

## SUMMARY

### Individual Measure 2016 in favour of Paraguay to be financed from the general budget of the Union

#### 1. Identification

Budget heading	21.02.01.00 – Latin America – Poverty reduction and sustainable development
Total cost	EUR 8 million of EU contribution This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 125 000
Basic act	Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020

#### 2. Country background

The Paraguayan economy is a small economy, open and highly dependent on the agricultural and livestock sector, which represents 25% of the gross domestic product (GDP) at constant prices in 2014 and up to 43% if all agribusiness and related businesses (production, processing, transport and related services) are included. The agricultural sector (mainly soy and beef) has been the principal engine of economic growth in the past decades. Exports boomed thanks to investments, improvements in quality and favourable international prices.

Despite the volatility of international prices and vulnerability to climatic effects or other short-term events such as the outbreak of Foot and Mouth Disease in 2011, the Paraguayan economy has been growing at an average of 5% in recent years. At the same time, the country started to promote the diversification of its economy with a special focus on enlarging production of higher value products.

Paraguay needs inclusive and sustainable growth and greater participation in productive employment, if it wants to reduce extreme poverty and poverty rates. In 2015, 22.24% of the population were considered poor, while extreme poverty stood at 9.97%. In rural areas 32.49% are poor and 72% of the extremely poor live in rural areas.

The fight against poverty and promotion of inclusive growth are the main thrusts of the "National Development Plan (PND) Paraguay 2030" adopted by the government of President Cartes in December 2014, with three strategic axes:

- Reduction of poverty and social development, and in particular equitable social development, quality of social services, a participatory local development and suitable and sustainable habitat.

- Inclusive and sustainable growth, and in particular employment and social security, competitiveness and innovation, regionalization and productive diversification, enhancement of environmental market.
- Integration of Paraguay in the world markets, in particular the equality of opportunities in a globalized world, the attraction of investments, foreign trade and country image and regional economic integration.

With the same spirit, the Ministry of Agriculture and Livestock (MAG) adopted the Strategic Framework for Agriculture (MEA) 2014-2018. Its strategy is based on the development of six main axes:

- Agricultural Competitiveness
- Development of family agriculture and food security
- Sustainable forestry development and provision of environmental services
- Livestock and farming development
- Management of risks associated with climate variability and change
- Social integration, employability and rural entrepreneurship

The MAG envisages that by 2018 the Paraguayan agriculture and livestock sector would have increased in a sustainable way the production for domestic consumption and for export; improved the equity of the distribution into the rural areas of the benefits obtained in the productive growth and contribute to the integration of the producing communities and indigenous peoples to the development dynamics in order to reduce poverty.

### **3. SUMMARY OF THE ACTION PROGRAMME**

The proposed intervention ("*Promotion of a Diversified and Sustainable Livestock Production*") seeks to promote private sector development, and in particular support small and medium-sized organized producers from the non-traditional value chains of the Paraguayan livestock sector. The aim is to contribute to the economic diversification and inclusive economic growth in the sector, leading to the creation of mostly rural employment or income generation in the non-traditional value chains, thus reducing poverty.

#### **1) Background:**

The EU has undertaken a longer term engagement in supporting private sector-led inclusive green growth in partner countries, in particular in low and middle-income countries such as Paraguay. The EU Communication "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries" (May 2014) addresses business development and access to finance, especially for job-creating micro, small and medium-sized businesses in the formal (and informal) sectors, engagement in responsible investment, sustainable trade, inclusive business models and other strategies to enhance economic opportunities.

In addition, through the thematic programme on Global Public Goods and Challenges (GPGC), the EU aims to contribute to the solution of global problems through global development outcomes that will be inclusive and sustainable. The overall objective of the programme is to support inclusive sustainable development, in pursuit of which it will seek to support development that is environmentally sustainable by seeking to support a transformation towards green economies and inclusive green growth (Programme on GPGC 2014-2020 - Multi-Annual Indicative Programme 2014-2017).

The project will contribute to the implementation of the sustainable development goals (SDGs) convened in 2015, namely to SDGs 12 and 2. The project aims at supporting sustainable production through the promotion of resource efficiency and sustainable livestock practices while providing further opportunities for job creation in rural areas and a better quality of life for all. The project benefits of a systemic approach and of the cooperation among actors operating in the value chains.

#### 2) Cooperation related policy of the beneficiary country:

The programme responds directly to all three major strategic axes of the National Development Plan (PND) Paraguay 2014-2030, namely poverty reduction, inclusive and sustainable growth, and insertion of Paraguay in global markets.

In line with the PND, the Strategic Agricultural Framework (MEA) 2014-2018 aims at increasing the competitiveness and sustainability of the agricultural and livestock sectors, in compliance with market demands, targeting sustainable agro-food and agro-industrial systems. The intervention will target three of the MEA's main axes:

- Sustainable forestry development and provision of environmental services
- Livestock and farming development
- Management of risks associated with climate variability and change

#### 3) Coherence with the programming documents:

The programme is in line with the objectives and priorities of EU-LAC cooperation and with the Multiannual Indicative Programme (MIP) 2014-2020 for Paraguay. The MIP, approved in November 2014, contemplates an indicative amount of EUR 20 million for the focal sector 2 "Private Sector Development", as one of the four focal sectors. With regard to this area the MIP states that "*The EU will aim to improve the business environment and competitiveness, focusing on enhancing technical capacity, the capacity to integrate into the world markets, dissemination of sustainable production practices and green business opportunities. The programme will promote resource- and energy-efficient practices, environmental management, sustainable production, eco-efficiency, provision of green market intelligence and awareness of new green business opportunities.*" The presented programme will tackle these issues.

#### 4) Identified actions:

The programme will pursue the following general and specific objectives:

The **overall objective** is to reduce rural poverty by contributing to the economic diversification and improving the competitiveness of non-traditional livestock production and its capacity for integration in the international markets, through the establishment of the basis, promotion and development of sustainable production.

The **specific objective** of the project is to improve the business enabling environment for non-traditional livestock sectors and the competitiveness of SME-sized producers in these value chains, in particular through the promotion and exploitation of green(er) production and sustainable business opportunities.

To achieve these objectives the programme foresees **3 components**:

- Strengthening of the regulatory and institutional framework for sustainable livestock production and diversification (macro level).
- Strengthening of the sanitary framework for non- traditional livestock sectors (meso level).
- Support to sector tables and represented stakeholders, in the areas of sector development, identification of markets and their requirements for benefitting of 'green' produce opportunities, and producers or producers' associations in consequent business development (micro level).

#### 5) Expected results:

The programme will have the following expected results:

ER1 (Expected Result 1): The livestock sector counts with an updated and strengthened institutional and regulatory framework that allows its development and diversification in compliance with regional and international standards. The Vice-Ministry of Livestock (in Spanish, Viceministerio de Ganadería, VMG) counts with reinforced capacities for the planning and implementation of sustainable livestock policies. There is effective public- private articulation.

ER2: The sector counts with reinforced, more comprehensive sanitary systems and traceability procedures that facilitate the insertion of non-traditional livestock value chains into international markets.

ER3: The non-traditional livestock sectors count with a competitive and sustainable model oriented towards national and international markets in selected value chains, and in private-public articulation.

#### 6) Past EU assistance and lessons learnt:

The EU has been supporting Paraguay to improve the competitiveness of the economy with a series of programmes for some years, making several advances. FOCOSEP (Strengthening of the competitiveness of the export sector, 2004-2010, EUR 11.5 million) aimed to "*improve the country's insertion in international markets, taking advantage of the existing potential [...]*". Evaluations emphasized, inter alia, that the promotion of competitiveness requires a strong leadership of national policies; that strengthening of competitiveness was more effective when there is a single promoter agency that coordinates actions at all levels; and that potential impact would be greater if cooperation concentrated on limited activities.

The evaluation also highlighted the importance of improving the linkages between the public and private sectors and supporting the private sector, companies and clusters through training on quality standards and quality management.

These considerations led to the identification of two projects under the Country Strategy Paper and Indicative Programme 2007-2013, namely AIEP with the Ministry of Industry and Trade (MIC) and AIESRP with the Ministry of Agriculture and Livestock (MAG).

