



ADAPTATION FUND

AFB/B.31-32/8
17 July 2018

Adaptation Fund Board

**REQUEST FOR DIRECT PROJECT SERVICES: UNEP
(PARAGUAY)**

Background

1. The Adaptation Fund Board (the Board) at its twenty-ninth meeting, approved a four-year project titled “Ecosystem-based approaches to reduce the vulnerability of food security to the impacts of climate change in the Chaco region of Paraguay” submitted by the United Nations Environment Programme (UNEP) for a request amount of US\$ 7,128,450 (decision B.29/19). The overall project is to reduce the vulnerability of the population (selected family agriculture producers and indigenous communities) of the Chaco Region of Paraguay to the impacts of climate change on food security. In order to do so, the project plans to address the main barriers for adaptation in the selected region. Specifically, the project will seek to i) improve information and knowledge for climate resilience; ii) implement concrete cost-effective on-the-ground adaptation measures; and iii) strengthen the institutional capacities to adequately address climate change adaptation issues. As mandated by the decision, an agreement was prepared and signed between the Board and UNEP.

2. The first tranche of disbursement for the implementation of the project was released following signature of the agreement in July 2017. To date, the project has not started implementation. Following signature of the agreement, UNEP and the government of Paraguay, through the Executing Entity for the project, the Secretariat of the Environment (SEAM), have been discussing arrangements for receiving the funds from UNEP. In April 2018, the secretariat has received a correspondence from UNEP informing that SEAM requested UNEP to provide execution services notably direct project services on procurement and personnel administration. Following discussions with the secretariat, UNEP submitted in May 2018 a formal request letter (Annex 1) along with a letter signed by SEAM requesting UNEP to provide such services (Annex 2), and a document explaining the details of the execution costs (Annex 3).

3. The execution services proposed to be devolved to UNEP are as follows:

- Preparation of the Procurement Plan’s execution in coordination with SEAM, and
- Procurement of goods and services, hire individual and institutional consultants and engage in supplementary agreements with non-third parties in compliance with UN implementing Rules and Regulations, and as established in the annual procurement plan previously coordinated and agreed with SEAM.

4. To this end, SEAM will hold the national direction of the Project, and will:

- Ensure that requests to procure goods and services, hire individual and institutional consultants and engage in supplemental agreements with third parties are discussed during the Project Steering Committee meetings and communicated in writing to the UN Environment, and
- Prepare the terms of reference for acquisition of goods, services and consultant contracts, according to the procurement plan, and submit them to UN Environment for no objection.

Secretariat's review of the request

5. Following a review of the request, the secretariat finds that the request from the government of Paraguay is based on the fact that receiving project funds would require SEAM prior approval in the framework of the national budget, implying a long and cumbersome internal procedure which would substantially delay project implementation.

6. The original administrative costs remain unchanged, with a suggested allocation of US\$ 99,130 (representing 1.5% of the total budget of the project excluding the implementing entity fees) to UNEP, to cover the direct services for procurement and payment services. The secretariat finds, therefore, the request reasonable and relevant for a timely implementation of the approved project.

Recommendation

7. Therefore, the Board may consider and decide to approve, on an exceptional basis, the provision by UNEP of Direct Project Services up to the amount of US\$ 99,130 for the project "Ecosystem-based approaches to reduce the vulnerability of food security to the impacts of climate change in the Chaco region of Paraguay".

Annexes

1. Letter from UNEP informing of the government request to provide direct project services;
2. Request letter from the government of Paraguay; and
3. Explanation of the details of the direct services requested to be provided by UNEP.

Annex 1: Letter from UNEP informing of the government request to provide direct project services



Programa de las Naciones
Unidas para el Medio Ambiente

Oficina para América Latina y el Caribe

Panama City, 31st May 2018

Dear M. Ollikainen,

I am writing about the project "Ecosystem Based Approaches for Reducing the Vulnerability of Food Security to the Impacts of Climate Change in the Chaco region of Paraguay".

As you may know, Paraguay's Secretariat of the Environment (SEAM, Spanish acronym), executing entity of the project, has asked UN Environment to provide administrative support for the execution of the project (see letter of request attached).

After exchanges with SEAM and UN Environment Headquarters, Paraguay's SEAM and UN Environment have jointly drafted an agreement that we believe can respond to Paraguay's request while maintaining SEAM's appropriation and respecting UN Environment internal procedures.

In this agreement, UN environment will support SEAM on procurement and personnel administration. To do this, UN Environment will prepare the Procurement Plan in coordination with SEAM, and will procure goods and services, hire individual and institutional consultants and engage in supplementary agreements with non-third parties in compliance with UN implementing Rules and Regulations.

