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NATIONAL REPORT OF PARAGUAY ON THE IMPLEMENTATION OF  
COMMITMENTS FROM THE FOURTH SUMMIT OF THE AMERICAS



**Republic of Paraguay**

**National Report on Implementation - Draft**

Regarding Compliance with the Mandates

Established in the

Declaration and Plan of Action of Mar del Plata

*"Creating Jobs to Fight Poverty and Strengthen Democratic Governance"*

April 2007

Ministry of Foreign Affairs  
Office of the National Director for Multilateral Policy  
Office of the Director for Regional Forums

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## Declaration of Mar del Plata

### Human Rights

The Government of the Republic of Paraguay gives top priority to the promotion and protection of human rights both domestically and its international relations, and for this reason has become a state policy.

From the advent of democracy in 1989 there has been important progress in human rights, which can be summarized as follows: progressive domestic incorporation of international human rights instruments; the provision to individuals of access to the international organs of protection; the strengthening of a national system of protection with the effective operation of new institutions such as the Office of the Ombudsman, and the establishment of a State inter-institutional network for the promotion and protection of human rights, which maintains a permanent and constructive dialogue with civil society organizations regarding this matter.

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The Republic of Paraguay's foreign policy regarding human rights addresses the following priority issues: a) support for the strengthening and perfecting of the universal and inter-American systems of human rights, particularly their organs, mechanisms, and special procedures for protection; b) ratification of international human rights instruments and adaptation of domestic legislation for their application; c) an open and permanent invitation to the special "standing invitation" procedural mechanisms, to observe the situation of human rights in the country; d) compliance with treaty obligations through the submission of periodic reports; e) compliance in good faith of the recommendations made by international human rights organs in their reports on the general situation and the processing of cases; f) dialogue with civil society, and g) cooperation and dialog with the member states of the United Nations and inter-American systems for the promotion, protection, and defense of human rights, through the exchanging of information and experiences, the execution of programs and thematic projects, and the agreement on common positions in favor of human rights in multilateral fora.

In order to consolidate a social democratic state under the rule of law, with human rights fully in force, and to foster a culture of peace, solidarity, and harmony among Paraguayans, a Truth and Justice Commission has been created (Law No. 2225 of October 6, 2003), charged with investigating facts that constitute, or could constitute, human rights violations committed by state agents or para-statal agents from May, 1954 to the date of the enactment of the law, and to recommend the adoption of measures to avoid their recurrence.

At the subregional level, Paraguay has played a decisive role in the creation of a human rights organ within MERCOSUR. It has supported, from its inception, the Ad Hoc Group of Human Rights Authorities in MERCOSUR [*Grupo Ad Hoc de Autoridades de DD.HH. en el MERCOSUR*], as well as the subsequent establishment of the "Meeting of High Authorities Competent in Human Rights and Foreign Ministries of MERCOSUR and Associated States" [*Reunion de Altas Autoridades*

*Competentes en Derechos Humanos y Cancillerías del MERCOSUR y Estados Asociados*. 3 Within the United Nations, Paraguay has signed the following instruments:

Convention on the Rights of Persons with Disabilities, signed in New York on December 13, 2006

Optional Protocol to the Convention on the Rights of Persons with Disabilities, signed in New York on December 13, 2006

International Convention for the Protection of All Persons from Enforced Disappearance, signed in New York on December 20, 2006

### **Investment**

The Ministry of Industry and Commerce, through the Investment and Exports Network [Red de Inversiones y Exportaciones – REDIEX] is the agency responsible for the Master Plan to increase private investment in the country, and achieve higher rates of economic growth, as well as generate employment. The Office of the Director for Business Climate [Dirección de Ambiente de Negocios – DAN] is the office responsible for carrying out its implementation, in a coordinated manner with other institutions involved.

The proposed Plan intends to focus its efforts on achieving concrete results regarding the following indicators:

i) Simplification of procedures to start new businesses

<b>Objective</b>	The simplification of procedures to start a new business by reducing the number of steps, days, and cost for their incorporation.		
<b>Indicators for the objective</b>	<b>List of indicators:</b> Time: The measurement made in 2006 by Haciendo Negocios [Doing Business] through Estudios Jurídicos Paraguayos [Paraguayan Legal Studies] indicate that 74 days are needed to start a business. Steps: The same report states that there are 17 steps, in seven state institutions, including IE Municipality. Cost: The cost stated by the report, without including the fees of lawyers and notaries public, or Municipal fees, is US\$840.		
	<b>Baseline</b> Time: 74 days Steps: 17 Cost: US\$840.		
	<b>Technical note regarding baseline</b> Entity responsible for the measurement: Doing Business (World Bank). Date of measurement: Year 2006		
	<b>Goals</b>		
	<b>Indicators</b>	<b>Dates</b>	
		<b>Nov-06</b>	<b>May-08</b>
Time	31 days	9 days	
Steps	16	7	
Cost	US\$230	US\$150	

ii) Implementation of a Plan for the Modernization of the Cadaster

<b>Objective</b>	Contribute to land use planning in the country and facilitate property [propiedad inmueble] registration.		
<b>Indicators for the objective</b>	<b>List of indicators:</b> <b>Time:</b> 46 days to register a property; <b>Steps:</b> 6 steps; <b>Cost:</b> 2% of the property's value. Transactions with problems: percentage obtained from the difference between the number of files received and the number of files completed, estimated during the month of August 2006 (excluding requests for the voiding of certifications). Data obtained from the computerized system of SNC.		
	<b>Baseline</b>		
	Time:	46 days	
	Steps:	6	
	Costo:	2% of the property's value	
	Transactions with problems:	41% of the files opened for processing (expedientes ingresados)	
<b>Technical note regarding baseline</b>			
Entity responsible for the measurement: Doing Business (World Bank), National Cadaster Service-MH and Office of the General Director of Public Registries – Supreme Court of Justice			
Date of measurement: Year 2006			
<b>Goals</b>			
<b>Indicators</b>			
<b>Dates</b>			
	<b>Jul-07</b>	<b>Sept-09</b>	
Time	40 days	30 days	
Steps	6	6	
Cost	2% of the property's value	2% of the property's value	
Transactions with problems	35%	35%	

iii) Establishment of a Central Office for Exports

<b>Objective</b>	The objective of the program is to ease the processing of exports, particularly non-traditional ones, in which the sector of small and medium enterprises (SMEs) most participate. the purpose is the simplification and automation of current processing requirements for the registration of exporters, producers and products, as well as the existing requirements for exports of goods and services, seeking a greater transparency and predictability of the process, and hence the reduction of transaction costs and processing time.
<b>Indicators for the objective</b>	<b>List of Indicators:</b> <b>Time:</b> The IDB considered, according to data obtained and included in the logical framework for Agreement ATN/MT-8083-PR signed in 2002, that the average time to process export requirements subject to re-engineering is 44.6 days. Likewise, regarding the registration of exporters, 5 days must be multiplied by up to 12 institutions that require this registration. • <b>Steps:</b> According to information gathered at different times, the registration of an exporter is on average takes 8 steps, in up to 12 institutions, with almost 8 working copies of documentation authenticated by a notary, and which must be submitted to each institution from which further authorizations are to be requested. • <b>Cost:</b> The cost was estimated by USAID, in a document titled "Impacto del Transporte y de la Logística en el Comercio Internacional del Paraguay" [ <i>The Impact of Transportation and Logistics on Paraguay's International Trade</i> ], co-sponsored by the National Chamber of Commerce and Services of Paraguay.

	<b>Baseline:</b> Time: 44.6 days Steps: 36 Cost: US\$ 1,389.37	
	<b>Technical note regarding baseline</b> Entity responsible for the measurement: Inter-American Development Bank; USAID; [ <i>The Impact of Transportation and Logistics on Paraguay's International Trade</i> ] Date of measurement: IDB - 2003 and USAID - 2006	
	<b>Goals</b>	
	<b>Registration of Exporting Enterprises</b>	
	<b>Exporters Registry</b>	
	<b>Indicators</b>	<b>Dates</b>
		<b>Nov-04</b> <b>Nov-06</b>
	Time:	5 days                      4 hours
	Steps:	24                              2
	Cost:	US\$170                      US\$ 25
	<b>Simplified and Automated Processing of an Export</b>	
	<b>Processing of Requirements for Exporting</b>	
	<b>Indicators</b>	<b>Dates</b>
		<b>Nov-06</b> <b>Nov-07</b>
	Time:	44.6 days                      12 hours
	Steps:	36                              5
	Cost:	US\$1,389.37                      US\$839

iv) Strengthening of Institutions Responsible for the Certification of Product Quality

<b>General Objective</b>	The general objective of the project is to improve the country's insertion in international markets, taking advantage of existing potential within MERCOSUR, the EU/MERCOSUR Association Agreement and the GSP granted by the EU, the WTO agreements and the Doha Agenda.	
<b>Specific objectives and indicators of achievement of the objective</b>	The objectives of the project are to increase Paraguay's trade through the strengthening of the public institutions responsible for the national system of quality control, the improvement of the institutional capacity of the official agencies of Paraguay responsible for sanitary certification and product healthiness.	
	ONA	ONA does not have the capability to evaluate the competence of agencies evaluating conformity operating in the country, on a reliable and internationally acceptable basis.
	INTN	INTN needs to improve its organization and operation, to adopt the New Approach concept for the creation of norms, and to adapt its institutional legal framework to develop the organizations for metrology and standardization of evaluation of conformity.
	INTN-DN	The process of drafting and enacting Paraguayan technical norms is not sufficiently developed to support the quality of national production and the competitiveness of exports.
	INTN-DM	The country does not have accredited and properly equipped metrology laboratories to serve as reference points for legal and scientific-industrial measurements.
	SNIN	The focal point of notification does not work efficiently and the private sector does not have access to timely information regarding notices the

		country has received on technical regulations of the other countries that could affect access of national production to international markets.
	SENACSA	SENACSA does not have sufficient capacity to certify the sanitary conditions of national production (animal health), on a reliable and internationally acceptable basis.
	SENAVE	SENAVE does not have sufficient capacity to certify the phytosanitary conditions of national production on a reliable and internationally acceptable basis.
	INAN	INAN does not have sufficient capacity to certify the health condition of national production (innocuousness and ACCP) on a reliable and internationally acceptable basis
<b>Technical Note regarding baseline</b> <b>Entity responsible for measurement:</b> Official representatives of the beneficiary entities and international technical assistance team responsible for the preparation of the project. <b>Date of measurement:</b> Year 2005 <b>Confidence level:</b>		

v) Improvement of Reimbursement Mechanisms for the Value Added Tax (IVA).