The mid-term evaluation of AIESRP (Support to the Economic Integration of the Rural Sector in Paraguay, 2010-2016, EUR 4.8 million) recommended to:

- Generate a gradual institutional strengthening of the VMG, according to its absorption capacity;
- Given the potential of non-traditional livestock sectors, develop a long-term livestock policy consistent with the Agricultural Strategic Framework 2014-2018 and the National Development Plan 2013-2030, including long-term goals and a modern livestock information system;
- Explicitly include Clean Production issues to increase the coherence with the EU policies in livestock and rural issues, and promote progress towards a cleaner, sustainable or organic production;
- Focus on a limited number of actions and ensure these are consolidated, concluded and operational, traceability within the system SIGOR III;
- Limit infrastructure works to a minimum and focus on equipment related to the objectives of the project;

AIESRP has also achieved a series of positive results a new project shall capitalize on. Much was done to make the SIGOR livestock traceability system operational, but additional complementary extensions are needed. AIESRP also helped install the different successful public-private sector competitiveness tables, and introduce innovations like the financing scheme for actions under the 'Milk Law', which may be extended to other livestock sectors.

#### 7) Donor coordination:

Given the importance of the agriculture and livestock sector and the prevalence of poverty in the rural area, there is a lot of cooperation with the Ministry of Agriculture and Livestock (the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the Inter-American Development Bank (IDB), Inter-American Institute for Cooperation on Agriculture (IICA), the Spanish Agency for International Development (AECID), the German Federal Enterprise for International Cooperation (GIZ), the United States Agency for International Development (USAID), Taiwan, Korea, etc.). A donor coordination mechanism exists.

Most cooperation, however, focuses on family agriculture and food security. There has also been an important support to cooperative dairy sector. For the proposed project there are complementarities with the donor interventions of GIZ, UNDP, Japan International Cooperation Agency (JICA), Korea International Cooperation

Agency (KOICA), World Bank, USAID, Taiwan, FAO, IICA, DENMARK, IADB and WWF.

#### 4. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported by means of a visibility contract signed for all EU cooperation activities in Paraguay.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Furthermore, from 2016, the EU Delegation in Paraguay will promote and support all communication and visibility activities related to bilateral cooperation with Paraguay through a single contract. This contract will also support the visibility of this programme.

#### 5. COST AND FINANCING

5.3.1.3 Component 1 Indirect management through MAG/VMG	EUR 2 million
5.3.1.3 Component 2 Indirect management through MAG/VMG	EUR 2 million
5.3.1.2 Component 3 Indirect management with MS (PAGODA Delegation Agreement with GIZ)	EUR 3.4 million
5.8 - Evaluation, 5.10 - Audit	200,000
Contingencies	400,000
Total EU contribution	EUR 8 million

**The Committee is invited to give its opinion on the attached Individual Measure 2016 in favour of Paraguay.**



## ANNEX 1

of the Commission Implementing Decision on the

**Action Document for Promotion of a Diversified and Sustainable Livestock Production**

<p align="center"><b>INFORMATION FOR POTENTIAL GRANT APPLICANTS WORK PROGRAMME FOR GRANTS</b></p> <p>This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals: 5.3.1.4</p>				
<b>1. Title/basic act/ CRIS number</b>	< Promotion of a Diversified and Sustainable Livestock Production> CRIS number: 2016/039-050 financed under the Development Cooperation Instrument			
<b>2. Zone benefiting from the action/location</b>	The action shall be carried out at the following location: at national level in Paraguay			
<b>3. Programming document</b>	Multiannual Indicative Programme 2014-2020 (Paraguay)			
<b>4. Sector of concentration/thematic area</b>	Private Sector Development	DEV. Aid: YES <sup>1</sup>		
<b>5. Amounts concerned</b>	Total estimated cost: EUR 8 000 000 Total amount of EU budget contribution EUR 8 000 000			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality - Indirect management with the Republic of Paraguay for components 1 and 2 - Indirect management (PAGODA) with GIZ for component 3.			
<b>7 a) DAC code(s)</b>	31163: Livestock 33110: Trade policy and administrative management 25010: Business support services and institutions			
<b>b) Main Delivery Channel</b>	Direct management or Recipient Government - 12000; Third Country Government (Delegated co-operation) - 13000			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	X
	Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Flagship 3. SWITCH TO GREEN - Supporting private sector-led inclusive green growth Flagship 7. Trade integration for green and inclusive growth			

#### SUMMARY

The proposed intervention seeks to promote private sector development, and in particular support small and medium-sized organized producers from the non-traditional value chains of the Paraguayan livestock sector. The aim is to contribute to the economic diversification and inclusive economic growth in the sector, leading to the creation of mostly rural employment or income generation in the non-traditional value chains, thus reducing poverty. It wants to achieve this with an explicit focus on the promotion of sustainable production methods, leading to higher value produce, in the process setting the basis for sustainable production and furthering the transformation towards an inclusive green economy.

While the beef sector is highly competitive and has accounted for much of Paraguay's exports, the development of other non-traditional livestock sectors lags behind. Diversification is particularly urgent for creating decent and productive jobs, largely in rural areas with high incidence of poverty. The project will put more emphasis in achieving a sustainable production, taking into account the environmentally (natural resource management, resource efficiency, emissions and biodiversity among others); socially (resilience, land tenure concerns, child labour, gender role and decent work) and economically (job creation, inclusiveness, income distribution along the value chains, private sector investment). Besides, particular attention will be given to improve the governance of value chains, bringing together multi-stakeholders in order to ensure stable and longstanding value chains.

In this endeavor, the project, can capitalize on the EU-funded projects "*Support to the Integration of the Paraguayan Rural Sector (AIESRP)*" and the preceding "*Strengthening of the Competitiveness of the Paraguayan Export Sector (FOCOSEP)*". At institutional level the project will be implemented with the Ministry of Agriculture and Livestock (MAG)/Vice-Ministry of Livestock (VMG) and the National Service for Animal Quality and Health (SENACSA). It has three components.

The aim of the first two is to strengthen public sector capacities, provide the private sector with enabling national sectoral policies, legislation and services for its development, include sustainability issues into national policies and legislation, strengthen or extending the national quality and sanitary infrastructure to further livestock sectors, including traceability, all important for the future integration into global trade.

The intervention aims to go one step further, promoting sustainable production and trade by bringing together (potential) producers of quality sustainable products and buyers of selected value chains, where applicable. For this, building on GIZ's recognized experience in rural development, sustainable production and value chain development, the third component aims at tackling the micro level. It foresees reinforcing private sector tables and operators in different value chains and improving the capacities of small and medium producers and producers associations or cooperatives to help them meet quality and sustainable production standards as well as possible environmental or ecological labelling requirements targeting specific market niches.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

The Paraguayan economy is a small economy, open and highly dependent on the agricultural and livestock sector, which represents 25% of GDP at constant prices in 2014 and up to 43% if all agribusiness and related businesses (production, processing, transport and related services) are included. The agricultural sector (mainly soy and beef) has been the principal engine of economic growth in the past decades. Exports boomed thanks to investments, improvements in quality and favourable international prices.

Despite the volatility of international prices and vulnerability to climatic effects or other short-term events such as the outbreak of Foot and Mouth Disease in 2011, the Paraguayan economy has been growing at an average of 5% in recent years. At the same time, the country started to promote the diversification of its economy with a special focus on enlarging production of higher value products.

Paraguay needs inclusive and sustainable growth and greater participation in productive employment, if it wants to reduce extreme poverty and poverty rates. In 2015, 22.24% of the population were considered poor, while extreme poverty stood at 9.97%<sup>2</sup>. In rural areas 32.49% are poor and 72 % of the extremely poor live in rural areas.

The fight against poverty and promotion of inclusive growth are the main thrusts of the "*National Development Plan (PND) Paraguay 2030*" adopted by the government of President Cartes in December 2014, with three strategic axes:

- Reduction of poverty and social development, and in particular equitable social development, some quality social services, a participatory local development and suitable and sustainable habitat.
- Inclusive and sustainable growth, and in particular employment and social security, competitiveness and innovation, regionalization and productive diversification, enhancement of environmental market.
- Integration of Paraguay in the world markets, in particular the equality of opportunities in a globalized world, the attraction of investments, foreign trade and country image and regional economic integration.

With the same spirit, the Ministry of Agriculture and Livestock (MAG) adopted the Strategic Framework for Agriculture (MEA) 2014-2018. Its strategy is based on the development of six main axes:

- Agricultural Competitiveness

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<sup>2</sup> Permanent Household Survey 2015

<http://www.dgeec.gov.py/Publicaciones/Biblioteca/eph2015/Presentacion%20Pobreza.pdf>

- Development of family agriculture and food security
- Sustainable forestry development and provision of environmental services
- Livestock and farming development
- Management of risks associated with climate variability and change
- Social integration, employability and rural entrepreneurship

The MAG envisages that by 2018 the Paraguayan agriculture and livestock sector would have increased in a sustainable way the production for domestic consumption and for export; improved the equity of the distribution into the rural areas of the benefits obtained in the productive growth and contribute to the integration of the producing communities and indigenous peoples to the development dynamics in order to reduce poverty.