SEAM will hold the national direction of the Project, and will ensure that requests to procure goods and services, hire individual and institutional consultants and engage in supplemental agreements with third parties are discussed during the Project Steering Committee meetings and communicated in writing to UN Environment, and will prepare the terms of reference for acquisition of goods, services and consultant contracts, according to the procurement plan, and submit them to UN Environment for no objection.



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To do that, direct project services costs (procurement and payment services) have been reallocated in the reviewed budget. Please note that the total budget of Project Execution Costs does not change. However, part of the costs initially allocated for providing direct project services at the Project Management Unit have been reallocated to UN Environment to cover these direct project services. Also, some items' budget has been slightly reduced to reflect the costs of the procurement and payment services.

Please find attached (i) a table comparing the approved administrative costs with the reviewed administrative costs and (ii) the detailed administrative costs.

Please let us know if this approach is agreeable to you.

Best regards,

A handwritten signature in black ink, consisting of a vertical line with a loop at the top and a horizontal stroke at the bottom, all enclosed within a circular scribble.

Gustavo Mañez Gomis
Climate Change Regional Coordinator
UN Environment Regional Office for Latin America and the Caribbean

M. Mikko Ollikainen
Manager
Adaptation Fund Secretariat

Annex 2 a) Request letter from the government of Paraguay (Spanish)



TEKOKHA
RESAJ
SAMBYHYHA
SECRETARÍA DEL
AMBIENTE

TETÄ REKUÁI
GOBIERNO NACIONAL
Iakopy rante ropecá ko ago quier
Constructuyendo el futuro hoy

Nota N.G. N° 180.

Asunción, 24 de abril de 2.018

Señor
Heileman
ONU Ambiente
Presente

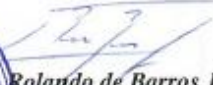
Ref: Proyecto "Enfoques basados en ecosistemas para reducir la vulnerabilidad de la seguridad alimentaria a los impactos del cambio climático en la región del Chaco en Paraguay".

Tengo el agrado de dirigirme a usted en el marco del proyecto de referencia, el cual tiene por objetivo reducir la vulnerabilidad de la población de la Región del Chaco del Paraguay a los impactos del cambio climático sobre la seguridad alimentaria.

Teniendo en cuenta el objetivo de alcanzar la meta establecida por el Fondo de Adaptación y la necesidad de agilizar la ejecución del proyecto y garantizar la disponibilidad inmediata de los fondos, según sean requeridos, la SEAM solicita el apoyo de ONU Medio Ambiente para proporcionar los servicios de ejecución del proyecto, según los términos a ser establecidos en el Acuerdo de Cooperación.

Esperando esta solicitud sean bien recibida y sin otro particular, hago propicia la ocasión para saludarlo con la mayor consideración.




Ing. **Rolando de Barros Barreto**
Ministro - Secretario Ejecutivo
Sambyhyhára

Annex 2 b) Non-official translation in English

Asunción, March 15, 2018.-

Mr Heileman
UN Environment

Ref: Project "Ecosystem-based approaches to reduce the vulnerability of food security to the impacts of climate change in the Chaco region of Paraguay".

I am pleased to write you in the framework of the project in reference, which aims to reduce the vulnerability of the population of the Chaco Region of Paraguay to the impacts of climate change on food security.

Taking into account the objective of achieving the goal established by the Adaptation Fund and the need to streamline the execution of the project and ensure the immediate availability of funds, as required, the SEAM requests the support of UN Environment to provide the services of execution of the project, according to the terms to be established in the Cooperation Agreement.

Hoping that the proposal will be well received, I take this opportunity to greet you with the greatest consideration.

Ing. Ftal. Rolando de Barros Barreto Acha
Minister-Executive Secretary
Secretariat of the Environment

Annex 3: Explanation of the details of the direct services requested to be provided by UNEP

Project: Ecosystem Based Approaches for Reducing the Vulnerability of Food Security to the Impacts of Climate Change in the Chaco region of Paraguay (7,128,450 USD)

Table 1.- Approved administrative costs and reviewed administrative costs

Project Execution Costs	Original budget	Modified budget
Project coordinator	164,250	164,250
Project officials	118,800	40,200
Administrative and financial officers	64,800	63,000
2 drivers	44,640	44,640
Computers	3,600	1,800
3 printer	1,500	1,500
2 cars (acquisition)	105,000	103,320
Car insurance	26,400	24,720
2 cars (maintenance)	1,600	1,600
Fuel	11,410	9,730
DSA Project team	40,500	31,250
Survey	4,000	4,000
Inception workshop national	900	900
Inception workshops regions	3,600	2,610
Steering Committee Meetings	5,400	3,750
Direct project services (procurement and payment services provided by UN Environment) (represents 1.5 % of the Total Project Cost, without IE fee)		99,130
Project Execution Costs	596,400	596,400
Total Project Cost (without IE fee)	6,569,999	6,569,999