<b>Objective</b>	Improve collection mechanisms of the value-added tax
<b>Indicators for the objective</b>	<b>List of Indicators:</b> Currently the time for collection of the value added tax depends on the business's activity, but it could be said that on average, it takes 7 days for exporters who are tax retaining agents and 60 for normal exporters. In addition, there are 25 % of cases pending reimbursement.
	<b>Baseline</b> Exporters who are tax retaining agents – Time: 7 days Regular Exporters -Time: 60 days Pending cases for reimbursement - Number: 25%
	<b>Technical note regarding baseline</b> Entity responsible for measurement: Officials and consultants of the Office of the Assistant State Secretary for Taxation of the Program for Strengthening and Modernization of Fiscal Administration (PROFOMAF). Date of measurement: Year 2006
	<b>Goal</b>
	Exporters who are tax retaining agents -Time: 7 days Regular exporters -Time: 60 days Pending cases for reimbursement - Number: 25% - Number: 25%

As a guide towards the achievement of the final objective, the set of local indicators influencing economic agents' decisions on investment and employment generation will be improved, in order to facilitate access to the formal market and the competitive development of the country's businesses.

This matter is one of an inter-institutional effort geared towards achieving specific, measurable results, with established deadlines. The financial resources to this end come from reimbursable and non-reimbursable funds given by multilateral organizations and financial organizations of donor countries, as well as local counterpart funds.



The Plan intends to act on two levels and times of action. The first, short run, will act through administrative reforms that will allow the achievement of immediate results. The second, which is medium-term, is through structural reforms and changes to the legal or institutional framework.

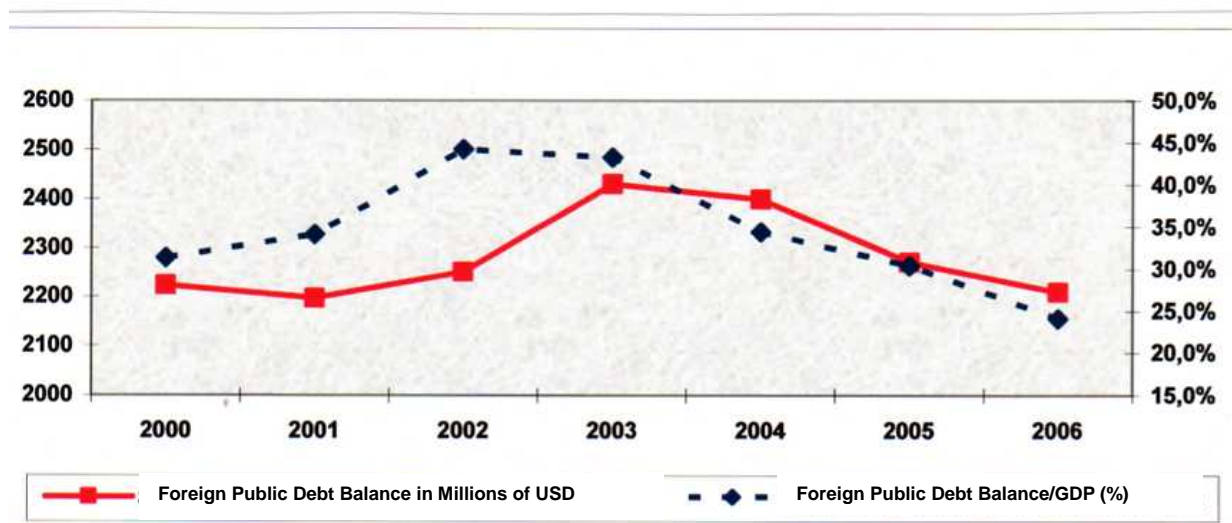
It will be initially comprised of five chapters whose final objective is to allow the increase in private investment, and as an intermediate objective, the improvement of the indicators included in the World Bank's document *Doing Business*.

In addition specialized panels will be installed to allow the creation of a consensus with the private sector regarding the areas requiring structural reform.

It is of paramount importance for Paraguay to improve the local factors determining the country's investment climate, in order to promote the formal economy, increase the level of investment, improve productivity, generate employment, and reduce poverty.

### Foreign debt sustainability

- According to preliminary data, the balance of the public foreign debt of Paraguay, by December 31, 2006, was in the order of 2,211 million dollars (24.1% of GDP), i.e. 2.7% lower than the figure for the same period of the prior year, i.e., 2,271 million dollars.
- The evolution of the foreign public debt balance can be observed in the following graph, both in millions of dollars and as a percentage of GDP. It is important to highlight the substantial decrease in the outstanding balances as a percentage of GDP, which went from 43.3% to 24.1% in the same reference period. This reduction is due to several factors, such as the appreciation of the guaraní vis-à-vis the dollar,<sup>1/</sup> considerable GDP growth,<sup>2/</sup> and net negative transfers.



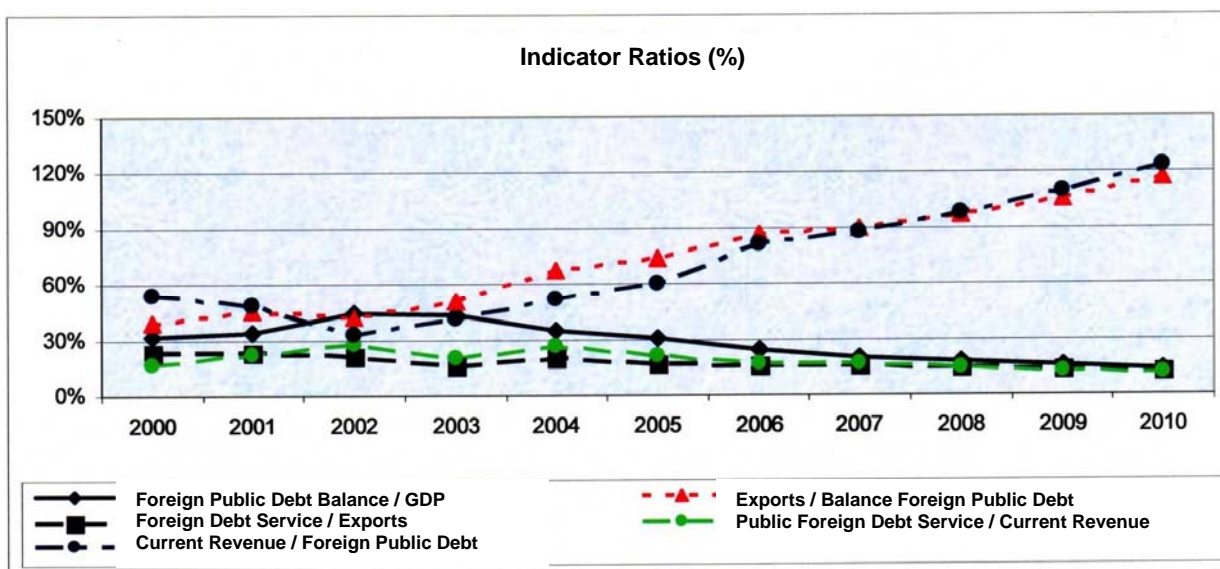
Source: Ministry of Finance and Central Bank of Paraguay

1. 11% during the period 2003-2006.
2. 11.5% in real terms during the period 2003-2006.

- According to creditor institutions, foreign debt is chiefly distributed between multilateral organizations<sup>3/</sup> and official bilateral agencies.<sup>4</sup> Regarding multilateral organizations, the amount owed by December 2006 was in the order of 1,274 million dollars (57.6% of the total), and the debt to official bilateral agencies was in the amount of 937 million dollars (42.4% of the total).
- In addition, the average time for repayment of Paraguay's foreign debt is 7.1 years, i.e., there is an ample margin since the maximum time allowed for repayment by the World Bank, in Category III to which we belong, is 11.25 years.

### Analysis of sustainability

- The following graph displays the evolution of debt ratios; noteworthy is their favorable development, particularly starting in the year 2004 and continuing into 2006, if conditions are kept constant. It is important to highlight the consistent reduction of the debt balance as a percentage of GDP, which should be at approximately 14% by 2010. The continuous increase in the country's earnings, both in exports and in current revenue for the central government, compared with debt servicing.



Source: Ministry of Finance and Central Bank of Paraguay

- Assuming an implicit interest rate<sup>5</sup> for the Paraguayan case of 4%, the indicator for net present value of the debt service as a percentage of GDP was in the order of 27.5%, far below

3. Including mainly the IADB (43.2%) and the IBRD (10.3%). Share of the total is enclosed in brackets.  
 4. Mainly including Chinatrust (16.3%), Eximbank-china (5.2%), and JBIC (13.8%). Share of the total is enclosed in brackets.  
 5. Measured as the average, for the period 2003-2006, of the ratio of interest payments divided by the outstanding balance for the previous period.

the 80% that constitutes an alert signal due to the possibility of the country falling rapidly into debt.

- In addition, the indicator for the net present value of debt service as a percentage of exports during the same period reached 132%, below the 200% that constitutes an alert signal due to the possibility of the country becoming unable to pay its debt.

### **Employment**

The Ministry of Justice and Labor, as the institution leading labor administration, and responsible for the preparation, administration, coordination, control and review of national labor policy, considers that one of the main challenges to fight poverty, promote social and economic development, and strengthen democratic stability is that of generating quality, productive jobs. In this regard, the role of the Ministry's action centers on the implementation of a strategy to advance in the articulation of economic, productive, labor, and social policies, placing employment at their center.

In its National Plan for Decent Work, the Ministry has included the objectives of the Declaration and of the Plan of Action of the Fourth Summit of the Americas in its labor policy goals.

The plan is based on the modernization of labor administration in Paraguay and on carrying out actions towards the construction of functional, institutional, and operational capacity to improve the effectiveness of the Ministry of Justice and Labor's functions. An agreement has been signed with the International Labor Organization for its implementation. The plan's areas of action are: systems for training and vocational training, employment and labor intermediation services, mechanisms for the protection of unemployed workers, labor inspection services, improvement and strengthening of the systems for individual and collective conflict resolution.