### **1.1.1 Public Policy Assessment and EU Policy Framework**

The programme responds directly to all three major strategic axes of the *National Development Plan (PND) Paraguay 2014-2030*, namely poverty reduction, inclusive and sustainable growth, and insertion of Paraguay in global markets.

In line with the PND, the *Strategic Agricultural Framework (MEA) 2014-2018* aims to increase the competitiveness and sustainability of the agricultural and livestock sectors, in compliance with market demands, targeting sustainable agro-food and agro-industrial systems. The intervention will target three of the MEA's main axes:

- Sustainable forestry development and provision of environmental services
- Livestock and farming development
- Management of risks associated with climate variability and change

The EU's *Multiannual Indicative Programme - Paraguay 2014-2020*, approved in November 2014, contemplates an indicative amount of EUR 20 million for the focal sector 2 "Private Sector Development".

The EU has undertaken a longer term engagement in supporting private sector-led inclusive green growth in partner countries, in particular in low and middle-income countries such as Paraguay. The EU Communication "*A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*" (May 2014) addresses business development and access to finance, especially for job-creating micro, small and medium-sized businesses in the formal (and informal) sectors, engagement in responsible investment, sustainable trade, inclusive business models and other strategies to enhance economic opportunities.

In addition, through the thematic programme on Global Public Goods and Challenges (GPGC), the EU aims to contribute to the solution of global problems through global development outcomes that will be inclusive and sustainable. The overall objective of the programme is to support inclusive sustainable development, in pursuit of which it will seek to support development that is environmentally sustainable by seeking to support a transformation towards green economies and inclusive green growth (*Programme on GPGC 2014-2020 - Multi-Annual Indicative Programme 2014-2017*).

The project will contribute to the implementation of the SDGs convened in 2015, namely to SDGs 12 and 2. The project aims at supporting sustainable production through the promotion of resource efficiency and sustainable livestock practices while providing further opportunities for job creation in rural areas and a better quality of life for all. The project will embrace a

systemic approach ensuring a strong cooperation among actors operating in the value chains, clarifying interest within actors, ensuring mutual understanding and transparency, leading to improved value chain governance.

### 1.1.2 Stakeholder analysis

The main actors involved in this project through consultations, identification of value chains and later implementation of the actions needed to promote livestock diversification and competitiveness are examined below:

- Ministry of Agriculture and Livestock (MAG): The MAG is the governing entity for the “agro-livestock” and forestry sectors. Its mission comprises fostering sectoral competitiveness, strengthening family agriculture, ensuring food security, and rural poverty alleviation with an inclusive approach in harmony with the environment. The MAG is implementing several programmes in line with its sector policy, the MEA 2014-2018. The MAG has transferred the management of EU cooperation to the VMG.
- The Vice-Ministry of Livestock (VMG): By Law No. 81/92 (art. 21), the VMG is in charge of developing and implementing specific programmes in the livestock sector, including traditional and non-traditional value chains. During the last few years, the VMG has actively promoted and engaged in public-private dialogues through competitiveness tables with the focus on boosting non-traditional value chains. The VMG has implemented the project “*Support to the Economic Integration of the Paraguayan Rural Sector*” (AIESRP) funded by the EU which targeted three main non-traditional value chains (milk, poultry, pork) with good results. To cover new value chains, progress is needed on several fronts to allow extending successful innovative experiences from previous cooperation efforts. This involves capacity building through among others human resources training, support to the implementation of policies and update of the regulatory framework.
- National Service of Animal Quality and Health (SENACSA): SENACSA is the institution responsible for preserving animal and consumer health and key for the development of the sector, through guaranteeing the safety of products of animal origin. It currently issues sanitary certification only for bovine meat export. SENACSA houses Paraguayan systems of traceability for bovine meat. The SIGOR (Regional Offices Management System) system gathers information on the movement from origin to destination. The SITRAP (Paraguayan System of Traceability) system collects individual information on animals’ full breeding cycle. In spite of its key role, SENACSA is struggling to reach non-traditional livestock sectors. Due to its high export value the bovine sector has been the overwhelming priority over the porcine, poultry and other non-traditional livestock value-chains (beekeeping, aquaculture and ovine/caprine). The AIERSP project initiated work on a traceability system for other livestock sectors, but the scope covered remained limited. The extension of SENACSA services to other chains is also constrained by the lack of skilled human resources. If new value chains are to be covered by SENACSA, what is essential for respective future exports, it will have to expand its sanitary control capacities and traceability systems accordingly at national level. This requires further legislation, software development, laboratory capacity and human resource training.
- Private sector:
  - Public-Private tables for individual value chains: In the framework of the EU financed FOCOSEP project, a regional poultry and pork clusters were established. The VMG built on this success stories and set up subsectors “competitiveness tables” which convene representatives from the public and private sector (VMG officials, SENACSA, producers' associations, cooperatives and delegates from the

livestock related industries) and tackle matters related to the value chains (pork meat, poultry, sheep, dairy, beekeeping, and aquaculture). They will be key interlocutors in the project for discussion and consensus building on strategic orientations. Due to the variety of actors they allow integral approaches for value chain development.

- Cooperatives: Rural cooperatives are seen as the most formalized organizations of small and medium-scale producers. Many individual producers first organise in various more informal structures like neighbourhood producer committees and associations and then join cooperatives. Many producers are members of more than one cooperative. Since the emergence of the first cooperatives in Paraguay, 80 years ago, cooperatives have been the main source of credit for production in rural areas. Cooperatives undertake different activities, e.g. credits and savings, production or combinations and enter in many steps of the value chain. The cooperative sector plays an important economic and social role in Paraguay which arguably is one of the world's most cooperatively organized countries. Like in the past, participation of both *first and second-level cooperatives* (like FECOPROD or FECOPAR whose members are first level cooperatives) will be important for this action as these stakeholders have particular potential to be avenues through which to channel support to small and medium-scale producers, or as providers of sanitary (control) services. They will be specifically contemplated for support under component 3.
- Rural private sector associations: play an important role as industry representatives and interest groups. The Paraguayan Rural Association (Asociacion Rural del Paraguay - ARP) is the most prominent, but others like the Camara Paraguaya de la Carne, the Camara Paraguaya de Industriales Lacteos etc. are also important. ARP for example convenes medium and large-scale cattle breeders and less so also others like sheep producers with intensive and extensive use of land. ARP manages the SITRAP and is ISO 9001 certified. ARP's contribution to SENACSA accounts for over 80% of SENACSA's global annual budget, thus they hold a long-term and mutualistic public-private relationship. The ARP focuses exclusively on bovine production without giving much significance to livestock non-traditional value chains. Nowadays, the ARP is leading efforts in developing and marketing the production of Carne Natural (Natural Beef). This initiative is in line with government's ambitions to develop a country brand along with sustainable production practices. For this action other associations linked to the non-traditional value chains like the Camara Paraguaya de Industriales Lacteos will be more important. As the larger (second level) cooperatives they could channel support to smaller producers, provide sanitary services in the frame of public-private partnerships, etc.
- Financial institutions: Bolstering the private and public financial sector in a way that is more responsive to the needs of small and medium-scale producers is essential, and will become an important focus of component 3:
  - Livestock Fund (Fondo Ganadero - FG): the FG is an autonomous public entity taking the form of a financial institution for development and technical assistance. Its objectives are the promotion and financing of livestock business plans, projects and/or investment programmes and other finance-related activities; the fostering of businesses +creation in livestock production through credits and financial assistance to small and medium producers; the promotion and financing of rural

cooperatives and associations, the execution of programmes and/or projects concerning credit and technical assistance to the livestock sector, with the purpose of promoting sector's development, as well as facilitating industrialisation, marketing and other related activities.

