://unfccc.int/sites/default/files/resource/56910784_Paraguay-BUR2-1-Informe%20Bial%20de%20Actualizacion_PY_Dic%202018_.pdf)

<sup>2</sup> <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Paraguay%20First/Documento%20INDC%20Paraguay%2001-10-15.pdf>

In Paraguay, private sector enterprises have an inadequate access to medium and long-term finance to narrow technology gaps and boost productivity and growth<sup>3</sup>. The financial sector, key to mobilizing new capital in the economy, is bank-centric and still small. The capital markets in Paraguay lacks depth. The total bond issuance volume was only 1 percent of GDP in 2015 compared to a regional median of 2.1 percent<sup>4</sup>. The Paraguayan debt market is small and lacks vital instruments for long term financing and infrastructure, a key bottleneck to the development of an active Renewable Energy(RE) market. These factors hinder the financial sector from efficiently mobilizing Paraguay's financial resources for their optimal use against climate change.

Capacity building and awareness raising has been/is being delivered by past/ongoing support programmes including the CAF-led Readiness Programme "NDA strengthening & Country Programming" (see **Table 1**, programme #1). Likewise, a growing number of IFIs are increasing the supply of concessional credit lines to domestic private-sector companies, including GCF (FP063, FP121), IDB and WB (refer to **Table 1**, programmes #6, #7). Although there is a gradually increasing access to credit in the sector, the amounts allocated are scarce and are usually designed to finance working capital needs.

**Proposed support:** the proposed Readiness Programme tackles outstanding gaps through the following outputs:

- *Output 1.2.1: Two candidate DAE nominated by the NDA with corresponding GAP assessment reports and personalized capacity development action plans*

The Delivery Partner(DP) and NDA will work closely to select and nominate two candidate DAEs for accreditation to the GCF. The selection process will take advantage of a longlist of potential DAEs developed under an ongoing Readiness programme (see **Table 1**, programme #1). The selection process shall be based on the DAE's alignment with Paraguay's NDCs, ability to implement Paraguay's Climate Finance Strategy (output 2.2.2) and investment plans (output 2.2.1). The output shall include a GAP assessment against GCF Standards and the development of action plans to address identified gaps for each of the candidate entities.

Results from the GAP Assessment will inform the development of detailed TORs for capacity building to nominated DAEs to meet GCF accreditation standards. Capacity building to DAE shall be delivered through a follow-up Readiness programme to be submitted to the GCF for consideration and funding in Q2/3 2021.

- *Output 2.2.2: Sub-national Climate Finance Roadmap developed and being implemented*

The DP team will carry out an initial assessment of the national and sub-national climate finance landscape including mapping of climate finance flows in Paraguay and any gaps, as well as mitigation and adaptation investment needs (both in terms of amount, as well as additionality of financial instrument) in priority sectors. The criteria to select at least two Subnational entities (regions or departments) will be prepared in close consultation with STP(NDA) and other line ministries. The output will inform the development and validation of Sub National Climate Finance Roadmaps defining and prioritizing the use of a combination of funding options from public resources (tariffs, and international cooperation) financing instruments (loans, bonds, equity, and others) and the blending of financial instruments needed to achieve Paraguay's updated NDC targets in alignment with the National Climate Finance Strategy, which is currently under development by the Ministry of Environment and UNDP. The sub-national Roadmap will include innovative climate finance solutions/instruments that address barriers for climate mitigation and adaptation project implementation at the sub-national level, with focus on at least two Subnational entities (regions or departments), emphasizing the development of innovative financial schemes that could de-risk private sector projects and contribute to mobilizing private sector capital. The strategy will include and build upon multiple past and ongoing donor-funded programmes as illustrated in **Table 1**.

- *Output 4.1.2: At least two quality concept notes developed, submitted and integrated into the GCF Country Programme*

The DP team will work closely with the NDA and relevant stakeholders to develop two quality concept notes for submission to the GCF. The Concept Notes(CNs) will be developed based on the feasibility analysis of prioritized sectors and technologies (output 4.1.1) in alignment with Paraguay's National Development Plan 2030, NDC targets, GCF Country Program and Climate Finance Strategy (output 2.2.2). The CNs will be prepared taking into account the track record and expertise of nominated DAEs. At least one of the CN shall consist in the development of innovative climate finance instruments/structure (in line with output 2.2.2). The NDA and DP will pursue efforts to prioritize project idea able to tap into multiple sources of finance (i.e. GCF and other donor-funded programmes outlined in **Table 1**).

<sup>3</sup> <https://www.greenclimate.fund/sites/default/files/document/funding-proposal-fp063-idb-paraguay.pdf>

<sup>4</sup> <http://documents.worldbank.org/curated/en/827731530819395899/pdf/Paraguay-SCD-06292018.pdf>

**B) Lack of strategic investment priorities in the industrial sector and limited private sector engagement in climate change adaptation and mitigation planning and investment.**

Despite having been identified as a priority by the National Climate Change Plan and National Development Plan 2030, the industrial sector has received limited resources and planning efforts compared to other sectors. A number of donor-funded programmes are targeting this market failure, see **Table 1**, programme #3, #4, #6, #7, #8.

Paraguay's industrial sector still relies heavily on firewood and biomass waste as energy sources. In fact, firewood and biomass sources represented approximately 74% of the energy consumed on average by the industrial sector between 2013 and 2016<sup>5</sup> and it represents the main energy source for half the rural population. This has become a major driver of deforestation for the country, as only a small part of the firewood comes from certified sustainable sources, a problem that Paraguay recognizes in its 2015 Nationally Determined Contribution<sup>6</sup> (NDC). If current trends in Paraguay continue, forest resources will be overexploited, posing a considerable risk to energy security in addition to the associated environmental impact.

Moreover, biomass is considered a risky fuel due to the health consequences of smoke inhalation. Burning solid fuels produces extremely high levels of indoor air pollution. Recent estimates suggest that Paraguayan household air pollution from cooking with solid fuels denotes one of the highest hidden costs at the national level. It represents nearly half of the total costs related to air pollution and over a third of total environmental health costs. Firewood smoke has severe health consequences, particularly for children and women.

**Proposed support:** the proposed Readiness Programme tackles outstanding gaps through the following outputs:

- Output 2.2.1: Sub-national Investment plans of selected priority sector(s) considering implementation criteria of investment plan in National Climate Finance Strategy, which include identification of financial needs, gaps, barriers, risks and ways to leverage private sector participation for NDC implementation developed

The DP team, in coordination with the NDA, will work closely with key national and sub-national stakeholders<sup>7</sup> to develop investment plans for prioritized sectors and technologies. Investment plans will be developed on the basis of existing strategic roadmaps and national plans and consider existing social vulnerabilities and gender-based inequalities. Additional inputs will be obtained from sub-national Climate Finance Roadmap(output 2.2.2) and past/ongoing support programmes (see **Table 1**). Developed investment plans for two sub-national governments will identify indicative resources, financial instruments, donors to be engaged, GCF role and contribution for prioritized projects. The development process will include consultations with relevant stakeholders in the form of focus group discussions and multi-stakeholder consultations/validation workshop to present draft and final deliverables. These consultations will ensure participation of subnational/municipal actors, women's groups, ethnic minorities and most vulnerable populations and private sector. Investment plans will provide valuable inputs for the feasibility analysis of prioritized technologies (output 4.1.1) and development of concept notes (output 4.1.2).

- Output 2.4.1: Options analysis and recommendations for innovative financing to crowd-in and leverage private sector investments in priority sectors developed

The DP will work on the development of innovative financing mechanisms to leverage private sector involvement in the implementation of the sub-national Climate Finance Roadmap(output 2.2.2), Investment Plans (output 2.2.1) and CN development (output 4.1.2). The options analysis will be conducted on the basis of existing policies, permitting, business models, procurement and technical requirements. The output will build on the results of IDB-funded "Support to Paraguay's Sustainable Energy Agenda", WB-funded "PY Energy Sector Strengthening Project", GEF-funded "Asuncion Green City of the Americas – Pathways to Sustainability" and EU-funded "Strengthening Climate Action in Paraguay" (more details in **Table 1**, Programme #6, #7, #8). The suggested solutions will be shared with private sector actors for awareness raising and informed decision making about technology identification and development in industry.

- Output 4.1.1 Feasibility analysis of selected technologies completed and incorporated into planning processes and quality concept notes.

<sup>5</sup><https://www.ssme.gov.py/vmme/pdf/balance2015/Balance%20Energetico%20Nacional%202015.pdf>

<sup>6</sup><https://www4.unfccc.int/sites/submissions/indc/Submission%20Pages/submissions.aspx>

<sup>7</sup> NDA and other key actors including the Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, the Ministry of Finance and the National Commission on Climate Change



Consisting in an in-depth technical and financial feasibility analysis of technologies/sectors prioritized under output 2.2.1 leading to the development of concept notes for submissions to the GCF (output 4.1.2).

**C) Weaknesses in the coordination mechanism that inhibit effective coordination among the key actors and ministries** and between the sub-national development plans and the climate action plan , **resulting in continued difficulties in delivering on the country's national climate change priorities at a national and sub-national levels.**

CAF-led Readiness programme is in the process of establishing a National Coordination Mechanism to ensure effective coordination among key actors and ministries<sup>7</sup> (see **Table 1**, Programme #1). Additional coordination support is being delivered at the subnational level through a GCF Readiness Programme titled “Strategic Frameworks Support for Paraguay through Fundacion Avina” (see **Table 1**, Programme #2). Finally, a GEF/UNDP programme titled “Asuncion Green City of the Americas – Pathways to Sustainability” is supporting improved coordination and institutional capacity at the municipal level (see **Table 1**, Programme #8).