The decent work program's priority is to improve compliance with the fundamental rights of workers and their effective enforcement. It includes actions for institutional strengthening, the generation of conditions for quality job creation, and the establishment of a legal framework promoting the fundamental rights of the worker.

### **Situation**

In 2005, 77.1% of the population, around 4,498,263 people, were of working age, and of these 61.8% constitute the workforce of the country. In the rural areas the workforce figure is 63.7%, and in urban areas it is 60.4%.

The labor force generally tends to enter the labor market early, given the high level of economic participation of people between 10 and 14 years of age in the labor market, and which is 16.4% of the total.

With respect to the rate of unemployment of the country's workers, during 2005 it reached 5.8%, while in 2004 it had been 7.3%; this reflects a 1.5% decrease in open unemployment. The process of diminishing unemployment levels began in 2003, and the figure for 2005 is the lowest level registered since 1999.

INDICATOR	Years					
	1999	2000/2001	2002	2003	2004	2005
<b>RATE OF OPEN UNEMPLOYMENT</b>	6.8	7.6	10.8	8.1	7.3	5.8
<b>RATE OF UNDEREMPLOYMENT</b>	17.6	22.1	22.4	24.1	24.2	25.1
<b>RATE OF HIDDEN UNEMPLOYMENT</b>	9.7	8.3	6.3	5.3	3.9	3.7
<b>TOTAL RATE OF UNEMPLOYMENT</b>	–	15.3	16.4	13.0	10.9	9.4

The rate of unemployment, which constitutes another important labor market indicator, reached 25.1% in 2005, i.e., a small positive variation with respect to the 24.2% registered in 2004. The rate of hidden unemployment, in turn, reached 3.7% in 2005, i.e., a decrease with respect to the 3.9% figure for 2004.

It is also necessary to mention that the total unemployment rate has seen a significant reduction between the years 2000 and 2005, bearing in mind that in the last period it decreased from 10.9% to 9.4%, due to the combined effect of the reduction in the rates of open and hidden unemployment.

The chief characteristics of the Paraguayan labor market are that it has low employment diversity in the rural area and high levels of salaried employment in urban areas as well as of non-salaried independent and family employment in the rural areas.

### **Growth with employment. Decent work to fight poverty**

The activities carried out with the objective of creating conditions for the generation of greater opportunities so that men and women can have decent incomes and jobs are the following:

- a) Strengthening of the public institutional framework for employment policy: an Inter-Institutional Committee for Employment Policy [*Comité Interinstitucional de Políticas de Empleo*] was established by the Ministry of Justice and Labor. As its first task, the committee made an inventory of policies and programs of different ministries related to employment. Possible adjustments to the regulatory framework are also being discussed, in order to create more employment, especially through the contracting of micro and small enterprises in public bidding processes. In the medium term it seems indispensable to re-evaluate the training policy under a broad view of labor market needs. ILO technical support exists, through consultants and the participation of specialists in meetings and workshops. Worker participation and involvement in debates on labor insecurity, informality, and labor and training policies, is considered vital.

b) Labor-intensive public investments: one labor policy priority, especially in order to benefit the most vulnerable and poor sectors, is to advance in the implementation of the methodology that seeks to increase employment for men and women through public investment. This initiative has concluded an analysis and a proposal to carry out a pilot program. The activities carried out in this field are consultancies on adjustments to the regulatory framework to facilitate the allocation of public contracts to small enterprises. A special topic in this context is the study of forms of entrepreneurial associations that will allow the contracting of local micro-enterprises in the Ministry of Public Works and Communications' project (financed by the World Bank) on road construction and maintenance.

In order to expand social protection and improve the quality and productivity of labor in the informal sector, several activities are being carried out to develop a regulatory framework that seeks to bring the informal sector and non-registered labor into the formal sector.

### **Regional strategy to increase employment**

At the regional level, in July 2006, MERCOSUR adopted a Strategy for Growth of Employment based on two conceptual foundations: 1) the joining of macro-, meso- and microeconomic policies with labor, social, and education policies, in order to generate conditions for the creation of enterprises and decent work, and 2) obedience and compliance with fundamental principles and rights of labor.

The strategy intends to pursue the following objectives to stimulate employment growth:

- The promotion of public and private investment
- The development and strengthening of the domestic market as a platform for insertion in the world market
- The moving forward of a development policy that will strengthen the industrial sector and technological innovation
- The linkage of policies fostering productivity to the development of micro-, small, and medium enterprises (MSMEs)
- The moving forward and promotion of programs for a cooperative social economy characterized by solidarity
- The development of the rural sector
- The fostering of local development, strengthening areas of cooperation between public and private actors

A High-Level Panel on Employment was established at the national and regional levels, comprised of government representatives and representatives from the social sectors. This space for social dialogue is currently preparing the strategy's guidelines, which will be included in the national employment plans.

### **Institutional strengthening and improvement of compliance with labor law**

The objective regarding institutional strengthening is to bolster the political and administrative capacity of the Ministry of Justice and Labor, in the field of labor. To this end, a plan

of action for 2006-2008 was written, to be executed through a technical cooperation project with IDB/ILO. Within this framework, the following objectives were identified:

- a) Strengthen work inspection. It is proposed to use an administrative statute and improved procedures to expand the jurisdictional scope of work inspection to include norms on social security, to create administrative procedures including visit plans, standardized forms and reports, as well as inspector training. Seminars were held for workers organizations and employers to generate a participative process and collect their proposals.
- b) Establish an adequate legal framework for the existing extra-judicial mechanisms for individual and collective labor dispute solution. Work is being carried out towards a proposal of strategic re-design in order to train officials responsible for alternative conflict resolution (mediation and conciliation) in both individual and collective disputes. Studies were made in 2007 and 2008 on the application of the Paraguayan Law on Mediation for the Administrative Labor Jurisdiction, and materials will be designed to facilitate the application of tools and methods of alternative conflict resolution (ACR). In addition, recommendations will be made to improve the system for conflict resolution and seminars will be held for workers' organizations and employers, to generate a participative process and collect their proposals.
- c) Improve the quality of administrative registries of the Vice-Ministry of Labor: the intention is to create, in 2007 and 2008, an improved system of registries of labor unions, the employers' registry (for companies), and the registry of employer organizations. Progress has also been made towards improving the labor union registry through the redesign of a form for labor unions and a structure for the data base. Once the new registry is in operation, a study will be carried out regarding affiliation and union representation in the country. Activities to improve the employer registry and to establish a registry of employer organizations will begin with an updated analysis of the current situation, and then will proceed to carry out the sequence of planned activities.
- d) New procedures will be established and the computerized system's implementation will be improved. A new structure for the respective data bases will be designed, as well as a form summarizing all information, which in the future will be handled electronically. Activities of dissemination and exchange will be carried out with employers' and workers' organizations, and for training of government officials to assist in the implementation of the new system.
- e) Statistics on labor and social protection. Starting in 2006, within the framework of the National Program for Decent Work, actions have been carried out to provide technical support to the institutions collecting labor statistics, in order to improve the registry and processing systems, thus generating the conditions to have current analyses of the diverse segments of the labor market. The plan for 2007 and 2008 is to provide technical support to institutions collecting administrative statistics regarding social protection, in order to improve registry and processing systems, thus creating the conditions for keeping up-to-date analyses.
- f) Reform of the retirement and pension system. There has been ongoing work since 2005 towards the definition of a new model for social security that is financially viable and that will allow for the extension of coverage regarding retirement and pensions. In addition, with the assistance of the ILO, studies are being carried out towards finding alternatives for social

security coverage of young workers. Technical assistance is being provided to a team combining several labor unions, which has been trained in matters relating to social security.

### **Measures against natural disasters**

The institution responsible for the prevention, mitigation, preparation for, response to, and rehabilitation after emergencies and disasters is the Secretariat for National Emergencies [*Secretaría de Emergencia Nacional*], under the Office of the President of the Republic. It has been strengthened by the national government, granting it ministerial rank to coordinate these stages. The law granting the institution its hierarchy is No. 2615/05 “Establishment of the Ministry for National Emergencies.” In order for it to have actual resources to intervene in any of the aforementioned stages, the National Emergency Fund was created, its source of income being 10% of the revenue obtained from the selective sales tax on cigarettes and alcoholic beverages.

In addition, the Secretariat for National Emergencies has initiated projects for the mitigation of the impact of floods on the communities bordering the Paraguay and Paraná rivers. These projects are in their final phase in the cities of Concepción, Alberdi, and Pilar; components were added addressing adjustment to climate change. In other riparian communities the projects were designed with this in mind. The foregoing includes the creation of capacity for risk management and response to emergencies in the country’s municipalities and departments (provinces).

Currently the Secretariat for National Emergencies is in the stage of consolidating its operational structure and setting up its Emergency Operations Center. To this end, it has signed cooperation agreements with governments from Europe, Asia, multilateral organizations, and NGOs.

### **The fight against drug trafficking**

The National Secretariat for Drug Enforcement [*Secretaría Nacional Antidrogas (SENAD)*] was created by Law No. 108/91. It lies under the Office of the President of the Republic, with ministerial rank, and its function is to direct and coordinate actions among government and non-governmental agencies working in the fight against drugs and the prevention of drug addiction. It is the government authority responsible for the execution of the national government’s anti-drug policy, the prevention, recovery, and surveillance the laundering of money obtained from unlawful drug trafficking, drug addiction, and the control of dangerous drugs and the prevention of their use.

The basic, specific, framework of the “fight against drugs” is to be found in Law No. 1340/88, which regulates the diverse aspects related to the trafficking of unlawful and dangerous drugs and its repression.

This legal framework was strengthened by Law No. 1881 of June 24, 2002, which expands Law 1.340, and includes the categories of “delivery under surveillance,” “undercover operations,” “informer,” and “special agent” who can, under judicial oversight, can become an “undercover agent.” It also regulates “reciprocal judicial assistance” and closes down the Office of the National Director on Drugs [*Dirección Nacional de Narcóticos (DINAR)*].

The functions relating to the suppression of unlawful drug trade that had formerly belonged to DINAR, by virtue of the July 22, 2002 Order No. 103/2002 of the Executive Secretary of SENAD, were transferred to the Office of the Director for Operations of the National Secretariat for Drug Enforcement.