- National Development Bank (Banco Nacional de Fomento - BNF): the BNF was created by Decree No. 281 of 14 March 1961. The BNF is a public autonomous entity, with administrative, functional, technical and financial independence, whose assets are considered legally separated from the State's properties. The BNF is established for an indefinite duration and its obligations are guaranteed by the Paraguayan State. Producers associations call for BNF to streamline its credit process as well as make credit agents go to rural areas rather than farmers having to go to the cities. This is particularly important for women as household responsibilities make long-distance travel to bigger cities even more of an obstacle.
- Agricultural Loan Facility (Credito Agricola de Habilitacion - CAH): This public facility undertakes credit assistance activities, provided together with non-financial services, technical assistance and training, and serves as an important mechanism for improving production and living conditions of small and medium-scale producers. With over 450 employees (awkwardly, administrative personnel exceeds technical staff), CAH accounts for direct assistance to 50,000 peasant families and indirect assistance to over 400,000 people. It is also a key player in the governments' financial inclusion efforts.
- Other commercial banks: Commercial banks are now progressively shifting towards rural financial inclusion, as part of the thrust to draw in small and medium-scale producers. Being *access to credit* by far the one of small and medium-sized producers' highest demand, private finance can expand its outreach to target groups in the form of loans (or grants) sustained on value chain solid business plans.

### 1.1.3 Priority areas for support/problem analysis

Paraguay has solid macroeconomic fundamentals, with low inflation, sustained growth and sound public finances<sup>3</sup>. However, it's highly undiversified economy remains vulnerable, largely linked to weak commodity prices and climate vagaries, and features limited adoption of sustainable environmental practices. The variations in demand for primary agricultural commodities and the recurring conditions of boom and slump in its beef and soy exports make development planning more difficult.

Moreover, the country has important comparative advantages for agricultural production:

- (i) Its geography, its potential for productive agricultural and livestock production, natural resources (water) and favourable climate conditions
- (ii) Its national policies for attracting investment, the low cost of electrical energy, an abundant and cheap labour force and a low tax burden.

Economic diversification and development of value chains have become priorities in Paraguay. While beef is a major export, production in other livestock sectors benefitting of similar comparative advantages has not yet been developed or taken off. These sectors are considered to have important potential for income or employment generation in the rural areas and combating poverty.

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<sup>3</sup> Country Report No. 16/116: Paraguay: 2016 Article IV Consultation.

According to the Permanent Household Survey (EPH) 2015<sup>4</sup>, the poorest population is located in the oriental region of the country. Poverty is particularly high in the four provinces of San Pedro (44.9%), Caaguazu (40.1%), Caazapa (37.9%) and Canindeyu (33.2%), which are also major non-traditional livestock production areas:

The VMG prioritizes thus essentially the six value chains, also because of their under development as non-traditional livestock sector compared to the bovine sector. Three were already the object of support under the previous EU-funded projects AIESRP and FOCOSEP, namely pork meat, poultry, and dairy. Others like sheep and goat, aquaculture and beekeeping sectors for development are so far still unexplored or unattended.

The study funded for the formulation/identification of the programme provided data on the structure of production in the sectors:

- Aquiculture: an estimated 4.505 producers are located in mainly six districts, among them San Pedro and Canindeyu.
- Beekeeping: 15.000 producers producing a very low average of 13 kg of honey a year, spread out over the oriental region and also the Chaco. The beekeeping sector received a boost from the inclusion of honey in school meals and a government public procurement decree that obliges public institutions to acquire products from Paraguayan producers<sup>5</sup>.
- Ovine and Caprine: The Association of Ovine Producers counts with 300 members and is being coached and counselled by the potent ARP. More than half of at least 24.0 sheep producers count with less than 50 animals. For the caprine sector little data is available. A census in 2008 counted 130.000 animals. Production is again mainly located in the oriental region.
- Pork meat: 98% of producers are concentrated in the oriental area, specifically in Itapua and Alto Parana. The sector counts with 63 industrial producers and around 8.0 commercial ones. Today it faces a saturated internal market. At the same time the capacity of the slaughterhouses certified for exportation is insufficient to meet producers' demands thus putting a ceiling on exports.
- Poultry: with estimates of 163 industrial producers and 359 small and medium commercial producers registered with SENACSA, mainly located in the oriental region; Central, Cordillera, Caaguazu, Itapua and Alto Parana, this sector has started to be reinforced by the AIESRP project. Today it also faces a saturated internal market. Industrial or commercial producers, however, still need to explore export opportunities.
- Dairy: the most advanced and formalized sector here. There are 54 registered industrial plants with ten firms that produce 86% of the dairy products. The rest is produced by small producers mainly for own consumption. The locations are the south of the Chaco region and the oriental area.

However, little is known in quantitative terms about the economic potential of these value chains and in particular in regard to job-creation and thus reduction of rural poverty, or about the different sustainable or green produce markets that could be targeted. The project foresees thus in an early stage to undertake this analysis which will provide the stakeholders, represented in the sector tables with a solid basis for subsequent concrete development strategies.

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<sup>4</sup> <http://www.stp.gov.py/v1/wp-content/uploads/2016/08/Presentaci6n-por-Departamento-final.pdf>

<sup>5</sup> Decree n°1056 of Public Procurement

Notwithstanding some advances in the sectors covered by AIESRP and FOCOSEP, sanitary control and traceability systems at present still concentrate mainly on the bovine meat sector and need to be rolled out.

Public sector capacity to strategically promote these sectors needs reinforcing, e.g. in terms of strategic planning, statistics, administrative facilitation or market research and outreach. While the authorities recognize that a move towards sustainability of production is a must and will be more and more so, capacities in the field are limited.

The competitiveness of the different non-traditional livestock sectors is limited by private sector capacity itself. Capacity limitations do not only affect producers, but also intermediary organizations like producers organizations, business development service providers, financial service institutions, etc.

The programme's three components and strong public-private coordination mechanisms should facilitate a holistic value chain policy and support. Actions will aim at the improvement of the business environment and competitiveness, focusing on the technical capacity building and the strengthening of public institutions and agencies in control of public policies, quality systems and sanitary standards as well as facilitating a strong public-private dialogue. They will also aim at furthering directly the integration of Paraguayan producers into world markets, in particular through the promotion of sustainable production practices and respective business opportunities for products from sustainable production with higher value.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
The occurrence of diseases, which have an impact on livestock production.	L	<p>The programme will support risk assessment and appropriate mechanisms to ensure early detection, improved response for disease control, improved accuracy of the animal health status and reporting, and reliable animal disease data to inform risk analysis.</p> <p>The private sector is already involved in the provision of quality control and animal health services (see quality control of milk performed by second level cooperative FECOPROD, with earlier EU financial support), alongside SENACSA and the VMG, and this shall be reinforced where adequate. The most adequate strategy for best coverage shall be analysed and defined in or by the sector tables.</p>

Limited interest and involvement of the private sector	M	The public-private sectors tables supported through the project AIESRP generated good experiences that indicate existing interest. It is important to capitalize these good experiences to maintain the level of interest and involvement in the new tables, in particular to also interest producers in adopting sustainable production processes.
The pre-election period and elections in April 2018 lead to delays in Congress and to a possible change of government and priorities.	M	The programme design is focused on building capacities and a business facilitating framework, less so tailored to a specific government programme. Still, lobbying for the rapid approval in Congress should take place in 2017.
Limited public-private articulation capacity and between the VMG, MAG and SENACSA	M	The public-private sector tables have been one of the successes of the AIESRP programme. The programme foresees strengthening them further as the key coordination mechanisms, not only between the public and privates sectors, but also among public institutions.
Limited capacity of the Vice-Ministry of Livestock	L	Important long and short-term technical assistance will support the VMG in strategic planning, sustainable production, and technical and administrative areas.
<b>Assumptions</b>		
<p>The direct link between this programme and the National Development Strategy ensures ownership and hence sustainability of the concerned policies.</p> <p>The development of the selected non-traditional livestock sectors continues to be a priority.</p> <p>There is public-private institutional willingness to work jointly on the promotion of sectors, including the definition of recommendations, norms or regulations.</p> <p>The public and private sectors are interested in promoting sustainable production and seizing resulting business opportunities.</p> <p>Climatic phenomena maintain its historic seasonality not generating larger changes.</p> <p>Diseases affecting livestock kept its historical cycle, not generating larger changes.</p> <p>Private sector can perform a wide range of public functions through a public-private partnership, including quality control and disease reporting.</p>		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The EU has been supporting Paraguay to improve the competitiveness of the economy with a series of programmes for some years, making several advances.

FOCOSEP (Strengthening of the competitiveness of the export sector, 2004-2010, EUR 11.5 million) aimed to *"improve the country's insertion in international markets, taking advantage of the existing potential [...]"*. Evaluations emphasized, inter alia, that the promotion of competitiveness requires a strong leadership of national policies; that strengthening of

competitiveness was more effective when there is a single promoter agency that coordinates actions at all levels; and that potential impact would be greater if cooperation concentrated on limited activities. The evaluation also highlighted the importance of improving the linkages between the public and private sectors and supporting the private sector, companies and clusters through training on quality standards and quality management.