**Proposed support:** the present Readiness Programme proposes focusing on improving the coordination and programming capacity of core stakeholders with regards to GCF-specific programmes and guides decision makers on how to allocate resources, update and execute the sub-national development plans with a focus on climate change through:

- Output 1.3.1 Planning and programming capacity of key country stakeholders to contributed to GCF-funded Readiness Programmes improved
- Output 2.2.1: Sub-national Investment plans of selected priority sector(s) considering implementation criteria of investment plan in National Climate Finance Strategy, which include identification of financial needs, gaps, barriers, risks and ways to leverage private sector participation for NDC implementation developed

The DP will deliver training to key programme stakeholders to refine their planning, programming and participation to the Readiness Programme addressing capacity needs to ensure successful implementation of the programme, including:

- GCF introduction: mission, role, processes and opportunities
- Stakeholder's expectations from Readiness programme
- NDA and DP expectations from each key country stakeholder<sup>8</sup>
- How to contribute to programmed activities
- What constitutes sub-national Climate Finance Roadmap and what does it constitute for non-governmental and private sector actors
- Improved understanding of GCF investment criteria for project selection and CN development
- Establishment of a network of key country stakeholders involved in GCF-funded activities

### **Complementarity with other Support Programmes**

In implementing the proposed Readiness Programme, the NDA and DP will build on past, ongoing and planned support programmes. A non-exhaustive list is outlined in **Table 1** below.

**Table 1** Past/Ongoing/Planned Support Programmes and Complementarities with Proposed Readiness Programme

<b>1</b>	<b>“Strengthen mechanisms for access and financing of projects to address the challenges of climate change”<sup>9</sup></b>
<b>Donor:</b> GCF, Readiness Programme <b>Delivery Partner:</b> CAF <b>Budget:</b> USD 300,000 <b>Summary:</b> The objective of the proposal is to increase the institutional capacity of the NDA and strengthen its coordinating role and support in the development and monitoring of proposals to be presented to GCF. The main activities delivered under the programme: - Hire consultants to build the capacity of the team for 12 months. - Organizing workshops and trainings for NDA staff on matters related to the Fund. - Developing GCF country programme, disseminating information and engaging stakeholders. - Organizing an inter-ministerial National Coordination Mechanism (NCM).	

<sup>8</sup> NDA and other key actors including the Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, the Ministry of Finance and the National Commission on Climate Change

<sup>9</sup> <https://www.greenclimate.fund/document/nda-strengthening-and-country-programming-support-paraguay-through-caf>

- Developing and disseminating informational and awareness-raising materials.
- Identifying mitigation and adaptation projects, including public-private partnerships, consistent with the Fund's initial investment framework.
- Organizing workshops with local governments in order to share information on how the GCF works.
- Identifying the roles of prospective public and private sector entities that may be accredited in Paraguay.
- Identifying opportunities to engage the private sector at all levels.

Main outputs:

1. Improved NDA capacity
2. Improved inter-ministerial coordination
3. Longlist of potential DAEs
4. Increased private sector awareness

#### **Complementarities and synergies with proposed Readiness Programme**

The proposed Readiness Programme builds on the NDA's increased institutional capacity and newly established national coordination mechanism to advance Paraguay's climate finance planning and implementation through the development of a Climate Finance Strategy (output 2.2.2) and Investment Plans (output 2.2.1) for priority sectors at a subnational level.

Additionally, CAF-led longlist of potential DAEs will provide the basis for candidate DAE selection and nomination (output 1.2.1) based on their ability to support the implementation of the Climate Finance Strategy, investment plans and country priorities.

Finally, increased private sector awareness of private sector actors will facilitate the development of strategies for transforming and attracting private sector investment for low emissions and resilience projects (output 2.4.1), and the development of concept notes (output 4.1.2).

### **2 "Enhancing the role of Local Development Councils to contribute to the implementation of the country's NDC and access to climate finance"<sup>10</sup>**

**Donor:** GCF, Readiness Programme

**Delivery Partner:** Fundacion Avina

**Budget:** USD 500,000

**Summary:** The Readiness has 4 main objectives:

- Assess, diagnose, and prioritize emerging municipalities with the potential to contribute to the enhancement of the implementation of the NDCs.
- Strengthen capacities of LDC in the twelve selected municipalities to mainstream climate change in their local development agenda and enhance stakeholder engagement.
- Develop Climate Change Action Strategies and subsequent concept notes to access climate finance from the GCF.
- Share best practices and lessons learned amongst local governments to serve as basis for the strengthening of regional and national climate change, gender and territorial strategies.

#### **Complementarities and synergies with proposed Readiness Programme**

The proposed Readiness Programme will build on the newly developed Climate Change Action Strategies and assessment of municipalities' contribution to NDCs implementation to ensure subnational and municipal priorities are reflected in the development of the National Climate Finance Strategy (output 2.2.2).

Additionally, municipalities' increased capacity to mainstream climate change in their development agenda will facilitate their contribution to the assessment and prioritization of climate change technologies and solutions (outcome 2.2).

Finally, Climate Change Action Strategies and longlist of potential concept notes will provide valuable inputs in the development of concept notes (output 4.1.2) and identification of opportunities for private sector investments (output 2.4.1).

### **3 FP063 "Promoting private sector investments in energy efficiency in the industrial sector in Paraguay"<sup>11</sup>**

**Donor:** GCF, Funding Proposal

**Executing Entity:** IDB

**Total Budget:** USD 43 million

**GCF Budget:** USD 20 million (loan)

**Summary:** the project development objectives are (i.) reduced reliance on fuelwood and other fossil fuel energy sources by Paraguayan SMEs, (ii.) increased energy efficiency and (iii.) share of energy use by hydropower plants.

The GCF reimbursable resources will be blended with AFD's own resources to provide a concessional line of financing for first-tier LFI so that they can, in turn, offer financing at adequate terms and conditions to SME firms interested in adopting eligible EE measures. Additionally, the project will support the Energy Ministry in

<sup>10</sup> <https://www.greenclimate.fund/document/strategic-frameworks-support-paraguay-through-fundacion-avina>

<sup>11</sup> <https://www.greenclimate.fund/sites/default/files/document/gender-assessment-fp063-idb-paraguay.pdf>

enhancing the execution of its policies and legislation aimed at reducing the use of fuel wood and promoting the uptake of standards and technologies to ensure an efficient and sustainable use of biomass.
<p><b>Complementarities and synergies with proposed Readiness Programme</b></p> <p>The proposed Readiness Programme will include the newly established concessional lines of credit into the National Climate Finance Strategy (output 2.2.2) and Investment Plans (output 2.2.1) and will provide useful inputs for the development of strategies for transforming and attracting private sector investments in low emissions sectors (output 2.4.1).</p> <p>The development of innovative financing mechanisms envisioned in the proposed Readiness Programme (output 2.4.1 and output 4.1.2) will benefit from the improved capacity of financial institutions and SMEs to assess and pursue low emission project opportunities, and seek to replicate, complement and scale up the Energy Saving Insurance model of the project.</p> <p>Additionally, the proposed readiness efforts to increase private sector investments in low emissions projects (outcome 2.4) will directly benefit from the project's support to the Energy Ministry in increasing the regulatory pressure on the use of fuel wood by the industry sector.</p> <p>Finally, FP063 will be showcased as successful best practice to be shared with the NDA, candidate DAEs and interested private sector parties to demonstrate the rationale, structure, components and needs of a successful funding proposal.</p>
<p><b>4 FP 121 "Recognizing Paraguay's REDD+ results for the years 2015-2017."<sup>12</sup></b></p> <p><b>Donor:</b> GCF, Funding Proposal</p> <p><b>Executing Entity:</b> UNEP</p> <p><b>Total Budget:</b> USD 50 million</p> <p><b>GCF Budget:</b> USD 50 million (result-based payment)</p> <p><b>Summary:</b> During these years, Paraguay has reduced a total volume 23 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) in emissions from reducing deforestation, forest degradation, enhancement of forest stocks and conservation (REDD+). The United Nations Framework Convention on Climate Change (UNFCCC) has assessed these results as being fully compliant with its REDD+ stipulations. Paraguay will use the payment to invest in implementing its National Strategy for Forests and Sustainable Growth with focus on:</p> <ul style="list-style-type: none"> <li>• Promoting agricultural and livestock production through the implementation of sustainable production methods</li> <li>• Reducing forest loss and degradation through the mainstreaming of sustainable management criteria and indicators</li> <li>• Strengthening the sustainable use of forests and protecting the cultural heritage of indigenous communities</li> <li>• Promoting municipal territorial planning</li> <li>• Planning of climate change mitigation actions in the AFOLU sector</li> <li>• Institutional strengthening through the development of forest MRV systems</li> </ul> <p><b>Complementarities and synergies with proposed Readiness Programme</b></p> <p>FP121 promises to increase the institutional capacity of key stakeholders responsible for the development of climate change mitigation plans in the AFOLU sector. Key national and subnational stakeholders are endowed with the capacity and financial resources to plan, monitor and enforce forest plans. As a result, we expect the proposed Readiness Programme to benefit from FP121 increased regulatory pressure on the use of fuel wood and encourage industrial users to switch to more sustainable sources of energy in alignment with the proposed development of RE/EE investment plans (output 2.2.1) and concept note development (output 4.1.2).</p>
<p><b>5 "NDC Climate Action Enhancement Package" (NDC-CAEP)</b></p> <p><b>Donor:</b> NDC Partnership</p> <p><b>Total Budget:</b> US\$ 235,000</p> <p><b>Summary:</b> The proposed programme aims to develop a Livestock NAMA with an initial implementation period to 2030, to be inserted in the Agriculture Sector Plan of the NDCs</p> <ul style="list-style-type: none"> <li>• Estimate the potential reduction and absorption of GHG emissions, as well as adaptation to climate change of the actions identified in the Livestock NAMA developed, to be built and validated with stakeholders and consistent with the methodologies of the MRV system of the NDCs of Paraguay.</li> <li>• Develop a roadmap for the implementation of a Livestock NAMA, led by the MADES, the MAG through the Vice Ministry of Livestock Production (VMG) and the National Forestry Institute (INFONA), and in collaboration with the STP.</li> <li>• Estimate the cost of implementing the Livestock NAMA per stratum of production and in the sectors involved, by 2030, to be included as part of the updated NDCs.</li> <li>• Generate a baseline of livestock production with the data to be collected for the national MRV system of the NDCs.</li> </ul> <p><b>Complementarities and synergies with proposed Readiness Programme</b></p>

<sup>12</sup> <https://www.greenclimate.fund/project/fp121>

The proposed Readiness Programme will benefit from the NDC-CAEP programme by obtaining best practices and lessons learned from the implementation of the NDC Partnership-funded programme. In particular, the proposed Readiness will:

- Ensure consistency with the GHG emissions assessment methodology utilized under the NDC-CAEP programme during the development of investment plans (output 2.2.1) and climate finance strategy (output 2.2.2).
- Ensure consistency with Paraguay's MRV methodology during the development of investment plans (output 2.2.1) and climate finance strategy (output 2.2.2).
- Learn and adopt best practices for the validation of mitigation and adaptation actions with stakeholders to be employed during the proposed programme validation exercises (activity 2.2.1a, 2.2.1b, 2.2.1c, 2.2.2c, 2.2.2d, 4.1.1b)
- Learn and adopt best practices on data collection to reduce implementation delays in the development of investment plans (output 2.2.1)

#### **6 “Apoyo a la Agenda de Energía Sostenible de Paraguay” “Support to Paraguay's Sustainable Energy Agenda”<sup>13</sup>**

**Donor:** IDB

**Total Budget:** USD 250,000

**Timeline:** 2019 - 2021

**Summary:** the programme provides technical assistance to the government of Paraguay to plan, assess, regulate and evaluate the country's renewable energy market. The programme will also enable the implementation of concessional credit lines from IDB to support the development of RE projects. The programme's main components are:

- Support the establishment of Paraguay's new Ministry of Energy
- Assessment, evaluation and planning of renewable energy options
- Assessment of wind and solar energy potential

#### **Complementarities and synergies with proposed Readiness Programme**

The proposed Readiness programme will benefit from the increased institutional capacity of key line ministries deriving from the IDB-funded programme. The RE assessment and planning conducted by IDB team will provide valuable data for the development of investment plans (output 2.2.1) and innovative financing to crowd-in and leverage private sector investments (output 2.4.1).

The proposed Readiness shall include substantial engagement with IDB team to aid the development of the country's Climate Finance Strategy (output 2.2.2) and ensure IDB's upcoming concessional credit lines are captured.

#### **7 “PY Energy Sector Strengthening Project”<sup>14</sup>**

**Donor:** World Bank

**Total Budget:** USD 90.1 million

**Timeline:** 2014- 2019

**Summary:** the project development objectives were to increase the quantity and quality of the provision of electricity services by the Administración Nacional de Electricidad (ANDE). The project had three components:

- Modernizing ANDE's Distribution Management System and Installing an Advanced Metering System for Large Consumers
- Improving the Performance of the Transmission Network
- Strengthening Paraguay's Electricity Sector and the Borrower's Institutional Capacity

#### **Complementarities and synergies with proposed Readiness Programme**

The proposed Readiness programme will benefit from the increased institutional capacity of key line ministries deriving from the WB-funded programme. Additionally, by improving the overall quality of Paraguay's electricity transmission infrastructure, the programme has de-facto removed technical barriers hindering the development of RE solutions (e.g. grid reliability, curtailment) and improved the country's readiness to increase the share of RE in the energy mix enabling the development of RE investment plans (output 2.2.1) and projects (output 4.1.2). Finally, the proposed Readiness programme will leverage WB support to large industrial consumers to develop innovative financing instruments targeting industrial users (output 2.4.1).

#### **8 “Asuncion Green City of the Americas – Pathways to Sustainability”<sup>15</sup>**

**Donor:** GEF

<sup>13</sup> <https://www.iadb.org/en/project/PR-T1272>

<sup>14</sup> <http://documents.worldbank.org/curated/en/144041577727068940/Paraguay-PY-Energy-Sector-Strengthening-Project>

<sup>15</sup> <https://www.thegef.org/project/cities-iap-asuncion-green-city-americas-pathways-sustainability>



<p><b>Implementing Partner:</b> UNDP  <b>Total Budget:</b> USD 247.8 million  <b>GEF Budget:</b> USD 7.5 million  <b>Timeline:</b> 2016 - 2021  <b>Summary:</b> The objective of the proposed project is to improve the quality of life in the Asuncion Metropolitan Area (AMA) and deliver multiple benefits through the integration of transport and solid waste management and green infrastructure into a framework for a sustainable and resilient city. It has been organized into five outcomes:</p> <ul style="list-style-type: none"> <li>• Enabling framework for a green sustainable city enhances integrated urban planning of the AMA</li> <li>• Sustainable mobility and transport in the AMA for reducing GHG emissions from urban transport</li> <li>• Improved chemicals and waste management system for reducing emissions of UPOPs, GHGs and toxic chemicals</li> <li>• Emplacing and improving Protected Area management</li> <li>• Dissemination of Lessons-learned, monitoring &amp; evaluation</li> </ul>	
<b>9 “First Economic Management Development Policy Loan”<sup>16</sup></b>	
<p><b>Donor:</b> World Bank  <b>Total Budget:</b> USD 300 million  <b>Timeline:</b> 2021 – 2028  <b>Summary:</b> The financing package includes two operations. On the one hand, a US\$200 million financing for the Economic Management Development Policy Loan with a Deferred Disbursement Option that supports the country's efforts to reduce its vulnerabilities to external economic, environmental and public finance impacts. On the other hand, financing of US\$100 million for the Market Access for Agricultural Products Project (PiMA, by its acronym in Spanish) that will be implemented by the Ministry of Agriculture and Livestock (MAG). The project will finance productive agricultural activities that will benefit around 170,000 small and medium size organized farmers and indigenous agricultural producers. This initiative will also strengthen producer organizations and indigenous communities and public institutions linked to rural development and will promote the incorporation of the use of new agricultural technology that would allow for greater competitiveness and sustainable access to internal and external markets.</p>	<p><b>Complementarities and synergies with proposed Readiness Programme</b>  The WB-funded credit packages will be included into the National Climate Finance Strategy (output 2.2.2) and investment plans (output 2.2.1). Depending on the prioritization exercise (activity 2.2.1a), the Readiness Programme will provide support to relevant ministries and/or private sector actors to tap into WB credit lines (output 2.2.1, output 4.1.1).</p>
<p><b>Donor:</b> European Union  <b>Executing Entity:</b> UNDP  <b>Timeline:</b> Oct 2019-Oct 2022  <b>Total Budget:</b> USD 1.45 million  <b>Summary:</b> the project development objectives are: 1) supporting implementation of Paraguay NDC and 2) developing National Climate Finance Strategy. A diagnostic study will be commissioned on the national financing policy for reduced GHG emissions that identifies the normative and regulatory obstacles that discourage financing and investment from the private sector and additionally, provide recommendations on incentives that could promote said financing.</p>	<p><b>Complementarities and synergies with proposed Readiness Programme</b>  The proposed Readiness Programme builds on Paraguay's National Climate Finance Strategy to guide sub-national decision makers on how to allocate resources, update and execute the sub-national (regions or departments) development plans with a focus on climate change. In doing so, the project effectively facilitates the creation of a network of sub national entities and Governors at the front of the fight against climate change, providing best practices and lessons learned for others lagging behind.</p>

<sup>16</sup> <http://documents.worldbank.org/curated/en/277211584928927349/Paraguay-First-Economic-Management-Development-Policy-Loan>

## Country Ownership and Policy Context

The Programme implementation will be fully led by Paraguay given the robust participatory process envisaged, the key role played by STP in fostering key stakeholders engagement and active participation, as well as the coordination between core government actors<sup>17</sup> involved (made possible by the newly established National Coordination Mechanism). Coherence with the country's national climate strategy and priorities in mitigation and adaptation is ensured by the alignment with existing plans and policies, including:

**Table 2** Policy Context and alignment with proposed Readiness Programme

<b>The National Development Plan 2014-2030</b> <sup>18</sup> (Plan Nacional de Desarrollo, PND)	This plan makes the eradication of extreme poverty its paramount objective and contains an ambitious reform agenda to achieve it. In order to raise economic growth and reduce its volatility to ensure sustainable poverty reduction, the PND supports economic diversification strategies, management of agriculture sector risks and policies to ensure environmental sustainability. The PND also envisages a strong public investment effort to alleviate infrastructure constraints and stimulate low emissions and climate resilient investments in energy, waste and transport sectors.
<b>National Energy Policy.</b> (Decree 6092) <sup>19</sup>	The policy establishes a framework for the development of a sustainable energy sector in the country and it is organized by Action Plans conformed by their respective strategic lines, instruments and goals for short (2017-2023), medium (2024-2030) and long (2031-2040) term development. The policy outlines EE as one of its prioritized objectives with an Action Plan composed of ten (10) elements to encourage the growth of this sector including a plan to promote EE in industry and a program for the support in the improvement of technology, equipment and processes. Additionally, the decree mandates the passing of a new law regarding the independent generation of electric energy to decrease or remove the current restrictions on distributing surplus energy generated by solar panels to the network, therefore introducing new business opportunities for IPP models.
<b>National Energy Efficiency Plan</b> <sup>20</sup>	The project is aligned with the planned actions at the industry-levels, which seek to introduce EE measures. Specifically, it aligns with promoting cogeneration, promote technology improvements in equipment and processes to increase efficiency levels, promote technical assistance and capacity building and promote the implementation of energy audits and systems of energy management.
<b>The national climate and energy goals of Paraguay.</b>	The proposed Readiness Programme will be delivered in close partnership with the the Ministry of Finance, Ministry of Environment, the National Directorate of Climate Change and STP (NDA) and other sectoral institutions when necessary.
<b>Third National Communication (TNC) to UNFCCC</b> <sup>21</sup>	The TNC (2017), of the Government of Paraguay to the United Nations Framework Convention on Climate Change (UNFCCC) prioritizes the creation of effective incentives for renewable energy and energy efficiency technologies.
<b>The Nationally Determined Contribution (NDC)</b> <sup>22</sup>	The NDC of Paraguay establishes a unilateral goal of 10% of national GHG emissions reduction by 2030 and an additional 10% conditional of access to climate finance by 2030. The NDC also refers to the diverse objectives proposed in the PND, including, inter alia, the effective control of deforestation, increasing consumption of renewable energy, increasing efficiency in the agricultural system, and reducing deforestation and forest degradation, amongst other actions. Initiatives under development

<sup>17</sup> Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, and the Ministry of Finance; Departments(sub-national governments)

<sup>18</sup> <http://www.stp.gov.py/pnd/wp-content/uploads/2014/12/pnd2030.pdf>

<sup>19</sup> <http://www.snin.gov.py/reglamentos/DECRETO%206092%20POLITICA%20ENERGETICA.pdf>

