Early Warning System

WB-P504535

Scaling up Finance for Sustainable Agroforestry in Paraguay

Quick Facts

Countries	Paraguay
Specific Location	Rural areas of the Republic of Paraguay.
Financial Institutions	World Bank (WB)
Status	Active
Bank Risk Rating	U
Voting Date	2026-04-30
Borrower	Agencia Financiera de Desarrollo (AFD)
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 109.75 million
Project Cost (USD)	$ 349.00 million

Project Description

The proposed operation is a US$100 million IPF-FIL that will mobilize private capital to support the expansion of FSC-certified commercial agroforestry in Paraguay. Activities will be limited to the Eastern Region of Paraguay, which offers ideal planting conditions, providing a sustainable source of formal employment that contributes to poverty reduction. There is significant potential for creating formal jobs and diversifying incomes of small-scale farmers that opt to raise cattle under planted canopies. Framework for Financial Incentives (FFI) co- financing will incentivize smallholder aggregation, biodiversity corridors and conservation/restoration of high-value natural habitats The project will help fund a forestry credit line through Paraguay's Development Bank (AFD) and establish a forestry fund to attract impact investors, and includes the following 3 components: Component 1: The Credit Line: to support small-scale agroforestry projects including downstream processing. It will target smaller-scale projects; eligible activities include: 1) mosaic plantations mixing fast-growing species with native species; 2) reforestation subprojects for the restoration and conservation of natural forests; 3) sylvopastoral systems combining livestock with woody perennials; 4) agrosilviculture systems with woody perennials integrated with cropping systems; 5) agrosilvopasture with the combination of woody perennials with both crops and livestock; and 6) certain value chain projects (e.g. plantation management, harvesting and transportation, timber and non-timber forest products processing - except pulp. Plantations and timber products specifically must be certified by a market standard acceptable to the Bank, such as FSC (FSC Forest management for plantations and FSC Chain of Custody for downstream activities). The project's E&S instruments provide the exclusion list of activities that are not eligible for financing. Component 2: Forest Investment Fund (FIF). It will specialize only in forestry investing in larger mosaic plantations. Activities eligible for investing will be plantations of fast-growing exotic species and/or native species for commercial purposes, regardless of the final use of wood. To be eligible for FIF investment, the plantations have to be FSC certified, so will be required to conserve natural habitats of high conservation value. The fund manager must establish and operate an Environmental and Social Management System (ESMS) acceptable to the World Bank.Component 3: institutional support and capacity building: it includes the activities essential for project management, including environmental and social (E&S) risk management and technical assistance for capacity building. AFD will use US$500,000 from the loan toward strengthening its current E&S Management System (ESMS) to ensure compliance with WB's ESF requirements, continue meaningful stakeholder engagement and support the Project Management Unit (PMU) with external services.

Investment Description

- World Bank (WB)

Contact Information

WORLD BANK

ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: https://www.worldbank.org/en/access-to-information/request-submission.

ACCOUNTABILITY MECHANISM OF THE WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. Information on how to file a complaint and a complaint request form are available at: https://www.inspectionpanel.org/how-to-file-complaint.

Bank Documents

- Appraisal Environmental and Social Review Summary (ESRS) - Scaling up Finance for Sustainable Agrofo
- Appraisal Project Information Document (PID)
- Climate Finance Assessment (P504535)
- Concept Environmental and Social Review Summary (ESRS) - Scaling up Finance for Sustainable Forestry
- Concept Project Information Document (PID)
- Cumulative Impact Assessment Scaling up Finance for Sustainable Agroforestry in Paraguay (P504535)
- Disclosable Version of the ISR - Scaling up Finance for Sustainable Agroforestry in Paraguay - P5045
- Environmental and Social Commitment Plan (ESCP) - Scaling up Finance for Sustainable Agroforestry in
- Environmental and Social Commitment Plan (ESCP) Scaling up Finance for Sustainable Agroforestry in P
- Environmental and Social Overview Scaling up Finance for Sustainable Agroforestry in Paraguay (P5045
- Paraguay - Proyecto de Desarrollo Sostenible del Sector Agroforestal en Paraguay
- Record of Approval on an Absence of Objection Basis on April 30, 2026
- Revised Environmental and Social Commitment Plan (ESCP) Scaling up Finance for Sustainable Agrofores
- Stakeholder Engagement Plan (SEP) - Scaling up Finance for Sustainable Agroforestry in Paraguay - P5