These considerations led to the identification of two projects under the Country Strategy Paper and Indicative Programme 2007-2013, namely AIEP with the Ministry of Industry and Trade (MIC) and AIESRP with the Ministry of Agriculture and Livestock (MAG).

The mid-term evaluation of AIESRP (Support to the Economic Integration of the Rural Sector in Paraguay, 2010-2016, EUR 4.8 million) recommended to:

- Generate a gradual institutional strengthening of the VMG, according to its absorption capacity;
- Given the potential of non-traditional livestock sectors, develop a long-term livestock policy consistent with the Agricultural Strategic Framework 2014-2018 and the National Development Plan 2013-2030, including long-term goals and a modern livestock information system;
- Explicitly include Clean Production issues to increase the coherence with the EU policies in livestock and rural issues, and promote progress towards a cleaner, sustainable or organic production;
- Focus on a limited number of actions and ensure these are consolidated, concluded and operational, traceability within the system SIGOR III;
- Limit infrastructure works to a minimum and focus on equipment related to the objectives of the project;

AIESRP has also achieved a series of positive results a new project shall capitalize on. Much was done to make the SIGOR livestock traceability system operational, but additional complementary extensions are needed. AIESRP also helped install the different successful public-private sector competitiveness tables, and introduce innovations like the financing scheme for actions under the 'Milk Law'<sup>6</sup>, which may be extended to other livestock sectors.

### **3.2 Complementarity, synergy and donor coordination**

Given the importance of the agriculture and livestock sector and the prevalence of poverty in the rural area, there is a lot of cooperation with the Ministry of Agriculture and Livestock (FAO, UNDP, IDB, IICA, AECID, GIZ, USAID, Taiwan, Korea, etc.). A donor coordination mechanism exists, but its composition varies.

Most cooperation, however, focuses on family agriculture and food security. There has also been an important support to cooperative dairy sector. For the proposed project there are complementarities with the following:

- GIZ: has in recent years concentrated its interventions in the areas of natural resources and rural development. Its areas of expertise are public-private partnerships, value chain integration, inclusive business models, contractual farming, quality standards, aquaculture, sustainable livestock and animal welfare and territorial management and local development. The GIZ project "*Strengthening the Resilience of the Vulnerable Rural Population (FortaleceRES)*" started in June 2016. GIZ is in parallel to this action in advanced discussions with the VMG to provide a long-term expert for sustainable

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<sup>6</sup> Law n°5264/2014 - Promotion of the dairy chain, strengthening of the national production and promotion of the consumption of dairy products - <http://www.proyectouniversa.net/proyectox/biblioteca/LEY/PRY-LEY-5264-2014.pdf>

production to the VMG. This expert funded by GIZ is intended to be complementary to the proposed action.

- UNDP: funded by the Global Environment Facility (GEF), the UNDP, the MAG and the Ministry of Environment (SEAM), are implementing the project "*Landscapes of Green Production*" since June 2014. This initiative introduces the concepts of green economy associated to markets in the main products of Paraguay: bovine meat and soybeans.
- The Japan International Cooperation Agency (JICA): JICA Assistance has aimed at the dairy cooperative sector. Three main projects are being implemented: (i) "Strengthening small producers in the department of Itapua" (FOPROLEI), (ii) "Technical Assistance Project for the improvement of the Dairy in the east area 'Granelera' of Paraguay" (PROMELE) and (iii) "Project of Assistance for the formation of cooperatives clusters".
- Korea International Cooperation Agency (KOICA): In agreement with MAG, they run the *Saemaul Undong (SMU) of Sustainable Agriculture and Rural Development*. It prioritizes small rural producers, focused on their human capacities: improvement of living conditions, insertion into value chains and access to micro loans. The project is implemented in 30 communities. Duration: 2015-2019. Budget: USD 7 M.
- World Bank: The *Sustainable Rural Development Project (PRODERS)* is an initiative ran by the MAG through the DINCAP and financed by the World Bank. Amount: USD 100 million. It intervenes in 60 micro-watersheds and 45 indigenous communities and promotes an integrated model targeted at small producers. (i) Environmental: Soil Conservation, recovery of water, forests and soil; (ii) Production/Economic: increase production, subsistence items and post-harvest and (iii) Social: improving housing (latrines, cooker, etc.).
- USAID: is working directly with local producers organization FECOPROD through the project "*Inclusive Value Chains*" with an amount of USD 13.679.321 (2013- 2018). The items are milk, medicinal herbs, cassava and chia. See also funding to WWF below.
- TAIWAN: The MAG-VMG together with the technical mission of Taiwan has implemented a centre of Aquiculture, in the Department of Cordillera. Also, Taiwan, in coordination with the VMG, plans to install a refrigerator for fish and pigs for export.
- FAO: The central axis of the technical cooperation of FAO in Paraguay is the support to the MAG in the reformulation of its institutional structure. The biannual plan 2016-2018 with the MAG focuses on the axes of food security, family agriculture, institutional development and autarkies, risk management and resilience. FAO contributed with technical cooperation with the VMG-MAG developing a (i) Diagnosis of the aquaculture sector, (ii) formulation of the plan and sectoral strategy. Moreover the *Initiative of Latin America and the Caribbean without Hunger (IALCSH)*, a regional initiative to promote food security, is at the origin of the proposals of the Government to implement public purchases by small producers for school feeding.
- IICA: is formulating a future financing in order to implement a network of laboratories for brucellosis and tuberculosis at the regional level of the MERCOSUR countries. It includes SENACSA.
- DENMARK: Promotes the commercial integration between companies in both countries, through provision of equipment, supplies and technical assistance. In the last quarter 2015, there is exchange between Danish companies linked to the pork meat sector.
- IADB: Through the contract loan (1800/OC-PR), the MAG-DINCAP and DEAg run the "*Program for the Modernization of the Public Management of Agricultural Support*"

(PAGRO), with national coverage.

- WWF: The focus of its several programs is the forest recovery through the promotion of a sustainable production on local communities located in the interest areas. With USAID since 2015 is running the program “*Alliances for Sustainable Production and Tropical Forests*”. Then, there is the “*Forests & Agricultural Markets Initiative*” (FAMI) led with the Gordon & Betty Moore Foundation with its core objectives focused on 1.leadership strategy in the private sector, 2.strategy of transparency,3.alignment strategy of capital and 4.crosscutting elements. This program is link with a global programme *Market Transformation Initiative* (MTI). The last sustainable production project is “*Best agro livestock practices in pastures*” which promote a management of the territory that incorporates the criterion of best practices in agriculture and livestock production in the grasslands of the Pantanal area, to maintain the carbon, biodiversity and water regimes.

### 3.3 Cross-cutting issues

More than cross-cutting, environmental aspects are with at the core of the proposed project. Traditional livestock development has put pressure on the natural resource base, especially the loss of forest cover for grazing cattle production and grain production for poultry and pig production. Therefore developing strategies for sustainable production from a technical, economic, social and environmental point of view, need to be addressed. The proposal aims at assisting the MAG/VMG in the analysis and/or revision of its legislation for the livestock sector. The aim is not only to provide the private sector with an updated legislation that is conducive to its development, but also to promote sustainable livestock production and install the capacity for the corresponding assessment. Legislation shall namely be conducive to supporting efforts of transformation towards cleaner productive models which are respectful of the environment, the preservation and sustainable management of natural resources (soil and water). Concrete support for the implementation of a more sustainable production will be foreseen through the third component of the project.

The project will ensure that women, as well as vulnerable groups, participate effectively in the action. For example, it will be important that legislation duly integrates aspects related to gender equality, children labour and vulnerable groups, taking into account the specific needs of women, the rights of children and indigenous populations. Importantly, gender aspects, children rights and specific needs and rights of indigenous populations shall also be included in the formulation of the policies of the livestock sector and its sectoral action plans.

When it comes to rolling out component 3 and developing details of the intervention at territorial level, the implementing partner GIZ has a proven track record on integrating environment, gender and vulnerable groups’ issues in its interventions. In Paraguay GIZ has worked and is working in these fields. For example, GIZ is implementing the "ComVoMujer" regional project which aims to promote cooperation between state, non-state and private actors to implement measures to combat violence against women. In Paraguay, GIZ works on these issues with the private sector. GIZ is well placed to ensure due consideration is given to the empowerment of women, participation of vulnerable groups including indigenous populations and small/medium-sized producers in the value chain to participate and benefit from sustainable development.