<sup>20</sup> [https://www.ssme.gov.py/vmme/index.php?option=com\\_content&view=article&id=1732](https://www.ssme.gov.py/vmme/index.php?option=com_content&view=article&id=1732)

<sup>21</sup> <https://unfccc.int/documents/81515>

<sup>22</sup>

<https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Paraguay%20First/Documento%20INDC%20Paraguay%2001-10-15.pdf>

	targeting climate change mitigation and energy efficiency also include National Appropriate Mitigation Actions (NAMAs) schemes.
<b>National Climate Change Plan (NCCP)</b> (Law 5875, 2017) <sup>23</sup>	<p>The NCCP includes among its strategic lines of action the following:</p> <ul style="list-style-type: none"> <li>• Provide financial incentives and facilitate access to finance for EE and RE projects (National Priority #4)</li> <li>• Strengthen the institutional capacity to coordinate actions towards the development and use of EE and RE solutions (National Priority #3 &amp; Strategic Pillar “<i>Fortalecimiento de las Capacidades Institucionales</i>” p.12)</li> <li>• Promote and adopt sector policies to increase private sector investment in efficient energy equipment and renewable energy technology (Strategic Pillar “<i>Financiamiento</i>” p.15)</li> <li>• Access to and mobilization of financial resources to improve energy systems including in the industry sector</li> <li>• Promote reforestation with energy purposes to diminish pressure on native forests (National Priority #4).</li> </ul>

### STP and GGGI Collaboration

The Republic of Paraguay is a signatory party to the established of the Global Green Growth Institute in 2012 and an official GGGI member country since 2018. The partnership between STP and GGGI grew stronger with the official establishment of GGGI Country Program in Paraguay in 2018. To date, the collaboration between the two parties has focused on the mainstreaming of green growth and climate change in the context of Paraguay’s National Development Plan 2030 through policy and investment planning. STP and GGGI foresee a stronger collaboration focused on expanding the role of renewable energy in the country’s energy mix aimed at reducing Paraguay’s greenhouse gas emissions and contributing to Paraguay’s NDC under the Paris Agreement as well as enhancing access to water and sanitation to achieve Sustainable Development Goals. In 2019 STP-GGGI collaboration included multiple resource mobilization efforts including NDC-CAEP and GCF Readiness as well scoping activities for the development of a green industrial park.

### GGGI Track Record in GCF Readiness Programme

The Global Green Growth Institute (GGGI) significantly advanced its engagement with the GCF in 2017 with the signing of the GCF-GGGI Framework Agreement. Since then, GGGI emerged as an important delivery partner and has supported its partner countries in developing investment projects to access funds from the GCF. Over 20 countries have nominated GGGI as their Readiness Delivery Partner. As of December 2019, our teams on the ground supported 17 partner countries to access readiness funding for Vanuatu, Mongolia, Papua New Guinea, Lao PDR, Thailand, Rwanda, Jordan, Indonesia, Myanmar, Uganda, Guyana, Ethiopia, Mexico, Cambodia, Philippines, Fiji and Cote d’Ivoire.

<sup>23</sup> <http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/laws/4732.pdf>

### 3. LOGICAL FRAMEWORK

Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
<b>Outcome 1.2:</b> Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities	Paraguay does not have direct access entities.  An ongoing Readiness project is expected to produce a long list of potential DAEs.	2 Candidate DAE identified and nominated for accreditation by the NDA.	<b>Output 1.2.1:</b> Two candidate DAE nominated by the NDA with corresponding GAP assessment reports and personalized capacity development action plans.	<b>Activity 1.2.1a</b> Engaging shortlisted candidate DAEs to raise awareness about the opportunities, processes and requirements of becoming accredited to the GCF. The engagement process will leverage existing awareness raising material developed thorough previous/ongoing GGGI-led Readiness Programmes in Latin America. The engagement process will consist of 1 half day workshop with shortlisted DAEs and follow-up bilateral meetings, minimum 40 participants from public and private sector institutions, at least 50% women.	<b>Deliverables 1.2.1a</b> <ul style="list-style-type: none"> <li>• Workshop report (minutes, material, participants list, feedback, next steps)</li> </ul>
				<b>Activity 1.2.1b</b> Selecting and nominating 2 candidate DAEs (one private one public) based on their ability to implement Paraguay's Climate Finance Strategy (output 2.2.2) and conduct GAP assessment against GCF Standards, including fiduciary, ESS and gender standards and develop an action plan to address identified gaps.	<b>Deliverable 1.2.1b</b> <ul style="list-style-type: none"> <li>• Two (2) GAP assessment reports including personalized action plans for prospective entities identified in 1.2.1a: and</li> <li>• Two (2) accreditation nomination letters signed and submitted by the NDA</li> </ul>
<b>Outcome 1.3:</b> Relevant country stakeholders (which may include executing entities, civil society organizations and private sector) have	Key country stakeholders <sup>26</sup> have limited capacity to plan/programme their contribution to GCF Readiness Programmes	Key country stakeholders have the capacity to plan and programme their contribution to GCF-funded Readiness Programmes	<b>Output 1.3.1:</b> Planning and programming capacity of key country stakeholders to contributed to GCF-funded Readiness Programmes improved.  Note: - Minimum 50 participants	<b>Activity 1.3.1:</b> Delivering training workshop to key programme stakeholders to refine their planning, programming and participation to the Readiness Programme addressing capacity needs to ensure successful implementation of the Readiness programme, including:	<b>Deliverable 1.3.1a:</b> <ul style="list-style-type: none"> <li>• Workshop report (meeting minutes, participants list disaggregated by gender, feedback report, stakeholder mapping, network of key country stakeholders, next steps)</li> </ul>

<sup>24</sup>Please briefly elaborate on current baselines on which the proposed activities can be built on, processes that are in place that the current Readiness proposal can strengthen, or any gaps that the proposed activities would fill in. If more space is needed, please elaborate this in Section 4.

<sup>25</sup> Please include tangible and specific deliverables for each activity proposed, Please note that during implementation all deliverables should be included within the implementation reports for GCF consideration.

<sup>26</sup> NDA and other key actors including the Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, the Ministry of Finance and the National Commission on Climate Change



Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
established adequate capacity, systems and networks to support the planning, programming and implementation of GCF-funded activities.			representing governmental agencies, non-governmental organizations, academic and private sector, at least 50% women.	<ul style="list-style-type: none"> <li>• GCF introduction: mission, role, processes and opportunities</li> <li>• Stakeholder's expectations from Readiness programme</li> <li>• NDA and DP expectations from each key country stakeholder</li> <li>• How to contribute to programmed activities</li> <li>• What constitutes a Climate Finance Strategy and what does it constitute for non-governmental and private sector actors</li> <li>• Improved understanding of GCF investment criteria for project selection and CN development</li> <li>• Establishment of a network of key country stakeholders involved in GCF-funded activities</li> </ul> <p>Note: list of key country stakeholders will include IOs, NGOs, MDBs, civil society, academia and private sector actors. Participation list to be agreed upon with NDA</p>	
<b>Outcome 2.2:</b> GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment	Paraguay lacks investment plans and relative climate finance strategy at subnational level matching the country's climate adaptation and mitigation financing needs with funding options	Two subnational governments (departments/regions) of Paraguay have a Climate Finance Roadmap and participatory investment plans across prioritized sectors	<b>Output 2.2.1:</b> Gender responsive and participatory investment plans of selected priority sector(s), including identification of financial needs, gaps, barriers, risks and ways to leverage private sector participation for NDC implementation developed <p>Note: - Investment plans will be based on and consider the results of sub national Climate Finance Roadmap (Output 2.2.2) and Paraguay's Country Work Programme to be fully developed by February 2021 under the CAF-led Readiness Programme.</p>	<b>Activity 2.2.1a</b> Analyzing national and sub-national initiatives, measures and policies currently under implementation, or planned, related to energy including energy efficiency technologies, solid waste management and transportation sectors, and their application to the industry and urban areas, in alignment with Paraguay's National Development Plan 2030 and NDC targets; based on analysis, develop a selection criteria and select priority sectors. <ul style="list-style-type: none"> <li>• Prioritization criteria and priority sectors will be validated via at least 2 focus group discussions with key government stakeholders<sup>28</sup> and NDA;</li> </ul>	<b>Deliverable 2.2.1a:</b> <ul style="list-style-type: none"> <li>• Report on the assessment of implementation status of NDC/climate resilience policies at sub-national level. Report will be complementary to the development of sub-national Climate Finance Roadmap (Output 2.2.2) crowding-in of private sector investors (Output 2.4.1).</li> <li>• Prioritization criteria validated by government of Paraguay and NDA</li> </ul>

<sup>28</sup> NDA and other key actors including the Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, the Ministry of Finance and the National Commission on Climate Change

Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
			<p>- Investment plans will prioritize departments/regions/municipalities with the greatest potential contribution to the updated NDC targets and the Paraguay National adaptation plan to Climate Change(PNACC)<sup>27</sup> identified under the Readiness project with Fundacion Avina.</p> <p>- Investment plan includes in-depth interviews with Government institutions with work in prioritized sectors and departments/regions/municipalities and desk review of existing needs and ongoing efforts.</p>	<p><b>Activity 2.2.1b</b></p> <p>Identifying and prioritizing technologies/approaches to mitigate GHG emissions and to adapt to climate change in selected sectors based on existing strategic roadmaps and national plans and considering exiting social vulnerabilities and gender-based inequalities.</p>	<p><b>Deliverable 2.2.1b:</b></p> <p>List of priority technologies validated through workshop</p>
				<p><b>Activity 2.2.1c</b></p> <p>Developing gender responsive and participatory investment plan of prioritized projects with indicative resources, financial instruments, donors to be engaged, clearly identifying the investments to target GCF financing.</p> <p>The development of the investment plan will take place in parallel to the development of the sub-national Climate Finance Roadmap (output 2.2.2). The development process will include consultations with relevant stakeholders in the form of focus group discussions and multi-stakeholder consultations/validation workshop to present draft and final deliverables. These consultations will ensure participation of subnational/municipal actors, women's groups, ethnic minorities and most vulnerable populations and private sector. Criteria for subsequent selection of priority sectors will be developed with the NDA.</p> <ul style="list-style-type: none"> <li>• 2 focus group discussions, 15 participants each, at least 50% women;</li> <li>• 1 multi-stakeholder consultation/validation workshop, 80 participants, at least 50%</li> </ul>	<p><b>Deliverable 2.2.1c:</b></p> <ul style="list-style-type: none"> <li>• FGDs report (meeting minutes, material. participants list disaggregated by gender)</li> <li>• 2<sup>nd</sup> FGD report (meeting minutes, material participants list disaggregated by gender)</li> <li>• Awareness raising workshop for the private sector in Asuncion conducted by M9 with reports and materials prepared</li> <li>• Validation workshops conducted and report prepared (draft deliverables, presentation material, meeting minutes, participants list disaggregated by gender)</li> <li>• Sector Investment Plans developed and endorsed</li> <li>• Investment Plans are uploaded and available on STP website</li> </ul>