The Health Code, Law 836/80, in turn, establishes the measures to be adopted by the State and private citizens to promote public health, recovery and rehabilitation of drug addicts and the procedure for lawful trade in control substances.

Paraguay has acceded to numerous international conventions related to this topic, and has also signed bilateral and multilateral conventions and agreements with several countries, within the context of close cooperation, especially for the exchange of information, with bordering countries.

There is a Drug Observatory that collects statistics, carries out epidemiological research and produces publications.

Ongoing activities are the following:

- The National Plan for Drug Enforcement [*Plan Nacional Antidrogas*] contains the following spheres of action: prevention, treatment and rehabilitation, control and surveillance, interdiction, money laundering, legal and judicial, alternative development, observatory, management and finance
- Re-opening of the Office of the Director for Alternative Development within the National Secretariat for Drug Enforcement [*Secretaría Nacional Antidrogas (SENAD)*] in 2004, with professional economists in the Office of the Director and a technical support team with agronomists. This office was created by Decision No. 114/99.
- There have been efforts promoting that the sphere of alternative development be included in the National Plan for Drug Enforcement.
- Planning of proposals for the management of projects in two specific areas as a first stage to address the situation: description of the zones under unlawful cultivation, pilot project for alternative development in vulnerable zones and opportunities for specialization for the area officials.
- CICAD/OAS, in response to a request from SENAD, has made funds available for the strengthening of the Office of the Director for Alternative Development, through inter-agency workshops to address the *problématique*.

Regarding hemispheric cooperation, SENAD continues to efficiently comply with its commitments to ongoing participation in its own sphere in the Multilateral Evaluation Mechanism, with the Governmental Experts Group, the Inter-Governmental Working Group, and the commissioners' meeting.



In addition, following the new guidelines for hemispheric prevention, SENAD is implementing the first Lions “life skills” program, with the support of CICAD/OAS and Lions Quest International, for a population, in its first phase, of 9000 children and adolescents as direct beneficiaries, 400 teachers, Lions club members of 21 communities, and an inter-institutional technical support group of 16 professionals from eight local government and private institutions. Horizontal cooperation for demand reduction is chiefly oriented towards the training of technicians in prevention and treatment of addictions with CONACE, in Santiago, Chile.

Continuity in scientific diagnostic processes for the development of prevention programs and projects for the school population in 2001, 2003, and 2005, and for the general population in 2003 and for drug addicts in treatment centers, should be noted. These epidemiological studies have been conducted with the help of local universities and the Health Sciences Research Institute of the National University, with support from CICAD/OAS.

Paraguay participates in the Specialized Meeting of Application Authorities for Drugs, Prevention of Unlawful Use and Rehabilitation of Drug Addicts [*Reunión Especializada de Autoridades de Aplicación en materia de Drogas, Prevención del Uso Indevido y Rehabilitación de Drogodependientes*] of MERCOSUR, where joint work is being carried out to strengthen cooperation among the region’s countries to decisively confront the world drug problem, under the principle of shared responsibility, and with a balanced approach.

The Technical Commission for Demand Reduction is responsible for, *inter alia*, the standardization of operation of effectors in the treatment of addictions, of auditing and State controls, the equalization of norms among State Parties, damage control policies with strict national controls as part of a strategy for the recovery of the drug addiction patient, the exchange of methodologies and skills for the attention to demand, integrated management for the decentralization of prevention policies, implementation of school programs based on hemispheric guidelines, challenges, strengths and weaknesses in the MERCOSUR countries, and information exchange on basic indicators and each country’s methodologies, within the drug observatories.

The Technical Commission on Unlawful Drug Trafficking and Oversight of Controlled Chemical Substances is responsible for, *inter alia*, the exchange of information and experiences in the control of unlawful drug trafficking, proposals for horizontal for police and customs training, exchange of experiences in oversight of controlled chemical substances, information exchange on the execution of tasks in the field of micrographics and its incidence on judicial decisions.

### **Science and technology**

The National Council for Science and Technology [*Consejo Nacional de Ciencia y Tecnología (CONACYT)*] is responsible for the governance, coordination, and evaluation of the national system for science, technology and innovation, as well as for the National Quality System. It was created by Law 1028/97, and it is a public agency under the Office of the President of the Republic. Its composition is mixed (public and private sector).

CONACYT has been coordinating actions regarding the teaching of the sciences, providing support for public and private research associations, and promoting their interaction, regarding the increase of investments in the area of science and technology, and the use of the possibilities offered by different technologies. Among these actions, the following can be mentioned:

- Model Science and Technology Program [*Programa Marco de Ciencia y Tecnología*], within MERCOSUR. The initial programs for the period 2006-2010 are: biotechnology, energy, nanotechnology, water resources, information society, popularization of science and technology, and technological development and innovation.
- Youth Science Prize “Pierre et Marie Curie,” which seeks to awaken a culture of research in children of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year of secondary school.
- Permanent exposition on “Learning by Playing,” [*Aprender Jugando*] which plans to have a science and technology museum on the campus of the National University of Asunción.
- MERCOSUR Prize in Science and Technology.
- Policy framework for the teaching of science and technology in vocational secondary school. Workshop for the preparation of a proposal for a national policy that includes the broadest view of science and technology.
- PR 126 – PROCYT Project. “Contribution to the strengthening of the National System for Innovation of Paraguay” and, as a specific element, the strengthening of research capacity in the country.
- UNIVEMP-LAM Project. Its purpose is to contribute to the design of a future work program for INCO, oriented towards cooperation with a group of developing countries, i.e., Latin America, specifically in the establishment of university-business links.
- DeTIEC Project: Technological Development, Innovation and Evaluation of Competitiveness [*Desarrollo Tecnológico, Innovación y Evaluación de la Competitividad*]. This project was recently drafted and presented to the MERCOSUR Structural Funds [*Fondos Estructurales del MERCOSUR (FOCEM)*] and will begin its execution in 2008. The project will facilitate SMEs’ access to financing and investment in their initial and growth phases.
- Genesis I Project, to measure institutional supply of technology [*oferta tecnológica institucional – OTI*], possible incubation environment, and to explore the innovation status of a group of 100 Paraguayan corporations.
- Telecenter Network of Paraguay [*Red de Telecentros del Paraguay*]. The Ko’eju Project, CONACYT-UNESCO-MEC, will allow for the establishment of a Network of Community Telecenters [*Red de Telecentros Comunitarios*] and to create local

networks to respond to the demand for information, services, education, health, security, and to develop public-private alliances to reduce the digital divide in the country.

- EVSI EU-MERCOSUR Project. The EVSI Project is in an advanced stage of its formulation; it will provide support to the information society in MERCOSUR with the establishment of the Virtual Information Society School [*Escuela Virtual Sociedad de la Información*].
- CONACYT SOLAR ICT-EU Project. Its purpose is to develop a knowledge platform to promote research, with participation of the public and private sectors, and academe, to foster the development of the economies of the participating countries and strengthen strategic alliances between Europe and Latin America.

### **Fiscal and structural reforms**

After years of recession and periodic economic crises in Paraguay, starting in August 2003 the national government embarked on an ambitious economic reform program backed by an agreement with the IMF

A far-reaching program of **fiscal and structural reforms** was adopted in order to bring Paraguay back on the road to sustainable growth. The strategy was centered on restoring fiscal sustainability, increasing public sector efficiency, strengthening of the banking sector, improved governance, and the fight against corruption.

Specifically, a comprehensive package for fiscal equilibrium was adopted, including measures to increase tax revenue collection and appropriate expenditure restriction; measures were also adopted to correct financial problems in some public corporations. In addition, the public employees' pension system was reformed, and monetary policy responded pragmatically to a series of difficulties.

The passage of the **Law for Administrative Reorganization and Fiscal Adjustment** [*Ley de Reordenamiento Administrativo y de Adecuación Fiscal*] in July 2004 brought about an increase in the tax base and the improvement of tax administration. Moreover, the approval of the new Customs Code [*Código Aduanero*] granted the customs service operational and financial autonomy, and considerably increased its oversight and control authority.

The aforementioned law achieved many of its initial objectives, including a substantial increase in the tax base for the VAT, a more effective tax regime for large producers, the elimination of a vast number of exceptions separately established in more than 42 laws, and the introduction of a tax on personal income. The chief characteristics of the new tax law can be summarized as follows:

- The law reduces the income tax rate from 30 to 20 percent during the law's first year, and starting in its second year reduces it to 10 percent. Many former exemptions are also reduced, one of the most important of which was a five-year exemption for new investments. The new law also introduces a new tax for small taxpayers: 10 percent

of net income. This last modification is a first-rate improvement, since it replaces a former tax that allowed for evasion on the part of large corporations.

- The law introduces a tax on vehicles, but it is limited to luxury vehicles, and its application is limited to two years.
- The law expands the VAT by eliminating exemptions under special regimes, and applies the VAT to services, rentals, transportation, and goods formerly exempt (petroleum). The rate is kept at 10 percent, but some basic and pharmaceutical products temporarily have a lower rate.
- The law improves upon the previous tax on agricultural land (IMAGRO, for its acronym in Spanish), by classifying taxpayers as large landowners, who pay their tax on the basis of their real income, and medium-sized landowners who may pay their taxes based on their presumptive income.
- The law introduces a tax on personal income, initially applicable only to those incomes greater than the sum of 10 minimum wages; it will gradually include those taxpayers who earn a sum equivalent to the sum of 3 minimum wages.
- The law modifies the rates for the selective sales tax and adds new taxable goods at rates that vary between 1 and 5 percent.
- The law introduces several modifications to the Tax Administration, geared toward improving accountability of the Tax Administration officials, and to clarify the taxpayers' responsibilities.

The **public employees' pension system reform** was enacted in December 2003; its enforcement began starting in 2004.

The Paraguayan pension system is fragmented into eight independent public institutions. Approximately 95 percent of the taxpaying employees are under two institutions: the Social Security Institute [*Instituto de Previsión Social*], which covers private sector employees, and the Fiscal Fund [*Caja Fiscal*] which covers public sector employees, teachers, police officers, the military, employees of the Judicial Branch, as well as Chaco War veterans. All these are pay-as-you-go systems and in all cover less than 8 percent of the labor force.