## 4. DESCRIPTION OF THE ACTION

### 4.1. Objectives/results

The **overall objective** is to reduce rural poverty by contributing to the economic diversification and improving the competitiveness of non-traditional livestock production and its capacity for integration in the international markets, through the establishment of the basis, promotion and

development of sustainable production.

The **specific objective of the project** is to improve the business enabling environment for non-traditional livestock sectors and the competitiveness of SME-sized producers in these value chains, in particular through the promotion and exploitation of sustainable production and inclusive business opportunities.

To achieve this objective the programme foresees 3 components:

### **STRENGTHENING OF THE REGULATORY AND INSTITUTIONAL FRAMEWORK FOR SUSTAINABLE LIVESTOCK PRODUCTION AND DIVERSIFICATION (MACRO LEVEL)**

Institutional strengthening, both at the level of policies, legal framework and normative and administrative capacity of the VMG is considered a key factor. The legal framework and the quality of the institutions impact on the competitiveness and investment. A weak presence of the State as a provider of quality policies or services is a limiting factor for development.

**Result 1:** The livestock sector counts with an updated and strengthened institutional and regulatory framework that allows its development and diversification in compliance with regional and international standards. The VMG counts with reinforced capacities for the planning and implementation of sustainable livestock policies. There is effective public- private articulation.

#### **Activities:**

A 1.1 Revision of the legal, institutional, functional and strategic framework of the VMG, including relevant environmental legislation, in line with international treaties.

A 1.2 Adaptation and complementation of the legal framework and strategic plans of the six identified non-traditional value chains: pork meat, poultry and eggs, dairy, sheep and goat, aquaculture, and bee-keeping.

A 1.3 Elaboration or updating of (a) Manual(s) of Good Practices for promoting Sustainable Livestock Production and promoting their dissemination, application and control for each chain.

A 1.4 Capacity building and training of VMG staff in good practices, market requirements in relation to quality, quantity, environmental requirements and related certifications.

A 1.5 Support to the development of new areas or capacities in the VMG, i.a. Single Livestock Window (VUP), green economy and climate change, quality assurance and management, data processing and statistics, government to government negotiations for market access, strategic development including of agricultural schools.

A 1.6 Support to administrative simplification and electronic government.

A 1.7 Support to the public-private sector tables, including for strategic planning and governance.

### **STRENGTHENING OF THE SANITARY FRAMEWORK FOR NON- TRADITIONAL LIVESTOCK SECTORS (MESO LEVEL)**

**Result 2:** The sector counts with reinforced, more comprehensive sanitary systems and traceability procedures that facilitate the insertion of non-traditional livestock value chains into domestic, regional and international markets.

#### **Activities:**

A 2.1 Adaptation and complementation of sanitary regulatory framework, including the SIGOR

legal framework for identified non-traditional value chains corresponding regulatory framework and for SENACSA quarantine stations.

A 2.2 Technological modernization and expansion of SENACSA's informatics traceability system (SIGOR), through the development of modules for non-traditional livestock sectors and development of the informatics modules to use in Quarantine Stations of frontier and interior.

A 2.3 Institutional support and technical assistance to SENACSA to among others advise on topics of extension of coverage of sanitary control and services, provide guiding for establishment and management of quarantine stations, the upgrading of non-traditional sector-specific laboratories, risk assessment and analysis and related international negotiations.

A 2.4 Training of SENACSA staff in food safety, traceability and quality, field inspection and laboratory processes, among others; as well as specific training of veterinarians accredited by SENACSA.

A 2.5 Reinforce laboratory capacity of SENACSA and VMG for the control of food quality and safety, in particular laboratory capacity for aquaculture and beekeeping depending on the VMG.

**SUPPORT TO SECTOR TABLES AND REPRESENTED STAKEHOLDERS, IN THE AREAS OF SECTOR DEVELOPMENT, IDENTIFICATION OF MARKETS AND THEIR REQUIREMENTS FOR BENEFITTING OF SUSTAINABLE PRODUCE OPPORTUNITIES, AND PRODUCERS OR PRODUCERS' ASSOCIATIONS IN CONSEQUENT BUSINESS DEVELOPMENT (MICRO LEVEL)**

**Result 3:** The non-traditional livestock sectors count with a competitive and sustainable model oriented towards national and international markets in selected value chains, and in private-public articulation.

A 3.1 Analyse potential of selected non-traditional livestock sectors in relation to demands and sourcing criteria of potential niche markets with special attention to "sustainable" ones according to priorities agreed with sector competitiveness tables.

A 3.2 Analyse commercial requirements of these markets (e.g. quality, quantity, prices, delivery conditions, environmental and social standards, etc.) in cooperation between buyers, producers, VMG and sector tables and identify gaps.

A 3.3 Support the definition and implementation of strategies on the development and strengthening of sustainable value chains, supported by evidence-based knowledge in order to measure the economic, environmental and social impact of the intervention.

A 3.4 Define and implement priority actions in selected value chains accompanying producers that lead to a production that complies with the respective market requirements, including the provision of training as well as a technological package that contains all the tools, good practices and techniques for sustainable production.

A 3.5 Support producers to develop business plans, best through intermediary organizations (e.g. cooperatives), and analyse ways to improve access to finance in coordination with finance providers, including possibilities for blending.

A 3.6 Promote and enable exchanges between produce buyers and potential producers/suppliers from the selected value chains with the aim to bring together offer and demand.

**4.2 Intervention logic**

The strategy of this support to the diversification of the Paraguayan livestock sector, based on sustainable production and the making use of resulting business opportunities, follows a three-

level approach. The three components are inter-linked and will have to be promoted in a coordinated strategic way to guarantee best results:

- At the macro level, it searches to improve the regulatory framework for private sector development and sustainable production, making it more conducive for business development. The programme aims at consolidating or creating the required public sector capacities of the VMG, facilitating the administrative environment and improving public service quality and delivery.
- At the meso level, the programme promotes the strengthening and development of the quality and sanitary control framework for non-traditional livestock sectors, a condition in itself for allowing access to important national and international markets.
- At the micro level, under component three coordinated by GIZ, the programme has to ensure the relevant public and private actors come together to jointly define sector strategies, on the basis of an analysis of both the potential of the individual productive sectors and markets. The preceding AIESRP programme achieved important successes that prove the viability of this approach through sector competitiveness tables.

The programme shall allow identifying the value chains for which attractive market business opportunities exist and which have a potential to use these opportunities. This shall be done bringing together producers of high-quality sustainable products and international buyers for the selected value chains. The programme component can at a subsequent stage provide training in relevant areas, toolkits of sustainable production and limited essential supplies or installations, etc.

These actions will be undertaken with GIZ's *ValueLinks* methodology. *ValueLinks* structures value chain promotion into 12 modules organised according to the project cycle. It starts with the decision whether to engage in value chain (VC) promotion at all, and how to combine VC promotion with other development approaches.

This comprehensive approach aims at creating a critical mass of efforts and actors to achieve the desired objectives as well as the joint involvement of the public and the private sectors in the implementation of the programme.

Articulating the assistance of this programme with greater access to sustainable good practices and improving the access of the selected value chains to technological improvement and facilitating the contact with domestic, regional and international markets as well as upgrading the public sector capacity, aim to turn the livestock sector towards a competitive sustainable production and diversification.

There is a conscience both that sustainable production will before long become a requirement and that it can help to simultaneously reduce cost and increase revenues. This programme will emphasize that environmental sustainability is one of the dimensions of quality, and will thereby contribute to progress in the implementation of the sustainable production concept in Paraguay. In this particular area the European Union and GIZ add value to intervention, given their progress or experience in the promotion of the sustainable production.

In line with the strategic framework defined in the European Commission Communication "*Strengthening the role of the private sector to achieve an inclusive and sustainable growth in developing countries*" (COM 2014-263), support to the private sector through the proposed programme will take into account, for the definition of its actions, the principles of impact on

development, neutrality, additionality, and shared interests, among others<sup>7</sup>.