<sup>27</sup> [https://www4.unfccc.int/sites/NAPC/Documents/Parties/Plan%20Nacional%20de%20Adaptaci%C3%B3n%20al%20Cambio%20Clim%C3%A1tico\\_Paraguay\\_final.pdf](https://www4.unfccc.int/sites/NAPC/Documents/Parties/Plan%20Nacional%20de%20Adaptaci%C3%B3n%20al%20Cambio%20Clim%C3%A1tico_Paraguay_final.pdf)

Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
				women. To ensure value for money this is delivered with activity 2.2.2d and 4.1.1b	
			<b>Output 2.2.2:</b> Sub-National Climate finance Roadmaps for two regions or departments defining the potential use of a combination of funding options from public resources (tariffs, and international cooperation) financing instruments (loans, bonds, equity, and others) and or the blending of financial instruments developed and being implemented	<b>Activity 2.2.2a</b> Carrying out an initial assessment of the country's existing climate finance landscape including mapping of climate finance flows in Paraguay and any gaps, as well as mitigation and adaptation investment needs (both in terms of amount, as well as additionality of financial instrument) in priority sectors and regions or departments.  Initial assessment shall include an assessment of the country's readiness needs to inform future readiness proposals for Paraguay	<b>Deliverable 2.2.2a:</b> <ul style="list-style-type: none"> <li>Assessment report on climate finance ecosystem including mapping of climate finance flows in two sub-national entities of Paraguay and any gaps, as well as mitigation and adaptation investment needs</li> <li>Selection report on two sub-national regions(departments) considering poverty index and climate vulnerability</li> </ul>
				<b>Activity 2.2.2b</b> Developing action plans for the preparation of the sub-national(departments/regions) Climate Finance Roadmap based on national/departments' priorities such as the National Development Plan, NDC targets and national strategies. The roadmap shall consist of methodology, actors and timeline for the development of the sub-national Climate Finance roadmap . The action plans for the sub-national Climate Finance Roadmap will be the result of a consultative process with sectors such as energy including energy efficiency technology, transport, solid waste management and other relevant ministries and subnational institutions.  Note: the consultative process above shall include at least 2 on-the-job training sessions (half-day) with representatives from STP	<b>Deliverable 2.2.2b:</b> Action plans for the development of a sub-national climate finance roadmap

Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
				<p>(NDA), key ministries<sup>29</sup> and selected regions or departments. Specific learning objectives include:</p> <ul style="list-style-type: none"> <li>• Creating awareness of the challenges Paraguay faces regarding national/international climate finance;</li> <li>• Reflecting on why readiness for climate finance matters;</li> <li>• Increasing capacity to discuss and improve climate finance readiness</li> <li>• creating common understanding of what constitutes sub-national Climate Finance Roadmap</li> </ul>	
				<p><b>Activity 2.2.2c</b></p> <p>Validating the action plans with key actors<sup>30</sup> (including relevant ministries and agencies in government and public banks) and stakeholders and define next steps for the development of the sub-national Climate Finance Roadmap. The validation exercise shall take the form of a minimum of 2 focused group discussion (FGD) and (several) follow-up bilateral meetings; minimum 15 participants for each FGD, at least 50% women.</p>	<p><b>Deliverable 2.2.2c:</b></p> <p>Reports from FGDs including participants list, material, comments and next steps</p>
				<p><b>Activity 2.2.2d</b></p> <p>Developing and validating the sub-national Climate Finance Roadmaps defining and prioritizing the use of a combination of funding options from public resources (tariffs, and international cooperation) financing instruments (loans, bonds, equity, and others) and the blending of financial instruments needed to support Paraguay's NDC targets.</p>	<p><b>Deliverable 2.2.2d:</b></p> <ul style="list-style-type: none"> <li>• Two sub-national Climate Finance Roadmaps and endorsement letters</li> <li>• Roundtable report including participants list, agreed next steps, material feedbacks and comments by M8</li> <li>• Workshop report including participants list, agreed next steps, feedback, comments and material by M10</li> </ul>

<sup>29</sup> NDA and other key actors including the Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, the Ministry of Finance and the National Commission on Climate Change

<sup>30</sup> NDA and other key actors including the Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, the Ministry of Finance and the National Commission on Climate Change



Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
				<p>The sub-national Climate Finance Roadmap shall include innovative climate finance solutions/instruments that address barriers for climate mitigation and adaptation project implementation in selected departments/regions in Paraguay, emphasizing the development of innovative financial schemes that could de-risk private sector projects and contribute to mobilizing private sector capital.</p> <p>The sub-national Climate Finance Roadmap Strategy will build on Paraguay's Country Programme (currently being developed under CAF-led Readiness programme) and National Climate Finance Strategy (currently being developed under EU funded UNDP project) and be developed in close collaboration with key actors (including the National Commission on Climate Change and other key actors) and validated with donors and providers of climate finance to ensure coherence and complementarity with other climate funds and MDBs support programs.</p> <p>The validation exercise shall take the form of a minimum of:</p> <ul style="list-style-type: none"> <li>-one (1) Round Table meeting with government stakeholders, donors and providers of climate finance. The Round Table shall gather a minimum of 30 participants.</li> <li>- One (1) validation workshop will serve to officially launch and present the Climate Finance Strategy to state and non-state actors. The validation workshop will gather a minimum of 80 participants, at least 50% women; to ensure maximum value for money this is delivered with activity 2.2.1c and activity 4.1.1b.</li> </ul>	
<b>Outcome 2.4</b>			<b>Output 2.4.1:</b>	<b>Activity 2.4.1a:</b>	<b>Deliverable 2.4.1a:</b>

Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
Strategies for transforming and attracting private sector investment for low emissions and resilience developed and being used	Limited access to long-term finance coupled with lack of long-term investment plans have restricted private sector participation in low emissions sectors and technologies.	Modalities for increased private sector participation in low emissions and resilience projects included in the Climate Finance Strategy, Investment Plans and capacity building material for private sector actors and candidate DAEs.	Options analysis and recommendations for innovative financing to crowd-in and leverage private sector investments in priority sectors developed	Assessing the status and impacts of priority sectors' policies, permitting, business models, procurement and technical requirements. This activity will focus on assessing the impact and raising awareness among private sector actors about the sub national Climate Finance Roadmap (2.2.2.d), investment plans (2.2.1.c), DAE nomination (1.2.1b), priority projects, CN development (4.1.1a) and its potential contribution to achieve Paraguay's NDCs  Note: - Assessment will be conducted in line with technology solutions identified and prioritized in accordance with national strategies and plans for climate adaptation and mitigation in 2.2.1 - The technology assessment will include sharing solutions with selected private sector actors for awareness raising and informed decision making about technology transfer in industry	<ul style="list-style-type: none"> <li>• Assessment report on the status and impacts of priority sectors' policies, permitting, business models, procurement and technical requirements on private sector investments across prioritized sectors</li> <li>• Private sector targeted awareness raising material focused on deliverables 2.2.2.d, 2.1.1.c, 1.2.1.b, 4.1.1.a</li> </ul>
				<b>Activity 2.4.1b:</b> Developing recommendations for innovative financing mechanisms to leverage private sector involvement in the implementation of the Climate Finance Strategy, Investment Plans and successful DAE development.	<b>Deliverable 2.4.1b:</b> <ul style="list-style-type: none"> <li>• Report on recommended innovative financing mechanisms for the private sector to be successfully engaged in the implementation of the sub-national Climate Finance Roadmap (2.2.2.c), Investment Plans (2.2.1.c) and successful DAE pipeline development.</li> </ul>
<b>Outcome 4.1</b> An increase in the number of quality project concept notes developed and submitted	Paraguay has produced three quality GCF concept notes <sup>31</sup> . Several concept notes produced to date have targeted the AFOLU sector	At least two quality concept notes targeting Paraguay's priority sectors (other than AFOLU) developed and submitted	<b>Output 4.1.1</b> Feasibility analysis of selected technologies across energy, energy efficiency, solid waste management and transportation sectors, and their application to the industry and urban areas aligned with Paraguay's National Development Plan, National Adaptation Plan to Climate	<b>Activity 4.1.1a</b> Identifying and assessing priority projects in alignment with Output 2.2.1, Paraguay's National Development Plan and GCF Country Programme through data collection from state and non-state actors, in accordance with GCF investment criteria	<b>Deliverable 4.1.1a:</b> Longlist of projects across priority sectors
				<b>Activity 4.1.1b</b>	<b>Deliverable 4.1.1b:</b>