The Fiscal Fund, over time, has incurred in considerable operational deficits. The deficit reached 1.9 percent of GDP in 2002, nearly 60 percent of which came from payments to Chaco War veterans and their heirs. Retirement ages as young as 40 years have contributed to the deepening of the deficit. The effects of the generosity of the pension system are worsened by the lack of transparency regarding the legitimacy of claims, especially those made by the heirs of Chaco War veterans.

The reform of the Fiscal Fund proposed by the government seeks long-term financial sustainability, and has the following characteristics: (i) it increases the contribution of employed workers by 2 percentage points, up to 16 percent, (ii) it expands the definition of salaries subject to

retirement contributions, (iii) it increases the retirement and pension age to 62 years, (iv) it estimates pension amounts on the basis of the average salary received over the last 10 years (adjusted for inflation), instead of using the latest salary, (v) it adjusts pensions for inflation, instead of using the increase in employed workers' salaries, and (vi) it explicitly eliminates the end of year bonus. In addition to these legal measures, the government has ordered an external audit of the beneficiaries of the Fiscal Fund.

## **PLAN OF ACTION**

### **Compliance with fundamental rights of workers. Forced labor. Child labor.**

Regarding compliance with labor law, the Decent Work Program attaches priority to the improvement in compliance with the fundamental rights of workers and their effective enforcement. The areas included are the following:

a) Eradication of child labor. Paraguay has been effectively implementing its National Plan for Prevention, Eradication of Child Labor, and Protection of Adolescent Workers, 2003-2008. Under this plan, approved by Presidential Decree No. 2616 of May 2004, and under the National Plan for the Prevention and Elimination of Sexual Exploitation 2004-2008, activities have been carried out centered on combating two of the worst forms of child labor: domestic child labor, and child sexual exploitation for commercial purposes.

The National Commission for the Eradication of Child Labor and the Protection of Adolescent Workers [*Comisión Nacional para la Erradicación del Trabajo Infantil y la Protección del Trabajo de los Adolescentes (CONAETI)*] also receives support in tasks related to training and consciousness-raising regarding child labor, social actors and Ministry of Justice and Labor (MJT in its Spanish acronym) officials, particularly work inspectors, advisors, and mediators.

b) Abolition of forced labor. At the request of the Government of Paraguay, the ILO prepared a report on "Debt Bondage and Marginality in the Paraguayan Chaco" [*Servidumbres por Deudas y Marginación en el Chaco Paraguayo*] in 2004. This report was submitted to the government in 2005 and in 2006 the Ministry for Justice and Labor established an inspection office in El Chaco.

c) Freedom to join unions and freedom of association. In order to establish a labor framework that promotes decent work and reaffirms respect for the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, Paraguayan labor legislation is being studied on an ongoing basis, with a view to accommodate its provisions to comply with international conventions ratified by Paraguay.

During 2005 and 2006, training seminars were carried out, as well as workshops with workers' organizations and employers' organizations on international norms governing work and Paraguayan domestic legislation.

### **Youth employment. Vocational training**

For those between 14 and 17 years of age, the approach of labor policy is one of protection of adolescent labor. Both the labor code and the Code on Children and Adolescents establish norms

regulating adolescent work, attaching priority to having adolescents stay in the education system. There are established types of work and schedules regulating adolescent employment. Work at this stage has an educational value, and is carried out under apprenticeship and internship contracts; for this reason the SNPP and SINAFOCAL education and training programs promote internships in businesses to offer the opportunity for work experience to youths. In addition, young entrepreneurial projects, serving as business incubators, are fostered.

To ensure the protection of adolescent labor, a Registry of Adolescent Labor [*Registro del Trabajo Adolescente*] was established. The ministerial decision establishes the obligation to register the hiring of adolescents under the age of 18, including domestic workers, in the municipal advisory offices [*consejerías municipales*] and the Ministry of Labor. Training seminars for inspectors, businessmen and workers were carried out, to make the registry operational.

The labor policy approach towards young adults between the ages of 18 and 29 is to promote youth employment. In this connection, the Ministry's action stress the offering to young men and women of specific professional training with subject matter appropriate to generate employment opportunities in the formal sector, and self-employment through micro-enterprise and associative work. It is preferred that training be carried out in a short period of time in order to hasten insertion in the productive sector. Educational actions give priority to the most vulnerable youth, such as the young rural poor, youths from poor families, and those incarcerated. The training services are carried out by the System for Education and Vocational Training [*Sistema de Formación y Capacitación Laboral – SINAFOCAL*] and the National Service for Professional Advancement [*Servicio Nacional de Promoción Profesional – SNPP*].

The educational and training programs for both urban and rural youth through SINAFOCAL and SNPP include courses geared towards unemployed youth, micro-entrepreneurs, and small rural farmers. Among courses offered the following, *inter alia*, can be mentioned: horticulture, soy production, dairy production, beekeeping, pig and poultry production, tree nurseries, artificial insemination, animal vaccination, production of medicinal herbs, of small grains, ka'a He'e, and soil conservation.

New educational activities for a greater and improved attention to youth needs are currently being designed. The short-term objective is to achieve a new curricular design for the "learn to undertake" [*"aprender a emprender juvenil"*] youth program, and a high-level technical-technological teaching center in Coronel Oviedo City.

The most important educational challenge is to achieve an effective linkage with the labor market's needs. In this connection, the Office of the Vice-minister of Labor is running a labor market observatory to understand the reality of the labor situation through statistical registries of companies; we will also carry out surveys to identify the professional training and human resources needs of national enterprises, and also those of MERCOSUR and other countries.

Regarding the legal norms to stimulate youth employment, the Ministry carried out a 2006 study of the current state of the law on first-time employment. To date there is a report available on the Law of First-Time Employment No. 1680/2002, which will be submitted to the Executive Branch to request its modification or repeal, given its lack of application and the repeal of its sections by tax and social security laws passed in 2005 and 2006.

## Gender

The Secretariat for Women of the Office of the President of the Republic has ministerial rank, and it is the governing institution for public policy on gender. In the execution of its Second National Plan for Equal Opportunities for Women and Men, 2003-2007 [*II Plan Nacional de Igualdad de Oportunidades entre Mujeres y Hombres 2003-2007 – II PNIO*], within the sphere of action of Access to Economic Resources and Work [*Acceso a los Recursos Económicos y al Trabajo*], and through the “National Tripartite Commission to Promote and Study the Participation of Women in the Workplace in Paraguay” [*Comisión Tripartita Nacional para Promover y Examinar la Participación de la Mujer en el Trabajo en Paraguay*] – a venue for social dialog with a wide spectrum of sectoral representation – has promoted and supported the ratification of ILO “Workers with Family Responsibilities Convention” No. 156, which is currently under study in the National Congress for its ratification, with the approval of the Executive Branch.

The Secretariat for Women and the Ministry of Justice and Labor have signed an agreement to move forward an action program to introduce gender as a cross-cutting theme in Paraguay’s employment and labor market policies.

As a key tool to address gender equality issues and opportunities, the strategy has been to establish dialog throughout diverse state-state and state-civil society linkages created, in order to introduce cross-cutting themes and consciousness-raising.

With respect to positive actions confronting discrimination in work, the Secretariat for Women and the Office of the Ombudsman [*Defensoría del Pueblo*] have intervened in the admissions procedures for women to the Military Academy of the Republic of Paraguay, guaranteeing transparency and non-discrimination in the selection process carried out in these professions, which have been characterized as clearly masculine.

As a source of motivation for leadership and empowerment, the Secretariat for Women has organized a national contest on “Outstanding Paraguayan Women” [*Mujeres Paraguayas Destacadas*], with a wide array of prizes; the Secretariat also has a “Center for Female Leadership” [*Centro de Liderazgo Femenino*] with the aim of providing ongoing political education for young and adult women.

Among the campaigns carried out, the campaign “Equal in Everything” [*Iguales en Todo*], should be highlighted. It was a complete success, and one of its publicity spots received an international prize. This campaign cut through traditional thinking with clear messages in street theater, in passenger vehicles, outside of schools, markets, and any and every place where people come together. Topics addressed included, *inter alia*, equal pay for equal work, non-discrimination at work for maternity reasons, violence, and health.

In the pursuit of an effective decentralization of public policies in the area of gender in local governments, the Secretariat for Women has a secretary for women in each one of the 17 departments (provinces), and these in turn are required to carry out further decentralization in the 230 municipalities.

Jointly with the Office of the Director for Gender and Rural Youth of the Ministry for Agriculture and Livestock Farming [*Ministerio de Agricultura y Ganadería*], the Interinstitutional Gender Team [*Equipo Interinstitucional de Género – ETIG*] has supported the process “Specialized Meeting of Family Agriculture” [*Reunión Especializada de Agricultura Familiar – REAP*] of MERCOSUR for the inclusion of the gender perspective in sensitive topics such as the access to land, credit, and marketing.

Likewise, it has initiated a consciousness-raising process regarding gender policies with the National Institute for Rural Development and Land [*Instituto Nacional de Desarrollo Rural y de la Tierra – INDERT*] to promote effective access for women to property and to technical training for the development of the aforementioned properties.

A healthy and sustainable environment constitutes a cross-cutting component in all activities, projects, and policies related to, inter alia, waste management, access to water, use and management of greenways and protected areas.

Speaking to matters related to micro- and small enterprises, informal work, and the broad spectrum of the invisible economy, the Secretariat for Women, in its multiple and varied venues for linkage, has brought the topics forward for discussion, including the strengthening of MSMEs, and the bringing of informal work into the formal sector as strategies to generate employment, social inclusion, and fight poverty.

An agenda for decent work has been prepared, with the assistance of the International Labor Organization, for the National Tripartite Commission to Promote and Study the Participation of Women in the Workplace in Paraguay.

This commission is the only one of MERCOSUR and Chile that works with the full array of corporations (large, medium, small, micro-enterprises, and cooperatives), unions (all the existing federations), with an active participation on the part of state institutions, and with rallying capability.

It is from this podium from where the “topic of social security” has been placed on the agenda for public discussion, especially the issue of modification of the provisional system and its effects on coverage for domestic workers.

It also constitutes a space that facilitates the promotion of employment policies and programs with a gender focus.