## 5 IMPLEMENTATION

### 5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, as referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### 5.3 Implementation modalities

#### 5.3.1.1 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation and Audit	Services	1-2	T2 - 2021

#### 5.3.1.2 Indirect management with a Member State

A part of this action may be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails the implementation of component 3 *"Support producers or producers' associations in the areas of business development, identification of markets and their requirements, for benefitting of 'sustainable opportunities'".* This implementation is justified because of GIZ's experience in both the fields of value-chain development and

<sup>7</sup> *Criteria for supporting private sector actors:*

- (1) **Measurable development impact:** Support given to a private enterprise or financial intermediary has to contribute in a cost-effective way to the achievement of development goals such as job creation, green and inclusive growth or broader poverty reduction. This requires transparency as regards objectives and results, along with appropriate monitoring, evaluation and results measurement arrangements.
- (2) **Additionality:** Without public support the private enterprise would not undertake the action or investment, or would not do so on the same scale, at the same time, in the same location or to the same standard. The supported action should not crowd out the private sector or replace other private financing.
- (3) **Neutrality:** The support given should not distort the market and should be awarded through an open, transparent and fair system. It should be temporary in nature with a clearly defined exit strategy. Support justified by market failures and consequent risks should not have the effect of discouraging regulatory reform efforts addressing the causes of market failure.
- (4) **Shared interest and co-financing:** Partnerships with the private sector have to be based on cost-effectiveness, shared interest and mutual accountability for results. The risks, costs and rewards of a joint project have to be shared fairly.
- (5) **Demonstration effect:** A supported action should aim to have a clear demonstration effect that catalyses market development by crowding in other private sector actors for the replication and scaling-up of development results.
- (6) **Adherence to social, environmental and fiscal standards:** Private enterprises receiving support have to demonstrate that their operations are compliant with environmental, social and fiscal standards, including respect for human and indigenous rights, decent work, good corporate governance and sector-specific norms.

sustainable agriculture, as well as in promoting partnerships between the public and private sectors, in particular through private sector associations including cooperatives.

Since 1967, the GIZ implements programs and projects in Paraguay. These programmes have successfully been implemented in various sectors such as environment, governance, modernization of the state, social development. In recent years, the focus has been on the natural resources sector and rural development.

Moreover, GIZ is, in parallel and complementary to this action, preparing the mobilization of an expert on sustainable production to the VMG with its own funds. This parallel financing is an important contribution and will facilitate achieving the results of the program.

The Vice-Ministry of Livestock does not have the in-house experience for implementation of this component. Its respective institutional capacities in the field of green production and sustainable markets are yet to be developed. The approaching election period and consequent uncertainties could also make it difficult to maintain the focus of the support to producers in line with the objectives of this proposal.

Likewise, Paraguayan intermediary institutions do not have the required experience and knowledge in this domain. They should, however, directly benefit from the assistance provided by GIZ which should strengthen their capacities in this field. They shall also be involved in the implementation of component 3.

The entrusted entity would carry out the following budget-implementation tasks: in conformity with the results of its pillar-assessment based on the Financial Regulation No 1605/2002, GIZ will be entrusted to execute the activities described under Component 3 either by using its own resources and expertise and/or through the award of procurement and grants contracts and/or through the sub-delegation of certain parts of the activities entrusted to GIZ.

If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified hereafter in section 04.

#### **5.3.1.3 Indirect management with the partner country**

A part of this action with the objective of the implementation of components 1 and 2 may be implemented in indirect management with the Republic of Paraguay in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures.

Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012, will be laid down in the financing agreement concluded with the partner country.

a) Overview of implementation

Activity/objective/result, include location	Type of financing (works, supplies, or service contract, grant, programme estimate)
Components 1 and 2 / Technical assistance	Service contract
Component 2	Supplies

**5.3.1.4 Changes from indirect to direct management mode due to exceptional circumstances**

If negotiations with the above-mentioned entrusted entity described in 5.3.1.3 'Indirect Management with a Member State' fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified hereafter.

***Grant(s): call for proposals (direct management)***

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objective of the grant(s) is the implementation of component 3.

(b) Eligibility conditions

The potential applicants for funding will be International Organizations and Civil Society organizations, including Private Sector.

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution for a single grant is EUR 3.4 million or alternatively, if it is decided to split the call into lots according to the value chains to be supported, an amount between EUR 0.75 to 1.25 million per grant and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 36 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for (a) grant(s) under this call is 90%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

4<sup>th</sup> quarter 2017

**5.4 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

### 5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
5.3.1.3 Component 1 Indirect management through MAG/VMG	2 000 000	N.A.
5.3.1.3 Component 2 Indirect management through MAG/VMG	2 000 000	N.A.
5.3.1.2 Component 3 Indirect management with MS (PAGODA Delegation Agreement with GIZ)	3 400 000	N.A.
5.8 - Evaluation, 5.10 - Audit	200 000	N.A.
5.10 - Communication and visibility	Covered separately	N.A.
Contingencies	400 000	N.A.
Totals	8 000 000	N.A.

### 5.6 Organisational set-up and responsibilities

The Ministry of Agriculture and Livestock (MAG) as main direct beneficiary of the programme, is the Contracting Authority (except where specified to the contrary in 5.3) and responsible for the management, coordination and supervision of the programme and must properly involve the other beneficiary institutions, in particular the *Servicio Nacional de Calidad y Salud Animal SENACSA*, in the development and execution of the respective activities. It shall also ensure coordination with the EU Delegation to Paraguay.

A Programme Steering Committee shall be set up to oversee, recommend and validate the overall direction and strategic lines of the programme. The Steering Committee shall meet at least twice a year and extraordinarily when needed.

The Steering Committee will be comprised of:

- The Minister of Agriculture and Livestock or a representative duly appointed by the Minister, who will preside over the Committee;
- The President of the *Servicio Nacional de Calidad y Salud Animal SENACSA* or a representative;
- The Head of the EU Delegation to Paraguay or a representative;
- The Director of GIZ Paraguay or a representative;
- The programme director or coordinator who will act as Secretary of the Committee.

## **5.7 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.8 Evaluation**

Having regard to the importance of the action, (a) mid-term and/or final evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission or via an implementing partner.

In case of a mid-term evaluation, it will be carried out for learning purposes, in particular with respect to the integration and promotion of green production in the Paraguayan livestock sector.

In case of a final evaluation, it will be carried out for accountability and learning purposes at various levels (including for policy revision).

Where an evaluation is contracted by the Commission, the Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one or two contracts for evaluation services shall be concluded under a framework contract at a yet to be determined stage.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported by means of a visibility contract signed for all EU cooperation activities in Paraguay.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

**APPENDIX - INDICATIVE LOG FRAME MATRIX (FOR PROJECT MODALITY)**

	<i>Results chain</i>	<i>Indicators</i>	<i>Baselines (incl. reference year)</i>	<i>Targets (incl. reference year)</i>	<i>Sources and means of verification</i>	<i>Assumptions</i>
<i>Overall objective: Impact</i>	To reduce rural poverty by contributing to the economic diversification and improving the competitiveness of non- traditional livestock production and its capacity for integration in the international markets, through the establishment of the basis, promotion and development of sustainable production.	1.- Total quantity of non-traditional livestock production (MIP 2014-2020, Sector 2, SO 4)	2015 (SENACSA): - 1.1 Dairy: Not measured - 1.2. Ovine - caprine: Not measured - 1.3. Pork: 36.147.088 kg - 1.4. Poultry: 140.000.000 kg - 1.5. Beekeeping: Not measured - Aquiculture: 1.756.093kg	- Non-traditional value chains increase production (2020) 1.1. TBD in inception phase 1.2. TBD in inception phase 1.3. TBD in inception phase 1.4. TBD in inception phase 1.5. TBD in inception phase 1.6. TBD in inception phase	- Public statistics - SENACSA data base	- Diversification of (livestock) production continues to be a government priority
		2.- Exports of non-traditional livestock sector produce (EU RF Level 1 #30)	2015 (SENACSA): - Dairy: 2.62 MI (6,5M USD) - Ovine - caprine: NA - Pork: 2.9 M kg (6M USD) - Poultry (only offal and chitterlings): 0.255 M kg (0.16M USD) - Beekeeping: 3.500 kg (2003) - Aquiculture: NA	- Non-traditional value chains increase exports (2020) 1.1. TBD in inception phase 1.2. TBD in inception phase 1.3. TBD in inception phase 1.4. TBD in inception phase 1.5. TBD in inception phase 1.6. TBD in inception phase	- Public statistics - SENACSA data base	- Capacity to generate public statistics developed further (with support under R1).
		3.- Share of non-traditional livestock sustainable production	- 0 certified sustainable at present.	- 15% of production in 3 non-traditional sectors certified as sustainable (2020)	- Public statistics of certifications issued	
<i>Specific objective(s): Outcome(s)</i>	To improve the business enabling environment for non-traditional livestock sectors and the competitiveness of SME-sized producers in these value chains, in particular through the promotion and exploitation of sustainable production and business opportunities.	1.- The status or level of integrity of legal framework for transformation towards sustainable production	1.1.- Outdated legislation including isolated resolutions not covering production related issues of the non-traditional sectors (6) and do not systematically facilitate transformation 1.2. - The legislation/regulations are not gender sensitive and supporting sustainable production	1.1. An open access repository of law and regulation for 6 sectors is available on-line (2020) 1.2. Up-to-date conducive and gender sensitive legislation promoting sustainable production.	- 1.1.Open access repository 1.2. Official journal	- The situation and economic context of neighboring countries and other export markets remains stable.  - Global demand for livestock products and in particular sustainable