<sup>31</sup> As of April 17, 2020

Outcomes	Baseline <sup>24</sup>	Targets	Outputs	Activities (brief description)	Deliverables <sup>25</sup>
			Change(PNACC) and GCF Country Programme completed and incorporated into planning processes and quality concept notes.	<p>Conducting consultation and validation workshop with NDA and key stakeholders on shortlisted projects pipelines. Validation workshop with minimum 80 participants including the private sector, at least 50% women.</p> <p>Note: to ensure value for money this is conducted with workshop under Output 2.2.2d</p>	Consultation and validation workshops conducted, and reports prepared (list of participants, presentation material and results of discussions)
				<p><b>Activity 4.1.1c</b></p> <p>Conducting minimum two pre-feasibility studies of prioritized projects.</p> <p>Note: This will provide data for the development of concept notes under output 4.1.2</p>	<b>Deliverable 4.1.1c:</b> Pre-feasibility reports
			<p><b>Output 4.1.2</b></p> <p>At least two quality concept notes developed, submitted and integrated into the GCF Country Programme</p>	<p><b>Activity 4.1.2</b></p> <p>Developing and submitting at least two quality concept notes aligned with Paraguay's National Development Plan 2030, GCF Country Program and NDC targets.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>• Concept note will be prepared for nominated DAEs based on their track record and expertise</li> <li>• Concept notes will be developed on the basis of feasibility studies under Output 4.1.1</li> <li>• At least one concept note shall entail an innovative climate finance instrument/structure (in line with 2.2.2. sub national Climate Finance Roadmap) that is not currently available in Paraguay or which has not been utilized by targeted sector.</li> </ul>	<b>Deliverable 4.1.2a:</b> Two (2) concept notes developed and submitted to the GCF

## 4. THEORY OF CHANGE

<b>Goal</b>	Paraguay's state and non-state actors can plan, finance and implement mitigation and adaptation projects aligned with the country's NDCs and sub-national Climate Finance Roadmap				
<b>Goal Statement</b>	If Paraguay builds enabling strategic frameworks and institutional capacity to develop investment plans for priority mitigation and adaptation sectors/technologies/projects, THEN Paraguay will meet its NDC targets BECAUSE the development of investment plans aligned with available funding options identified in the country's National Climate Finance Strategy facilitates access to long-term climate finance for public and private actors pushing projects from design/planning to implementation.				
<b>Outcome</b>	<b>Outcome 1.2:</b> Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities	<b>Outcome 1.3:</b> Relevant country stakeholders (which may include executing entities, civil society organizations and private sector) have established adequate capacity, systems and networks to support the planning, programming and implementation of GCF-funded activities.	<b>Outcome 2.2:</b> GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low-emission investment	<b>Outcome 2.4</b> Strategies for transforming and attracting private sector investment for low emissions and resilience developed and being used	<b>Outcome 4.1</b> An increase in the number of quality project concept notes developed and submitted
<b>Outputs</b>	<b>Output 1.2.1:</b> Two candidate DAE nominated by the NDA with corresponding GAP assessment reports and personalized capacity development action plans	<b>Output 1.3.1:</b> Planning and programming capacity of key country stakeholders to contributed to GCF-funded Readiness Programmes improved.	<b>Output 2.2.1:</b> Gender responsive and participatory investment plans of selected priority sector(s), including identification of financial needs, gaps, barriers, risks and ways to leverage private sector participation for NDC implementation developed  <b>Output 2.2.2:</b> Sub-national Climate finance Roadmap defining the potential use of a combination of funding options from public resources (tariffs, and international cooperation) financing instruments (loans, bonds, equity, and others) and or the blending of financial instruments developed and being implemented	<b>Output 2.4.1:</b> Options analysis and recommendations for innovative financing to crowd-in and leverage private sector investments in priority sectors developed	<b>Output 4.1.1</b> Feasibility analysis of selected technologies across energy, energy efficiency, solid waste management and transportation sectors, and their application to the industry and urban areas aligned with Paraguay's National Development Plan and GCF Country Programme completed and incorporated into planning processes and quality concept notes.  <b>Output 4.1.2</b> At least two quality concept notes developed, submitted and integrated into the GCF Country Programme
<b>Inputs</b>	• Inputs from CAF-led Readiness Programme (i.e.	• Capacity building material (new and from past Readiness	• Increased institutional capacity of key government	• Sub-national Climate Finance Roadmap (output 2.2.2)	• Sub-national Finance Roadmap (output 2.2.2)



	<p>longlist of potential candidate DAEs)</p> <ul style="list-style-type: none"> <li>• GCF accreditation requirements</li> <li>• Paraguay's National Development Plan 2030 and NDC targets</li> <li>• GGGI-developed capacity building material (developed under Guyana's and Mexico's Readiness Programmes)</li> <li>• Sub-National Climate Finance Roadmap (output 2.2.2)</li> <li>• Investment Plans for priority sectors (output 2.2.1)</li> <li>• Paraguay GCF Country Programme</li> <li>• Validation by key government stakeholders</li> </ul>	<p>Programmes in Guyana and Mexico)</p> <ul style="list-style-type: none"> <li>• Stakeholder mapping and National Coordination Mechanism developed under CAF-led Readiness Programme</li> <li>• Paraguay GCF Country Programme</li> <li>• Validation by key government stakeholders</li> </ul>	<p>stakeholders delivered by CAF-led Readiness programme</p> <ul style="list-style-type: none"> <li>• National Coordination Mechanism delivered by CAF-led Readiness programme</li> <li>• Paraguay GCF Country Programme</li> <li>• National Climate Finance Strategy by UNDP</li> <li>• Increased institutional capacity of key government subnational stakeholders delivered by Fundacion Avina-led Readiness programme</li> <li>• National Development Plan 2014-2030</li> <li>• National Energy Policy</li> <li>• National Energy Efficiency Plan</li> <li>• Paraguay's NDC</li> <li>• National Climate Change Plan</li> <li>• World Bank "First Economic Management Development Policy Loan" project data and results</li> <li>• "NDC Climate Action Enhancement Package" data and results</li> <li>• GCF-funded "FP121 Recognizing Paraguay's REDD+ results for the years 2015-2017" data and results</li> <li>• GCF-funded "Promoting private sector investments in energy efficiency in the industrial sector in Paraguay" data and results</li> <li>• IDB "Support to Paraguay's Sustainable Energy Agenda" project data and results</li> <li>• Validation by key government stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Investment plans of prioritized sector (output 2.2.1)</li> <li>• Paraguay's GCF Country Programme</li> <li>• Prioritization of municipalities based on their potential contribution to NDC targets delivered by Fundacion Avina-led Readiness programme</li> <li>• GEF-funded "Asuncion Green City of the Americas" project data and results</li> <li>• World Bank "PY Energy Sector Strengthening Project" data and results</li> <li>• IDB "Support to Paraguay's Sustainable Energy Agenda" project data and results</li> <li>• GCF-funded "FP121 Recognizing Paraguay's REDD+ results for the years 2015-2017" data and results</li> <li>• GCF-funded "Promoting private sector investments in energy efficiency in the industrial sector in Paraguay" data and results</li> <li>• GGGI project preparation expertise</li> <li>• Validation by key government stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Investment plans of prioritized sector (output 2.2.1)</li> <li>• profile of candidate DAEs (output 1.2.1)</li> <li>• Paraguay's GCF Country Programme</li> <li>• GEF-funded "Asuncion Green City of the Americas" project data and results</li> <li>• World Bank "PY Energy Sector Strengthening Project" data and results</li> <li>• IDB "Support to Paraguay's Sustainable Energy Agenda" project data and results</li> <li>• GCF-funded "FP121 Recognizing Paraguay's REDD+ results for the years 2015-2017" data and results</li> <li>• GCF-funded "Promoting private sector investments in energy efficiency in the industrial sector in Paraguay" data and results</li> <li>• GGGI project preparation expertise</li> <li>• Validation by key government stakeholders</li> </ul>
<b>Barriers</b>	<ul style="list-style-type: none"> <li>• Uncertainties due to post-COVID environment</li> <li>• Domestic finance institutions are likely to lack E&amp;S and Gender policies aligned with</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertainties due to post-COVID environment</li> <li>• Government stakeholders might have competing interests and agendas</li> </ul>	<ul style="list-style-type: none"> <li>• Limited penetration of green RE/EE technology</li> <li>• Limited availability of long-term finance</li> <li>• Uncertainties due to post-COVID environment</li> </ul>	<ul style="list-style-type: none"> <li>• Low private sector participation and interest due to high perceived risk of EE/RE technology</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertainties due to post-COVID environment</li> </ul>

	GCF accreditation requirements				
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• There are domestic financial institutions interested in seeking accreditation to the GCF</li> <li>• There are domestic financial institutions with the capacity and track record to seek accreditation to the GCF</li> <li>• PWC is able to conduct a GAP assessment at the quoted price</li> </ul>	<ul style="list-style-type: none"> <li>• National Coordination Mechanism is established and operational</li> <li>• key government stakeholders are committed to green growth</li> </ul>	<ul style="list-style-type: none"> <li>• Key government stakeholders are committed to green growth</li> <li>• Studies/projects/programmes listed under “inputs” are delivered without major delays</li> <li>• Key government stakeholders have sufficient awareness and capacity to undertake long-term planning</li> <li>• Local job market allows the hiring of experience local consultants meeting TOR requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient availability of data</li> <li>• Attractive RE/EE project opportunities exist</li> <li>• Local job market allows the hiring of experience local consultants meeting TOR requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient availability of data</li> <li>• Attractive RE/EE project opportunities exist</li> <li>• Candidate DAEs, Executing Entities, private sector actors are interested in assessing the technical and financial viability of RE/EE projects</li> <li>• Local job market allows the hiring of experience local consultants meeting TOR requirements</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Delays in project implementation, such as recruitment and in-person workshop, due to COVID 19 Pandemic</li> <li>• Cannot find suitable candidates for consultancy positions</li> <li>• Delayed delivery of GCF Country Programme by CAF</li> <li>• Delayed delivery of National Climate Finance Strategy by UNDP</li> <li>• Delayed/Failed establishment of National Coordination Mechanism, due to internal consultation procedure and/or approval in Paraguay government</li> <li>• Uncertainties surrounding the capacity and interest of potential DAEs towards accreditation process</li> <li>• Affordability of the GAP Assessment</li> <li>• Potential impact on launching and implementation of the grant activities as a result of the COVID-19 pandemic</li> </ul>				

This Readiness Programme increases the capacity of public and private actors to plan and implement investment plans aligned with the country's NDC and to access long-term climate finance. It does so by delivering activities under multiple GCF Objectives:

#### Objective 1: Capacity Building

- Identify and nominate two candidate DAEs based on their ability to implement Paraguay's NDCs, Climate Finance Strategy and development strategies.
- Build the capacity of candidate DAEs to deliver on national climate change priorities as identified in Paraguay's NDCs and low-emission and climate-resilient development strategies.
- Enhance the coordination, planning and programming arrangements of core government actors at the national level with respect to stakeholder engagement, and coordination and participation to GCF-funded programmes.