The Secretariat has also promoted productive projects that include training not limited to economic aspects, but with an integral approach (health, leadership, participation, etc.). Thus, a project for “Integral Development with a Gender Focus in the Community of Brítez Cué,” carried out in the Department of Canindeyú, established a model bakery with the support of *Itaipú Binacional*, providing the wherewithal for work to 135 women and 39 female heads of household, who run small stores in marginal urban areas with the support of B’nai B’rith; more than 100 academic scholarships have been given to young poor women from the start of the program “Promoting Young Women Leaders with Social Responsibility,” jointly sponsored with the Peace Corps and UPEJ.



The project “Community Development in Itapúa: Training, Motivation, and Organization of Women for Productive Projects,” which is being executed with the support of Yacyretá, has benefited 380 women organized in committees, through training and the provision of inputs for projects presented by their respective organizations, in order to foster the development of urban and rural women’s potential.

In the sphere of education, there is an Equal Opportunity Program for Women in Education [*Programa de Igualdad de Oportunidades para las Mujeres en la Educación (PRIOME)*]. This program seeks to include the gender perspective in the Ministry of Education’s plans and programs; it carries out forums and training workshops on the topic of gender, oriented toward the technical and decision-making echelons in the Ministry of Education.

Gender issues have also been included in the Bilingual Literacy Program [*Programa Bi-Alfabetización*], geared toward adults. This program draws topics to address from community experiences, and most of the beneficiaries are women.

Within this sphere of action, there are also ongoing efforts to include the gender perspective in university curricula, taking advantage of the space opened by the current university reform process.

In the field of health, a diagnostic study has been made to ascertain the degree to which the gender perspective has been included in the programs and projects of the Ministry of Health, and at this time there is a Program for Action, within the II PNIO.

Consciousness-raising topics in sexual and reproductive health have been addressed with Indigenous and rural women, with the sponsorship of the United Nations Fund for Population.

There is permanent monitoring and support of the Ministry of Health’s programs that emphasize Sexual and Reproductive Health, HIV/AIDS and other STDs, Chagas disease, tuberculosis and the AIEPI Strategy (prevention of illnesses prevalent among children and adolescents). These topics have been addressed by thematic roundtables and workshops for consciousness-raising and training in the capital and in the interior of the country, with the support of the Pan American Health Organization (PAHO).

Within the II PNIO’s sphere of action “A Life Free from Violence” [*Una vida libre de Violencia*], there is a Women’s Support Service [*Servicio de Apoyo a la Mujer– SEDAMUR*], which has an interdisciplinary team of professionals to respond to and counsel women who are victims of violence. In addition, it carries out activities within the National Plan for the Prevention and Punishment of Violence against Women, which originated in, and is executed by, an inter-institutional commission. This commission engages, *inter alia*, in reviews and proposals for legislative bills and training workshops for key and strategic actors.

This service undertook two important campaigns, “Fighting Sexual Harassment” [*Contra el Acoso Sexual*] and “Prevention of Trafficking in Persons” [*Prevención de la Trata de Personas*].

The Secretariat for Women is executing a project on “Fighting Trafficking in Persons,” with the support of the Government of the United States. This project attends to, orients, and supports women victims of this crime, and disseminates educational materials and information regarding it.

## **The fight against poverty**

The national government is executing its National Strategy to Fight Poverty [Estrategia Nacional de Lucha contra la Pobreza (ENREP)] with the purpose of guaranteeing that all poor persons, groups, and communities obtain access to the material, social, political, and civic conditions to exercise their rights and fully realize their potential, and stop the cycle that reproduces and propagates the problem.

### **National Strategy to Fight Poverty (ENREP)**

The strategy's institutional framework articulates the roles and actions of the institutions charged with addressing the social sectors, that belong to the Social Cabinet [*Gabinete Social*], and the liaisons created to link the sectors (Social Cabinet and Office of the Director of the National Strategy to Fight Poverty Plan [*Dirección del Plan de la Estrategia de Lucha contra la Pobreza – DIPLANP*]). Their specific competencies are described in the following table.

<b>Roles</b>	<b>Policies</b>	<b>Inter-sectoral programs</b>	<b>Sector programs</b>
Linkage and coordination	Social Cabinet - DIPLANP	SAS - Social Cabinet - DIPLANP	Sector ministries
Making of instruments	Social Cabinet - SAS	SAS	Social Cabinet Sector ministries
Design and planning	Social Cabinet - SAS - DIPLANP	SAS	Sector ministries
Resource assignment	FES Council	FES	FES
Execution		SAS	Sector ministries
Monitoring	Social Cabinet - DIPLANP	SAS	Sector ministries
Management Control (control de gestión)	Social Cabinet	Office of the Comptroller - SAS	Office of the Comptroller - Sector ministries
Evaluation	DIPLANP - SAS - Social Cabinet	DIPLANP - SAS - Social Cabinet	Sector ministries - DIPLANP - Social Cabinet

### **Programs to fight poverty**

The National Strategy to Fight Poverty provided the framework for the creation of the Social Protection and Advancement Network [*Red de Protección y Promoción Social – RPPS*]. The following social programs were designed and implemented within the network:

a) Tekoporâ Program: this program is being implemented in the Departments of Caazapá, San Pedro, and Caaguazú. By the end of 2006, the program included 8,838 active beneficiary families, approximately 53,542 people, of whom 27,067 are boys and girls of ages 0 –14.

b) *Abraço* Program: it was started in 2005, and its area of influence is Asunción and the municipalities of the *Departamento Central*. In 2006, 1,340 boys, girls, and their families were included in the program by 13 Open Comprehensive Attention Centers [*Centros Abiertos de Atención Integral*]; it tends to 665 families, 391 of which are recipients of solidarity bonds conditioned to compliance with certain co-responsibilities. It is expected to reach 3000 children and their families by 2007.

c) **Ñopytyvo Program:** this program is carried out in Puerto La Victoria (formerly Puerto Casado), Department of Alto Paraguay. It provides attention to approximately 500 families in a situation of vulnerability, of which 200 belong to the Indigenous Maskoy community. Coverage reached 513 families by December 2006.

d) **Program for Senior Citizens Veterans of the Chaco War:** its general objective is to facilitate access to public services, chiefly health services. It is expected to provide attention to 4,468 Chaco War veterans.

**Main achievements in poverty reduction:**

- Care was provided to 19,600 Indigenous people, who received medicine, food, social assistance, and fare money.
- Child labor was decreased by the granting of 500 scholarships of G. 250,000 per month, a food kit, and medical attention.
- The “Glass of Milk” was provided to 10,000 boys and girls of 50 institutions and community centers, such as community kitchens, hospitals, foundations, and parishes in impoverished sectors.
- Thirty social projects targeting children, senior citizens, and persons with different capabilities, were financed in the amount of G. 730,000,000.
- Two hundred and forty-one Indigenous and peasant communities have been provided with clothing, coats, and personal hygiene kits.
- There have been 3,350,000,000 invested with *REPADEH* [Paraguayan Network for Human Development], *Pastoral Social* [Social Pastoral], and the *Fundación San Peregrino* [St. Peregrine Foundation] for the care of 4,000 people in the areas, *inter alia*, of health, medicine supplies, complex surgeries, specialized studies, and traumatology materials. The Technical Assistance Program for Development of Family Agriculture [*Programa de Asistencia Técnica para el Desarrollo de la Agricultura Familiar (PATI-DAF I)*] for the agricultural period 2004/05 benefited 54,000 families of 128 national priority districts, regarding educational technical assistance on the management of different crops.
- The Technical Assistance Program for the Development of Family Agriculture (PATI-DAF II) is currently benefiting 70,000 families, in its following components: a) diversification of crops: sesame, seeds for 20,000 families; *tártago* [spurge], seeds for 10,000 families; cotton, support for the planting of 300,000 hectares; b) Soil management: 2500 families will receive tools for 2500 hectares of improved soils; c) food security and comprehensive technical assistance: at least 70,000 families in Family Agriculture are currently receiving technical assistance and training in organization, production technology, and marketing management.
- The Program for Development of Small Cotton Farms (Pest Monitoring and Control – DDV/DIA) benefits 20,000 families using direct technical assistance services. It operates through 1740 grass-roots organizations or committees [*comités de base*] and 26 commissions

for district works that are part of Local Participatory Social Development [*Desarrollo Local Social Participativo – DSLP*], with 66 Social Oversight [*Contraloría Social*] committees comprised by technical assistance recipients (2 committees per Territorial Intervention Unit [*Unidades Territoriales de Intervención – UTIs*]). The program also includes Crop Diversification and Advancement of Women and Rural Youth [*Promoción de la Mujer y Juventud Rural*], improvement of the productive base, and agribusiness.

- Currently ongoing there are family social micro-enterprises, and Security and Surveillance in Urban and Rural Settlements, carried out by Yacyretá with a budget of 11,896 guaraníes.
- The following activities are being executed under the Program: Productive Economic and Labor Retooling Fund [*Fondo Económico Productivo y de Reversión Laboral*] SAS/EBY:
  - 58 productive projects with labor retooling.
  - 22 social assistance projects for senior citizens and disabled persons.
  - 80 projects for independent workers of the municipal slaughterhouse.
  - 50 productive micro-enterprises and 2 for assistance of senior citizens for 177 affected persons not included in the census of the Itá Paso settlement.
  - Direct, conditioned, transfers to 1,040 beneficiaries of the 5 districts of Itapúa.
- Under the Pilot Project for Community Development, 141 productive sub-projects are being carried out in the departments of Itapúa, Misiones, and Ñeembucú.
- Educational and Sporting Integration Events [*Jornadas Educativas y Deportivas de Integración*] in the zones of Gran Asunción-Bañados, involving boys, girls, and families who live in the poorest and most vulnerable zones, such as Bañado Tacumbú, Bañado Sur, Bañado Norte-San Juan, and Puerto Botánico. Food services were given to 12,750 girls, boys, and adults, who also received medical and dental attention, as well as medicines. Four thousand twelve (4,012) property titles were issued to an equal number of beneficiaries.
- Training for 600 farmers belonging to 52 organizations.
- Construction of 90 rural houses in the rural settlement of Jagareté Forest, Department of San Pedro, and construction of 15 schools in new neighborhoods in the departments of Concepción, San Pedro, Guairá, Caazapá, Itapúa, and Alto Paraná.
- Twenty-two (22) potable water systems in 22 localities.