		2. - The sanitary framework and traceability system include non- traditional value chains and enable private sector development	2. The bovine and poultry sector are covered by SENACSA sanitary services and traceability system; the other sectors only count with a basic sanitary framework	- SENACSA ensures provision of quality control and animal health services for non- traditional sectors (6)	- SIGOR - Revised Sanitary Framework	
		3. – Status and activity of public-private sector tables of non-traditional value chains (6)	3.1. The sector competitiveness tables are established and meet. 3.2. Sectors for beekeeping, aquiculture, ovine- caprine and eggs, however, meet irregularly and are less representative.	- 3.1.Public-private sector competitiveness tables represent an important part of the sector producers (50% of production) and meet regularly engaging in meaningful strategic dialogue (2020; 5 of 6) - 3.2. Sectors count with governance structure, strategies for promotion and application of good practices, increased women participation, and arrangements for sanitary tasks, including respective monitoring and control measures. (2019)	- Evaluation - Strategic sector plans	
Outputs	The livestock sector counts with an updated and strengthened institutional and regulatory framework that allows its development and diversification in compliance with regional and international standards. The VMG counts with reinforced capacities for the planning and implementation of sustainable livestock policies. There is effective public-private articulation.	1.- Status of legal framework for non-traditional livestock sectors (6)	1. MAG/VMG formal legal mandate includes all livestock sectors in general. Series of additional resolutions specifying framework for non-traditional sectors are isolated, incomplete, and at times contradictory.	1.2.- Legal framework for sectors updated (6)	- Open access repository - Acts formally published in official journal of Paraguay?	- The institutional, economic, and social context is stable and favourable to the implementation of the project.
		2.- Technical toolkit for sustainable good production practices for each sector	2.1. 2 (poultry and aquiculture) out of 6 sectors account with basic technical manuals which are not being used. 2.2. The existing materials do not focus on Good Practices neither on sustainability of production.	2.1.- 1 Toolkit for each sector (6) developed, that include: technical manual, practical guides, practical procedures guides, templates, 2.2. Good Practices for Sustainable Production (2018)	- Individual documents elaborated	

		3.- Status of organizational structure and competences of VMG for the new value chains and sustainable practices	The structure of the VMG covers value chains, but lacks 'horizontal' capacities for sustainable production; data management and analysis, etc.	- The VMG counts with specific units or functionalities for i.a. (2020): <ul style="list-style-type: none"> <li>o Sustainable Production and Climate Change;</li> <li>o Comprehensive data processing, statistics and analysis (i.e. territorial analysis, gender disaggregation, etc.);</li> <li>o Single Livestock Producers Window (IT)</li> </ul>	- VMG organigram sustained by the National Budget's allocations		
		4.- The status of VMG HR development plan and staff skills in areas of competence	Earlier assistance (AIESRP) among others provided training on good production practices, hygiene and sanitary issues like HCCP, quality of production and quality certification.	- 4.1. 1 VMG human resource development and training plan developed covering each sector - 4.2. VMG staff (60 persons, gender balanced) receive specific trainings (2020)	- Training plan - Training certificates		
		5.- Status of public-private sector tables and sector strategy plans (6)	5.1. Of the 6 non-traditional sectors, poultry, milk, aquiculture and ovine count with basic strategic plans	- 5.1. Strategic sector plans (6) developed/updated, also in respect to sustainable and "green" development (2018) - 5.2. Sector tables meet at least 4 times a year (6 sectors).	-Strategic plans published - Meeting reports		
	The sector counts with reinforced, more comprehensive sanitary systems and traceability procedures that facilitate the insertion of non-traditional livestock value chains into international markets.	1.- The level of coverage of non-traditional livestock value chains by SIGOR (IT; software development)	Apart from the bovine sector at present only the poultry sector counts with partial traceability, i.e. is covered by some SIGOR modules <ul style="list-style-type: none"> <li>- 1.1 Dairy: Not covered</li> <li>- 1.2. Ovine - caprine: Not covered</li> <li>- 1.3. Pork: Not covered</li> <li>- 1.4. Poultry: Partially covered</li> <li>- 1.5. Beekeeping: Not covered</li> <li>- 1.6. Aquiculture: Not covered</li> </ul>	- Legal Framework provides basis for extension of SIGOR to non-traditional value chains - SIGOR technological platform (IT) extended to value chains (6) (2019) <ul style="list-style-type: none"> <li>1.1. TBD in inception phase</li> <li>1.2. TBD in inception phase</li> <li>1.3. TBD in inception phase</li> <li>1.4. TBD in inception phase</li> <li>1.5. TBD in inception phase</li> <li>1.6. TBD in inception phase</li> </ul>	- SIGOR		- SENACSA has the financial and human resources to expand coverage of its services to new areas.
		2.- Status of Technological platform (IT; software) for Quarantine Stations	- Not existent	- Technological platform (IT) for <i>Quarantine Stations</i> created (2019)	- Software reception certificate		

		3.- N° of producers registered in the traceability system for the new value chains	- Apart bovine producers only around 160 industrial producers of poultry are registered	- 1000 producers across all non-traditional livestock sectors are registered in the traceability system for non-traditional value chains (2020)	- SIGOR	
		- Capacities and strategies for SENACSA for widening of sanitary control	- No strategy and professional capacity for widening. SENACSA faces limitations in terms of its sanitary control capacities.	- Strategy for widening of sanitary control elaborated and professional capacities developed	- Project reports	
		- Level of SENACSA and SENACSA staff on SPS control matters for non-traditional livestock sectors	- Staff is partially trained and full competence is pending	- SENACSA competence reached and relevant SENACSA staff is trained (2020)	- Training certificates	
		- Status of Laboratory diagnostics capacity of SENACSA and VMG in areas of aquiculture and beekeeping	- Laboratories do not count with diagnosis equipment to ensure the sanitary compliance and quality of production.	- Aquiculture and beekeeping laboratories reinforced/ equipped (2018-19)	- Analysis - Supplies acquired	
	The non-traditional livestock sectors count with a competitive and sustainable model oriented towards national and international markets in selected value chains, and in private-public articulation.	- The status of analysis reports for the selected non-traditional livestock sectors including market potential, demands and sourcing criteria of potential markets with special attention to sustainable markets, for possible targeting	- No studies analysing sector potential are available	- Studies available for (6) sectors (2018)	- Studies	

- Strategies for development of selected value chains developed	None performed by 2016.	- Sector development strategies adopted by tables (3) (Value Links methodology) (2018)	- Website VMG
- Status of action plan for meeting sustainable market requirements	No action plan developed by 2016	- Action plans developed for at least 3 sectors (2018)	
- Status of implementation of action plan	No actions performed by 2016.	- 1.000 producers supported - 500 producers adhere to a charter for sustainable production - 100 producers adhere to gender-violence free “ComVoMujer” seal (all 2020)	- Project reports
- Number of producers trained in sustainable production practices	Among sectors, aquiculture and porcine have incurred in sustainable waste management practices	- 500 producers of at least 3 sectors trained in sustainable production (2020).	- Project reports
- Status of sustainable production certifications mechanisms and their implementation.  (EU RF Level 2 #25 and #31) (MIP 2014-2020, Sector 2, SO 4)	No sustainable production certification mechanisms are in place.	- N° of sustainable certification mechanisms available locally (3) - Certification of compliance with criteria available nationally (3 sectors) - 150 producers obtained sustainable production certifications (all 2020)	- Reports - Authorizations to certificate - Register of certifications

- Number of Producers supported in elaboration of individual business plans	0 in 2016	- 100 producers or producers organizations, disaggregated by gender, and promoting women entrepreneurship, in 3 sectors supported in elaboration of business plans (2020)	- Business plans elaborated
- Number of Business opportunity focused exchanges between producers and buyers organized	0 in 2016	- 50 B2B meetings facilitated (possibly through fora or entrepreneurial missions) (2020)	- Project reports

