

Paraguay

TSA on Livestock and Beef Production

The production of cattle has expanded considerably in the last decade in Paraguay. The primary production, industrial, and logistics center includes three cooperatives located in the central Chaco: Chortitzer, Fernheim, and Neuland, known colloquially as "Mennonite cooperatives." These producers operate in large agricultural and livestock production schemes. The three cooperatives are the TSA study's core target because they control more than one million hectares with around 4,000 associates. Besides the Mennonite cooperatives, the TSA includes an important group of non-cooperative livestock farmers in the Department of Alto Paraguay. The TSA compares the current BAU situation with an alternative model (the SEM scenario) defined as Intelligent and Adaptive Livestock (GIA for its Spanish acronym). Factual information on the producers' costs, net benefits, benefits to the State, and potential environmental gains are analyzed under the GIA scenario.

Livestock farmers face similar financial and environmental challenges under BAU; however, the BAU scenario includes sustainable elements such as protecting native forests within their productive lands and using silvopastoral techniques but not entirely. The current approach to protect forest reserves provide habitat for a range of wildlife species and recharge subsoils with water and nutrients.

Under BAU, one of the critical aspects is the stress caused by regulations and standards that govern livestock in the Chaco. These regulations generate additional costs to producers, and policies are accompanied by incentives to ensure their compliance. Simultaneously, the State does not provide public services or infrastructure for the region or the producer. Therefore, infrastructure construction costs, road maintenance, electricity grid extensions, and educational services provision represent an additional financial burden to producers.

The BAU characteristics also include the lack of product sustainability certifications and limited analysis on producers' profitability, i.e., producers incur hidden costs that reduce their net profits and costly credit (especially small producers). Further, under BAU, the environmental externalities' cost resulting from the limited conversion to silvopastoral systems is unclear.

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Implementing partners: The Ministry of the Environment and Sustainable Development, the Associations of Livestock and Beef Producers of the Central Chaco, and [Conservation Strategy Fund \(CSF\)](#).