### **Evolution of the situation of poverty**

According to the Permanent Household Survey [*Encuesta Permanente de Hogares – EPH*], carried out by the Office of the Director of Surveys, Statistics, and Census [*Dirección General de Encuestas, Estadísticas y Censos – DGEEC*] in 2005, approximately 2,232,202 people were in a situation of poverty, i.e., 38.2% of the population, due to the fact that their income was less than the cost of the basic food basket. In the same period, in rural areas, 36.6% of the population was poor, as

was 39.4% of urban population. Of the inhabitants of the City of Asunción 25% were found to be poor.

It should be stressed that, in absolute terms, the greatest number of poor live in the urban areas, i.e., 55.8% of all poor. Of the total number of people living in poverty, 44.2% live in rural areas.

In addition, according to the Household Survey, at the national level, approximately 902,294 inhabitants of the country are in extreme poverty; 20.8% live in rural, and 11.6% in urban areas.

In absolute terms, the greater number of the poor population lies in the urban areas of the country, i.e., approximately 1,332,572 inhabitants. Of these, approximately 5.8% lives in Asunción, the capital, 30.9% in the urban areas of the *Departamento Ventral*, and 23.15% in the rest of the country's urban areas. For its part, 40.2% of the poor population lives in rural areas.

EPH's 2005 results have yielded encouraging data regarding poverty. For this year, 38.2% was the registered figure, which shows that for three consecutive years poverty has been decreasing in the country; it is necessary, however, to mention that poverty levels remain considerably high.

The aforementioned situation is also evident in the rural areas: in 2005, 36.6% of the population was registered as poor; in 2002 the figure was 50.5%. In the urban areas, although the poor population decreased since 2002, there was an increase with respect to 2004.

### **Access to basic services**

#### **Education**

Paraguay has a school-age population of approximately 1,877,956 inhabitants (including primary and secondary education), of which approximately 1,022,416 are in urban areas, and the rest in rural ones. In this connection, it should be kept in mind that of the total population that is of school age, 85.7% attends a public or private school, while the remaining 14.3% does not.

Regarding the country's literacy rate, it should be acknowledged that progress in the 1990s has allowed the country to achieve a 2005 literacy rate of 94.9% of the population, and the rate of illiteracy is only 5.1%. Of the total population, 96.8% of literate inhabitants belong to urban and 91.9% to rural areas.

The country's workforce has only 8 years of education on average, although it should be noted that the urban workforce averages 9.4 years of education, while the figure is 6.1 years for the rural areas. The workforce in the capital city of Asunción averages 11.3 years of education.

#### **Health**

There is low coverage and penetration of health insurance in the country. According to the EPH, in 2005, 78.3% of the population did not have any kind of health insurance, which leads to the assumption that in case there is a health problem, it attends public health institutions. The Social Security Institute [*Instituto de Previsión Social (IPS)*] only covers 12.5% of the entire population;

this coverage, however, increases to 17.2% in urban areas, and if the inhabitants of Asunción, the country's capital, are included, IPS coverage reaches 20.3%.

The population's out-of-pocket expenses are important; most of them go to the purchase of medication and to pay fees for health services, although it should be acknowledged that most of the population, faced with health problems, prefers to self-medicate, and does not go to health service offices for a medical consultation.

## **Infrastructure**

The level of coverage of basic running water services is still low, chiefly in rural areas, in spite of the fact that most of the providers of these services belong to the State. It should also be noted that access to electricity service is high, and the only provider of electricity is a State-owned enterprise.

There is still a low level of access to conventional telephony in the population, but in recent years the boom of cellular telephony has allowed an increase in the levels of coverage.

## **Agriculture and rural life**

### **National actions:**

#### **I. Promoting competitive rural enterprises**

The Ministry of Agriculture (MAG) has been carrying out rural projects with external financing for rural investments in roads, and productive, collective, and individual infrastructure, provision of drinking water and production inputs, as well as support for the marketing of agricultural products.

The country's National Plan for Family Agriculture [*Plan Nacional de la Agricultura Familiar*] provides for an increase in the availability of food for family consumption, along with other important items for the generation of income and employment of labor. In addition, the MAG is in the advanced stages of the preparation and negotiation of the National Program for Food Security in Paraguay [*Programa Nacional de Seguridad Alimentaria*], with the FAO.

Regarding access to information, there has been considerable work towards the redesign and bringing up to date of the MAG webpage, [www.mag.gov.py](http://www.mag.gov.py); the Ministry's offices also publish informational bulletins.

Regarding action in the area of research, the country's agricultural research centers have started a process of revitalization and integration with diverse groups or actors of the agricultural production chain, in order to fully employ the comparative advantages of each sector involved.

The mission of the MAG's Office of the Director for Agricultural Research [Dirección de Investigación Agrícola (DIA)] is to generate and transfer appropriate technologies for Paraguayan agriculture.

## **II. Integrating chains and strengthening their competitiveness**

In addition to several specific projects on this topic, the MAG participates in sector roundtables, within the framework of the National Exports Plan [*Plan Nacional de Exportación*] fostered by the Ministry of Industry and Commerce [*Ministerio de Industria y Comercio – MIC*] and executed by REDIEX, the Investment and Export Network [*Red de Inversiones y Exportaciones*].

With respect to the promotion of research, development, and marketing programs of products using domestic raw materials with value added, currently underway there is a Project for Farmer Technology and Diversification [*Proyecto de Tecnificación y Diversificación Campesina*], with IADB financing.

## **III. Creating a favorable environment for competitive agriculture**

Paraguay is an active participant in multilateral agricultural negotiations within the WTO, through proposals made by the Cairns Group and G-20. Both forums strongly support fundamental reform in the three pillars (access to markets, subsidies to exports, and domestic assistance) with a view to a less distorted and fairer international agricultural trade. In addition, as a State Party to MERCOSUR, the country is currently negotiating free trade agreements with third countries and blocs (*inter alia*, Andean Community of Nations, EU, Israel, SACU). Paraguay has also been working with MERCOSUR State Parties to harmonize sanitary and phytosanitary norms.

At the national level, and as part of the process of change in institutional structure regarding plant and animal health, two new public autonomous legal entities, with their own sources of funds, have been created: the National Service for Animal Quality and Health [*Servicio Nacional de Calidad y Salud Animal – SENACSA*] and the National Service for Plant and Seed Quality and Health [*Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas – SENA VE*]. A National Committee on the Codex is also in operation, and procedures are being followed towards the creation of the National Sanitary and Phytosanitary Committee [*Comité Nacional Sanitario y Fitosanitario*], with support from the Inter-American Institute for Cooperation on Agriculture (IICA). In addition, the WTO Committee on Sanitary and Phytosanitary Measures has strengthened its participation thanks to the program titled “Sanitary and Phytosanitary Measures for the Americas Initiative,” sponsored by the United States and IICA.

At the regional level, Paraguay is a member of the Southern Agricultural Council [*Consejo Agropecuario del Sur – CAS*] and as such supports regional sanitary and phytosanitary actions carried out by specialized organizations such as the Plant Health Committee [*Consejo de Sanidad Vegetal – COSAVE*] and the Permanent Veterinary Committee [*Comité Veterinario Permanente – CVP*]. The country has also been actively participating in all the activities of the World Organization for Animal Health (OIE), to which it submitted the documentation to request a reinstatement of sanitary status with respect to foot-and-mouth disease.

It should be highlighted that, in the last CAS meeting, the main topic on the ministers’ agenda was the analysis of the regional situation of foot-and-mouth disease, and the drafting of a common regional plan.

The country has worked towards institutional adjustment to achieve greater revenue collection, which has resulted in greater macro-economic stability, with a reduction in inflation. In this context, the MAG has been implementing sectoral projects promoting favorable economic and social conditions for the development of agricultural enterprises, employment generation, the integration of agricultural-marketing chains, and their participation in world markets. These project include, inter alia, the Project for the Strengthening of the Agricultural Sector II [*Proyecto de Fortalecimiento del Sector Agrícola II (PFSA)*], the Program for Technology and Diversification of Small Farmer's Agriculture [*Programa de Tecnificación y Diversificación de la Producción Campesina*] MAG-IADB, the Program for the Development of Small Cotton Farms [*Programa de Desarrollo de las Pequeñas Fincas Algodoneras*] PRODESAL-MAG-IADB, the Technical Assistance Service Unit [*Unidad de Servicios de Asistencia Técnica – USAT*], of the Eastern Region Credit Project [*Proyecto de Crédito de la Region Oriental*] MAG-IFAD II.

The MAG promotes rural micro-, small, and medium enterprises, cooperatives, and community groups engaged in agriculture, agro-industry, and rural services.

As part of the promotion of cooperatives, the National Institute for the Cooperative Movement [*Instituto Nacional de Cooperativismo (INCOOP)*] was created by Law No. 2157/03. It is an autonomous agency, responsible for the oversight and promotion of the Paraguayan cooperative sector.

As part of the country's national strategy, the National Institute for Rural Development and Land [*Instituto Nacional de Desarrollo Rural y de la Tierra – INDERT*] was created by Law No. 2419/04, to promote change in the nation's agrarian structure, towards the taking root, strengthening, and harmonious inclusion of family agriculture [*Agricultura Familiar Campesina – AFC*] in national development, to contribute to the elimination of poverty and its consequences, through actions integrating productivity, environmental sustainability, participation, and equity. Likewise, it is responsible for problems related to land tenure and its normalization.

Paraguay is aware of the need to comply with international sanitary and phytosanitary norms, and has begun a process of institutional restructuring with the creation of SENACSA and SENA VE. The country also participates in, and lends its support to, the activities of OIE, IPPC, Codex, MERCOSUR, and other appropriate organizations, seeking to assign increased human and budgetary resources in order to comply with international sanitary norms.

#### **IV. Assuming environmental responsibility in the countryside**

The MAG promotes environmentally sustainable practices to foster production with conservation using incentives such as investments for the implementation of the practices, works and conservationist measures on farms, in organizations, and in communities (municipalities). It also offers financial incentives to farmers who apply sustainable practices (reforestation, soil conservation, native forest management, use of green fertilizers, and agro-forestry). In recent years, public-private connections have been intensified, as well as between public institutions, to create the appropriate setting for the development of rural tourism (cattle-ranching, agriculture, ecology, and forestry).



