

	<p>- Grants/procurement</p> <p><b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.4.</p>
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## 1.2 Summary of the Action

The programme “Support for the promotion and strengthening of the sustainability and competitiveness of Paraguay’s agricultural, forestry and agro-industrial value chains” will contribute to consolidating Paraguay’s insertion into international trade dynamics by promoting and strengthening the sustainability, competitiveness and traceability of prioritised value chains, the quality infrastructure and the diversification and innovation of key sectors for the economy.

The Action aims to contribute to sustainable productive and industrial innovation through the generation of added value in the agricultural, forestry and agro-industrial sectors and the development of the circular economy in the country. This will allow for the development of new trade links and the strengthening of existing ones. It will also directly contribute to supporting Paraguay’s efforts on climate change mitigation.

Building on the achievements of other EU projects, such as “Support to the improvement of the competitiveness of MSMEs and the business climate in Paraguay” (MIPYMES Compite) and AL INVEST Verde, the project will focus on the following areas of intervention: (i) strengthening the infrastructure of Paraguay’s quality systems to encourage the adoption of circular economy practices and other sustainable practices, (ii) implementation of socio-environmental traceability systems to support the production and exports of traceable and sustainable Paraguayan products such as beef, leather, soy and wood and (iii) generation of circular economy solutions in favour of the sustainability of Paraguayan agro-industry.

The programme will involve i) relevant public actors at state level y, ii) the main production and industry associations, iii) academia and research centres iv) private companies and v) civil society.

The activities will support the strengthening of the agricultural, forestry and agro-industrial sectors and the development of the circular economy in the country, and will support the implementation of Paraguay’s international commitments under the Paris Agreement, including its National Climate Change Adaptation Plan and its Nationally Determined Contributions.<sup>3</sup>

This action aims to generate favourable conditions to strengthen socio-economic traceability systems, with a view to promoting sustainable value chains. Strengthening national capacities will make it possible to participate in the most demanding markets, positioning Paraguay as a leading player in international trade.

The proposed action is developed within the framework of the 1992 Framework Cooperation Agreement, which is the basis for bilateral cooperation between Paraguay and the European Union, and is part of Priority Area 1 of the Multiannual Indicative Programme (MIP) 2021-2027 for cooperation between the EU and Paraguay “Green and Resilient Economy”. It is part of the Team Europe initiative “Green Alliance for Paraguay”.

The duration of this action will be six years (four years of implementation plus two years of closure) and the budget will be EUR 10 million.

In order to implement this action, it is envisaged to sign a Financing Agreement between the EU and Paraguay. The Financing Agreement shall be implemented in the spirit of international cooperation for the protection, conservation and sustainable use of natural resources, preserving the rights of present and future generations, without this implying waiving the right of States to make claims before international fora and bodies on the issues and objectives it pursues.

<sup>3</sup> [https://unfccc.int/sites/default/files/NDC/2022-06/Actualizaci%C3%B3n-NDC%20VF%20PAG.%20WEB\\_MADES%20Mayo%202022.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/Actualizaci%C3%B3n-NDC%20VF%20PAG.%20WEB_MADES%20Mayo%202022.pdf)