#### Objective 2: Strategic Framework

- Contribute to Paraguay's long-term national vision for achieving the aims of the Paris Agreement with respect to low emissions and climate resilience economy through the development of a Sub-national Climate Finance Roadmap and Investment Plans for priority sectors.
- Formulate Subnational (region/department) Roadmaps for Climate Finance and I that guide subnational climate finance investment decision-making and develop action plans for their implementation
- Develop innovative financing solutions to remove market barriers and incentivize the engagement of the domestic private sector in EE/RE investment projects.

#### Objective 3: Paradigm Shifting Pipeline Development

- Aid the process to identify climate change projects and programmes that meet the stated goals of the GCF investment criteria by prioritizing sectors/technologies based on Paraguay's NDC targets and National Climate Finance Strategy.

- Improve the country's ability to implement priority projects identified in NDCs and Climate Finance Strategy through, among others, costed investment plans for priority climate change actions
- Develop high-quality concept notes for submission to the GCF targeting priority sectors outlined in Paraguay's NDC and Climate Finance Strategy at national and subnational levels.

Cross-cutting:

- In-depth technical and financial feasibility analysis of prioritized technologies/sectors leading to the development of concept notes for submissions to the GCF
- Convene regular roundtables to inform and validate the development of strategic frameworks and concept notes
- Deliver training to key programme stakeholders to refine their planning, programming and participation to the GCF-funded programmes

## 5. IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

### 5.1 Budget plan

Please complete the Budget Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.2 Procurement plan

Please complete the Procurement Plan in Excel using the template available in the [Library](#) page of the GCF website. For goods, services, and consultancies to be procured, please list the items, descriptions in relation to the activities in section 2, estimated cost, procurement method, relevant threshold, and the estimated dates. Please include the procurement plan for at least the first tranche of disbursement requested below and provide a full procurement plan for the entire duration of the implementation period if available at this stage.

### 5.3 Implementation Plan

Please complete the Implementation Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.4 Disbursement schedule

Please specify the proposed schedule for requesting disbursements from the GCF. For periodicity, specify whether it's quarterly, bi-annually or annually only.

Please choose one option among the two below and delete the one that does not apply to you. Please fill in information under brackets:

☒ **Readiness Proposal that falls within a Framework Agreement with the GCF**

Disbursements will be made in accordance to Clause 4 “*Disbursement of Grants*” and Clause 5 “*Use of Grant Proceeds by the Delivery Partner*” of the Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and the Global Green Growth on 13 December 2017.

☐ **Readiness Proposal that requires a bilateral Grant Agreement**

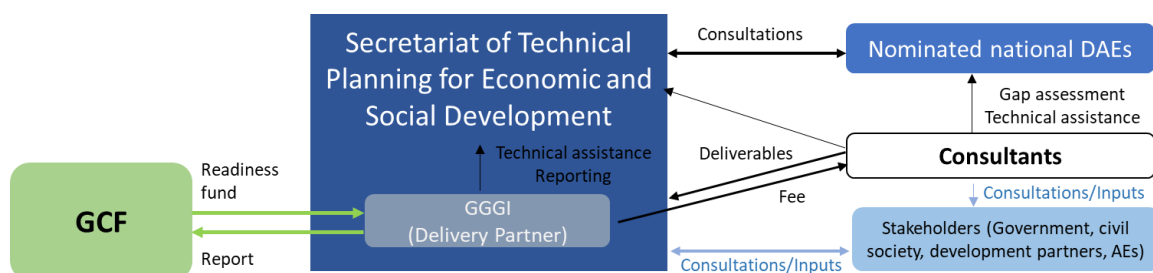
- Please include an indicative disbursement table showing the expected amounts to be requested and keep to multiples of USD 5,000.
- The first disbursement *amounting*[Choose Currency][Type the amount] will be transferred upon approval of the readiness request and effectiveness of the Grant Agreement;
- The second disbursement *amounting*[Choose Currency][Type the amount] will be transferred upon submission of an interim progress report [and audited financial report]<sup>32</sup>, in form and substance acceptable to the Fund, [including an audited expenditure statement]; and
- The third disbursement *amounting*[Choose Currency][Type the amount] will be made upon submission of a completion report and financial report, in form and substance acceptable to the Fund, including an audited expenditure statement.

<sup>32</sup>For second disbursement, audited financial report and audited expenditure statement are only required for readiness and preparatory support proposals expected to last over 12 months.

## 6. IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

### 6.1 Implementation arrangements

Please describe how implementation arrangements will be made and how funds will be managed by the NDA and/or the Delivery Partner.



The NDA has nominated GGGI to be its Delivery Partner for this project, whereby the funds will be disbursed from the GCF to GGGI to undertake project implementation. GGGI will work closely with STP and the Ministry of Environment and Sustainable Development and seek advice to meet their needs and expectations. GGGI will use its procurement rules to recruit consultants where needed and undertake non-consultancy services related to this project. GGGI will carry out all procurement activities under the proposal, in compliance with GGGI procurement policies and procedures.

GGGI has a Framework Agreement with the GCF to act as a Delivery Partner for GCF Readiness projects. The funds will be managed by **GGGI** as the **Delivery Partner (DP)**. The DP will implement the Readiness project, from inception to closure. DP will pay directly to goods suppliers and non-consulting and consulting services as per the respective contracts. The DP will submit portfolio reports and audited financial statements to the GCF as per the Framework Agreement. With endorsement from the NDA, the DP will prepare request to the GCF for budget changes and reallocation, when needed.

In close collaboration with NDA, the DP will prepare project closing documents including externally audited financial statements and submit to the GCF. The DP will ensure that all funds are provided on a timely basis to ensure expediting and acquittal of funds are not delayed, and all funds are accounted and transparent.

The project formulation has involved in-country consultation and engagement with the government counterparts. As per the design, under the guidance of NDA, all day-to-day activities will be closely coordinated and communicated between GGGI and NDA.

Furthermore, GGGI has and will continue to consult with the NDA and other key actors including the Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, the Ministry of Finance..

GGGI will work with the NDA to draft Terms of Reference and invite them to participate in the recruitment interviews and/or procurement evaluations. This will provide an opportunity for them to build capacity to work with international standards and processes. GGGI will further have ongoing communication with the NDA to keep them informed of project progress.

#### Other Information

In order to ensure the free flow of information and transfer of knowledge, all material and deliverables produced as a result of the present Readiness Programme will be made available to the public via STP website. All country based staff and consultants involved in the Programme will work in STP premises to ensure close collaboration with STP technical staff and to favor the transfer of skills and knowledge to the NDA. For the same reason, all material, reports, assessment and publications completed under the present outcome will be revised and approved by STP focal points before being shared with third parties. All of the above will guarantee an effective and sustainable transfer of knowledge and skills to build the capacity of the NDA to effectively achieve its mission and raise its ambitions. GGGI LAC Head of Programme will conduct regular virtual meetings with STP senior staff to collect suggestions and feedbacks and ensure appropriate and



timely actions are taken to ensure the successful delivery of the programme and capture lessons learned. The NDA will also leverage the support of GGGI GCF liaison unit with programmatic expertise developed through the conceptualization and delivery of 17 readiness programmes. GGGI also commits to pursue maximum efforts to hire national consultants to ensure that the capacity is retained in-country. STP and GGGI will collaborate in the development of terms of reference and will work together to hire the best suited candidates.

## 6.2 Implementation and execution roles and responsibilities

Please briefly describe how the activities will be implemented and outputs delivered by project staff and consultants.

**Individual National Consultant for climate finance and GCF-DAE (Climate Finance and DAE Specialist) for sub outcome 1.2.1, 1.3.1, 2.2.1, 2.2.2, 4.1.1 (266 days @ \$350/day)**

- Serves as the overall project management including relations with NDA and primary focal point for all in country stakeholders
- Leads training Workshop (Activity 1.3.1)
- Supports NDC review and policy review of national/subnational priority sector policies (solid waste management, transportation and RE) and leads the in-country stakeholder consultations (Activity 2.2.1)
- Leads the prioritization process for selected projects in priority sectors, conducts consultation and validation workshop with NDA and local stakeholders, and manages local consultant leading PFS (Activity 4.1.1)
- Leads the consultation with NDA to conduct shortlisting of accredited entities, engages with shortlisted DAEs to raise awareness about the GCF, and supports the NDA in DAE nomination process (Activity 1.2.1)
- Manages firm hired to conduct gap assessment and ensure deliverables are high quality and on time (Activity 1.2.1)
- Manages consultant to conduct the assessment of Paraguay's climate finance landscape at national and departments/regional (selected) level, and action plans for development of sub-national climate finance roadmap.
  - Leads the process of validating the sub-national climate finance roadmap through focus group discussions (Activity 2.2.2)

**Individual National Consultant (Climate Finance and Private Sector) for sub outcome 2.2.1, 2.2.2, 2.4.1, 4.1.2 (288 days @ \$300/day)**

- Conducts assessment of Paraguay's climate finance landscape at national and regional/department (selected) level and supports action plan developments of roadmap, provides logistical support to focus groups as needed (Activity 2.2.2)
- Support preparation of project concept notes in priority sectors (Activity 4.1.2)
- Conduct Assessment of private sector barriers to investment in priority projects, lead workshop with stakeholders on climate finance strategy and policy recommendations to leverage private sector investment (Activity 2.4.1)

**Individual National Sectoral PFS Consultant for sub outcome 4.1.1, 4.1.2 (220 days at \$350/day)**

- Conduct two pre-feasibility studies for selected projects in priority sector (Activity 4.1.1)
- Prepare project concept notes in priority sectors based on results of PFS (Activity 4.1.2)

### GGGI Staff

The project also aims to utilize existing GGGI staff (part time, allocation provided below), instead of recruiting additional consultants to implement the project. These staff are experts in their subject area, primarily work for the Latin America and Caribbean regional office, and have experience implementing other GCF readiness projects. The expected tasks and level of effort is provided below.

<p><b>Regional Director Latin America &amp; Caribbean</b></p> <ul style="list-style-type: none"> <li>•Part of PMC (2% of overall time, \$6782)</li> <li>•Overall project management necessary for project implementation</li> </ul> <p><b>Portfolio Officer, Latin America &amp; the Caribbean</b></p> <ul style="list-style-type: none"> <li>•Part of PMC (6% of overall time, \$10,463)</li> <li>•Provide technical and administrative support necessary for project implementation, support delivery of policy and finance assessments as required</li> </ul> <p><b>Senior Analyst, Green Growth Potential Assessment</b></p> <ul style="list-style-type: none"> <li>• Output 2.2.1 (18% of overall time, \$25,592.59): conducts NDC review and policy review of national/subnational policies of priority sectors (solid waste, transportation and energy) and provides analysis of opportunity areas using GGGI analytical tools and methodology</li> </ul> <p><b>Green Investment Analyst</b></p> <ul style="list-style-type: none"> <li>•Output 2.2.1: (3% of overall time, \$5,231): supports NDC review and policy review of national/subnational mitigation and adaptation policies from the climate finance perspective</li> <li>•Output 4.1.1: (16% of overall time, \$18,310): supports prioritization process for selected projects in priority sectors and supports financial modeling and other inputs where required for PFS</li> <li>•Output 2.2.2: (3% of overall time, \$5231): Assessment of climate finance landscape, Key contributor to Sub-national Climate Finance Roadmap</li> <li>•Output 4.1.2: (6% of overall time, \$13,078.70): Prepares project concept notes with local consultant, providing green investment support, financial modeling as needed</li> </ul>	
<p><b>NDA Liaison and Stakeholder Engagement Lead (156days at \$55/day) for sub outcome 1.2.1, 1.3.1, 2.2.1, 2.2.2 and PMC</b></p> <ul style="list-style-type: none"> <li>• Serves as main coordinator between NDA and GGGI GCF Team (Activity 1.3.1 and PMC)</li> <li>• Leads harmonization of GGGI project with CAF DAE Identification Project Team Lead and other NDA readiness efforts(Activity 1.2.1)</li> <li>• Leads and supervises actor engagement process with other line ministries (convening and follow up)(Activity 2.2.2)</li> <li>• Leads national policy alignment analysis to ensure readiness project incorporation of key elements of national and sectoral plans(Activity 2.2.1)</li> </ul>	

### 6.3 Risks and mitigation measures

Please include a set of identified risks and mitigation actions for each. Please utilize the risk table below that identifies the probability of a given risk occurring and the entity that will manage the risk. Please refer to Part III Section 6.3 of the Readiness Guidebook for further information on how to complete this section.

Risk category	Specific risk(s)/Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Implementation delays	Due to events in- and out of the control of GGGI, the review and approval of the Readiness Proposal runs the risk of being delayed. In turn, this might reduce the time available to conduct preparation and market engagement activities, including TOR	M	M	GGGI will coordinate closely with the NDA and the consultants to ensure timely execution and key government officials to expedite the review/approval process.  To facilitate the recruitment process, GGGI will advertise open positions in advance (and undertake shortlisting interviews) with indication that actual contracting will be subject to availability of funding. TOR drafts for consulting positions have	GGGI STP

Risk category	Specific risk(s)/Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
	preparation, recruiting, private sector engagement, stakeholders mapping, etc.			already been developed by the DP.	
Cannot find suitable local candidates for consultancy positions	GGGI will pursue efforts to identify and hire suitable local candidates to complete the program deliverables. Should this not be possible due to the lack of suitable candidates or any other reasons, GGGI shall extend the scope of its search to the region.	L	L	GGGI in close coordination with NDA will prepare TORs, publish them widely and utilize NDA network to disseminate them to a wide audience.	GGGI
Affordability of GAP Assessment	The cost of a GAP Assessment can vary according to the actors and country involved.  In the present case, the gap assessment has been budgeted at USD 37,000 each as expressly indicated by the NDA based on previous quotations from PWC.	L	H	The budgeting exercise is based on a recent quotation from PWC.	STP GGGI
Project implementation delays	Possible lack of political support for this project's activities that could result in implementation delays	L	H	The development of the proposed Programme included extensive consultations with key government stakeholders including STP (NDA), department /regional government and the Ministry of Environment. The proposed Readiness is well aligned with key policies and strategies with strong high-level buy-in.	STP GGGI
Project implementation delays	NDA limited capacity to oversee multiple projects that could	L	M	All country staff and consultants will be based in STP premises to ensure smooth communication and	GGGI STP

Risk category	Specific risk(s)/Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
	result in implementation delays, given that Paraguay's readiness pipeline is increasing			on-the-job support. The NDA Liaison and Stakeholder Engagement Lead will ensure effective implementation and timely decision making by the NDA	
Data gathering and knowledge sharing	Inability to capture lessons learnt from previous projects in Paraguay, including the two previously-approved readiness grants	L	M	The proposed Readiness builds upon several past/ongoing support programmes. All programmes listed in table 1 and in the ToC's "inputs" row are regularly updating and sharing information with government counterparts ensuring a timely flow of information to the DP. Preliminary information needed for the development of Q1 activities is already available from relevant programmes.	GGGI STP
Project implementation disruptions	Potential impact on launching and implementation of the grant activities as a result of the COVID-19 pandemic	L	H	GGGI Crisis Management unit is sourcing information from various sources including International-SOS, Korean Embassies, UN offices and government counterparts. All assessments suggest that COVID-related travel and work restrictions will not persist beyond Q3 2020.  Activities planned during the first 6 months of the proposed Readiness Programme do not require large in-person gatherings and site visits. Should COVID-restrictions persist beyond Q3 2020, the DP will conduct workshops and trainings via webinars. The NDA, DP and key government stakeholders are fully equipped to conduct web-based meetings.	GGGI

#### 6.4 Monitoring

**Anti-Money Laundering/Counter-Terrorist Financing**

GGGI has established Rules on Integrity Due Diligence that will require due diligence review of third parties prior to their engagement with GGGI ([http://gggi.org/site/assets/uploads/2019/06/Rules-on-Integrity-Due-Diligence\\_16-June-2019.pdf](http://gggi.org/site/assets/uploads/2019/06/Rules-on-Integrity-Due-Diligence_16-June-2019.pdf)). A basic due diligence will review issues related to money laundering, terrorism, organized crime, sanctions imposed by international and national bodies, human rights violations, modern slavery, or any other serious wrongdoing. A high-risk indicator would result in non-engagement with the third party while a medium risk indicator will result in any further enhanced due diligence. GGGI will engage with a third party with a low risk indicator.

**Monitoring and Evaluation**

GGGI undertakes monthly and annual project reporting to provide mechanism for regular collection of information on progress to support oversight and adaptive management and external reporting to GGGI members/donors. The project progress is reported against the logframe and budget. GGGI also engages independent evaluators to ensure unbiased, credible project evaluation and the final report is being published on GGGI website.

In line with the Framework Agreement between GCF and GGGI, progress reports using the GCF template will be submitted for disbursement requests and project closing as well as audited financial statements at the portfolio level at the end of each year. GGGI will prepare periodic revisions to reflect changes in six monthly and annual expense category budgets, monitor and review project expenditure reports and communicate and share with the NDA and GCF Secretariat (if required).

**6.5 Other Relevant Information****Project Assets and Knowledge Generated**

All reports, products, processes, documents and other materials generated during the implementation of this project using GCF resources shall be with NDA to be freely shared for all stakeholders as well the means to update and manage these intellectual assets beyond the project life.

**Start Date**

After the approval of the Grant, a notification letter will be sent by the GCF to NDA with copy to the DP. The date of such notification by the GCF will be treated as the start date for project implementation. From that date, the end date of implementation will be calculated considering the total duration of the project as presented in the approved proposal.

**Exit Strategy**

The Programme implementation is fully led by Paraguay given the robust participatory process envisaged, the key role played by STP in fostering key stakeholders engagement and active participation, as well as the coordination of core government actors<sup>33</sup> involved (through the National Coordination Mechanism). The strong country ownership coupled with coherence and alignment with the country's national climate strategy and key planning documents ensure the results of the present Readiness will inform and shape future policies and strategies. Additionally, the programme implementation methods – which plans for programme staff to work directly from STP premises and all material being approved and collected by the NDA – will guarantee an effective and sustainable transfer of knowledge and skills to build the capacity of the NDA to effectively achieve its mission and raise its ambitions going forward. The NDA and DP will collaborate to collect lessons learned and best practices into an *Insight Brief* to be shared with the NDA and core government actors.

Finally, many of the outputs proposed have planned follow up actions, as shown below:

**Table 3** Proposed Outputs and Follow-up actions

Proposed Readiness outputs	Planned follow-up actions
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<sup>33</sup> Ministry of Environment and Sustainable Development; Ministry of Urbanism, Housing, and Habitat; Ministry of Foreign Affairs; Ministry of Agriculture and Livestock; Ministry of Public Works and Communications; National Forest Institute, and the Ministry of Finance.



<b>Output 1.2.1:</b> Two candidate DAE nominated by the NDA with corresponding GAP assessment reports and personalized capacity development action plans	<ul style="list-style-type: none"> <li>• Delivery of capacity building to nominated DAEs as outlined in the capacity development action plans to meet GCF accreditation requirements</li> <li>• Support the submission of accreditation request</li> </ul>
<b>Output 2.2.2:</b> Climate finance strategy defining the potential use of a combination of funding options from public resources (tariffs, and international cooperation) financing instruments (loans, bonds, equity, and others) and or the blending of financial instruments developed and being implemented	<ul style="list-style-type: none"> <li>• Inform the update of Paraguay's NDCs</li> <li>• Input to future Readiness programmes</li> <li>• Input to the development of an NDC Climate Finance Strategy</li> </ul>
<b>Output 4.1.2:</b> At least two quality concept notes developed, submitted and integrated into the GCF Country Programme	<ul style="list-style-type: none"> <li>• Development of Funding Proposals for submission to the GCF and other providers of climate finance</li> </ul>
<b>Output 2.2.1:</b> Gender responsive and participatory investment plans of selected priority sector(s), including identification of financial needs, gaps, barriers, risks and ways to leverage private sector participation for NDC implementation developed	<ul style="list-style-type: none"> <li>• Input for the development of GCF Readiness Programmes / Concept Notes / Funding Proposals</li> <li>• Inform the update of Paraguay's NDCs</li> </ul>