## **V. Participating in the construction of environmental institutions**

The Secretariat for the Environment [*Secretaría del Ambiente – SEAM*] is fostering the creation of settings and the engagement in appropriate activities for the effective participation of agricultural and rural community leaders in discussion forums on the importance of the conservation of natural resources.

In addition, the MAG is working with the IICA (which fulfills the role of General Secretariat of the ministerial meetings on “Agriculture and Rural Life in the Americas”), in preparation of the “2007 Consultation with Leaders in Agriculture and Rural Life.”

The MAG has a Risk Management Unit [*Unidad de Gestión de Riesgos – UGR*], whose general objective is to generate information and useful products that can be applied in benefit of the agricultural sector.

The UGR is a member of the Commission on Agricultural Meteorology of the Regional Association III (South America) of the World Meteorological Organization.

Although this is still in its early stages, the MAG promotes organic agriculture.

## **VI. Quality of life in rural communities: building capacity and creating opportunities**

The MAG, through PRODESAL’s Communication for Development Component, has included innovative communications instruments, as well as the efficient use of the mass media, thus expediting the process of education of the rural population.

The MAG provides social protection (in certain respects) for economically vulnerable families, through various projects, such as: Strategy to Fight Poverty [*Estrategia de Lucha contra la Pobreza*] and the Inter-agency Plan of the Social Cabinet of the Office of the President of the Republic [*Plan Interinstitucional del Gabinete Social de la Presidencia de la Republica*].

## **VII. Promoting policies towards the building of capacity and opportunities for rural inhabitants**

The MAG has, as a sectoral policy, the inclusion of the gender perspective in the plans, programs, and projects within its jurisdiction, as well as the development of activities ensuring the effective participation of men and women in production; this is monitored by the Office of the Director for Gender and Rural Youth [*Dirección de Género y Juventud Rural*], under the Office of the Director for Planning [*Dirección General de Planificación (DGP)*] of the MAG.

Currently, within the Specialized Meeting for Family Agriculture [*Reunión Especializada para la Agricultura Familiar – REAP MERCOSUR*], financial support is being sought with IFAD for its “Regional Program for the Institutional Strengthening of Gender Equality Policies in MERCOSUR Family Agriculture” [*Programa Regional de Fortalecimiento Institucional de Políticas de Igualdad de Género en la Agricultura Familiar del MERCOSUR*].

### **Science and technology**

- Science and Technology Statistics and Indicators for Paraguay, 2005. The National Council for Science and Technology [*Consejo Nacional de Ciencia y Tecnología – CONACYT*], in its determination to build increasingly objective and reliable knowledge on the situation of science and technology in Paraguay, has been organizing this activity since 2002. It recently (2006) concluded its data gathering for the year 2005.
- National Network for Innovation, Science and Technology [*Red Nacional de Innovación, Ciencia y Tecnología – RENICYT*]. RENICYT is a web platform ([www.renicyt.org.py](http://www.renicyt.org.py)) whose purpose is to become a useful instrument for the promotion and dissemination of science, technology, and innovation, generated by the country's researchers, institutions, and public and private enterprises.
- Quality area of CONACYT. In its quality area, CONACYT has the important responsibility, through the National Organization for Accreditation [*Organismo Nacional de Acreditación*], to verify the technical competence of the organs for evaluation of conformity that offer their services in the national marketplace.
- IADB MIF – IAAC Project, for the training of technicians.
- PTB [*Physikalisch-Technische Bundesanstalt*] Project to strengthen the System for Meat Certification [*Sistema de Certificación de Carne*] and the National System for Quality [*Sistema Nacional de la Calidad - SNC*].
- MERCOSUR – PTB project, to develop programs for inter-laboratory comparison in order to achieve greater quality in each country's laboratory results.
- OAS – IAAC Project, to promote the signing of multilateral agreements with IAAC.
- FOCOSEP Project [for the Strengthening of the Export Sector's Competitiveness - *Fortalecimiento de la Competitividad del Sector Exportador*] to strengthen, *inter alia*, other components of the National System for Quality.

### **Health**

#### **TBC, Malaria and Dengue**

In the fight against TBC, services have been reinforced by providing equipment, computer systems, and laboratory supplies and equipment, to health services. In addition, a Project for the Integrated Management of Multi-drug Resistant Tuberculosis as part of the Republic of Paraguay's DOTS/TAES [Directly Observed Therapy – *Estrategia de Tratamiento Acortado Estrictamente Supervisado*] strategy, has been approved by the Luz Verde [Green Light] Committee; approval by the Global Fund of the Cooperation Agreement for Phase 2 of the Project on "Intersectoral Participatory Coordination for Sustainable Intervention for the Prevention and Control of Tuberculosis in the Republic of Paraguay" [*Concertación Intersectorial participativa para una*

*intervención sustentable para la prevención y control de la tuberculosis en la República del Paraguay”].*

The 2007-2015 Strategic Plan was drafted with the support of PAHO/WHO, with a view to reaching the millennium goals.

The 2007-2015 Plan of Action's priorities are the following: the expansion of the DOTS/TAES strategy; national political commitment to controlling tuberculosis; to increase the amount of resources mobilized; expansion of DOTS coverage, and improvement of access for imprisoned persons, Indigenous populations, marginal urban populations, and HIV/AIDS.

Sustained monitoring and control have managed to slowly decrease the number of malaria cases; thus, 2,710 cases were reported in 2001; in 2002 the number increased to 2, 778; in 2003 it descended to 1,235; to 694 in 2004, to 376 in 2005, and this year, to date, there is a small increase to 705.

Paraguay carries out joint, integrated actions for the surveillance and control of the malaria vector, in accordance with the new approach of the Integrated Management Strategy [*Estrategia de Gestión Integrada (EGI)*].

During the first semester of 2006, the country faced an important dengue epidemic, with a total of 1295 registered cases between January and July. The circulating serotype is DEN-3, and cases increased beginning in the month of October and the beginning of November, reaching a total of 1380. This coincided with a moderate *El Niño* phenomenon, whose effect on the country was one of heavy and frequent rain.

To confront this epidemiological scenario, two contingency plans have been implemented to stop the viral transmission of dengue: 1) regarding the epidemic: monitoring of 100% of residences in the capital, with a special focus on the Central area, with more than one hundred thousand houses intervened; and 2) regarding the active epidemic focus: intervention in four neighborhoods of the capital city, which were detected in November.

The results were the following: 100% treatment or elimination of breeding grounds at the houses of notified dengue cases, including spraying with a light machine over a radius of 100 meters and with a heavy machine (ULV) up to a radius of 400 meters around the dengue case, and search for febrile patients within the same radius.

Breeding grounds were destroyed in 60% of districts with high indices of infestation (>5%) and other high-risk factors; 80% of breeding grounds in cemeteries and tire repair, retreading, and sales shops in high risk districts were destroyed, with a monthly average of 100 tire shops [gomerías] and 10 cemeteries.

Sampled collections of larvae were made each semester, using a new working methodology, a quick survey of infestation of *Aedes aegypti* [*levantamiento de infestación rápido de Aedes aegypti (LIRAA)*] in the urban areas of those districts where the vector was detected, in order to find what the levels of infestation were.

Breeding grounds were identified over the course of larvae infestation house sampling carried out to find the greatest frequency by district. Coverage was 80%.

Training workshops were organized, and informational modules were disseminated in the mass media. Sixty percent of proposed coverage was reached.

An important aspect related to community participation was the use of communications to change behavior, known as COMBI [*comunicación para impactar en conducta*, communications to change behavior]. There was 100% coverage, according to program.

There has been an increase in cases in 2007, the highest peak having been reached in the second week of February, followed by a decrease. There are 26,683 registered cases of DF (classic dengue); 3,693 patients were hospitalized and there have been 53 confirmed cases of HDF (hemorrhagic).

### **Influenza**

Pursuant to Decision No. 109/06, a National Response Plan to a Possible Influenza Pandemic [*Plan Nacional de Respuesta a la Eventual Pandemia de Influenza*] was drafted, in order to define the basic guidelines and actions in order to plan, organize, and improve response capability to the probable effects of the pandemic so as to limit morbidity and deaths, reduce social disorder and diminish associated economic losses.

The National Center for Influenza Information [*Centro Nacional de Información de Influenza – CNII*] was established as the entity responsible for channeling the flow of available information provided by the sectors involved to the authorities and the population at large.

Surveillance of influenza and other respiratory viruses will be reinforced, and procedures will be established for action following notification of human infection by the avian influenza virus, and the management of cases will be standardized.

Paraguay currently is under a moderate or medium pandemic risk (PRI = 5,63), most of which is attributed to lack of capacity to contain the outbreak of the epidemic; this has prompted consciousness-raising workshops and training for professionals and communities for the management of a possible epidemic.

### **HIV/AIDS**

The National Program for the Control of AIDS/STDs of the Ministry for Public Health and Social Welfare has made progress in the improvement of access to health services providing comprehensive care for persons living with HIV/AIDS as follows:

- Improvement in the budget allocated by the National Congress: an increase of 39% over the 2005 budget.
- Success in international efforts, under South-South-Brazil cooperation, to achieve unlimited first line ARV coverage.

- Fifty percent price reduction in ARVs and reagents per person (MERCOSUR negotiation)
- Improved access to free medication and medical follow-up (ARVs). In 2005, 758 patients were covered; the number increased to 1,258 patients towards the end of 2006.
- Decentralization of free comprehensive care for persons living with HIV/AIDS in two border regions (Alto Paraná and Itapúa), including diagnosis, confirmation test, counseling, medical attention, and ARV medications.
- Technical and financial approval by the Global Fund of the HIV/AIDS/STDs Project for six departments of the country. This achievement means that national response for prevention, comprehensive care, and epidemiological surveillance, with active civil society participation, will be strengthened.
- The program for the prevention of HIV and syphilis transmission from mother to child has been strengthened in 45 maternal health centers in the country, including counseling, diagnosis with rapid HIV and VDRL tests for all pregnant women, a protocol to follow for prophylaxis of the transmission of HIV from mother to child, and six months of anti-retroviral therapy to accompany the breastfeeding of exposed children.

### **Epidemiological surveillance**

- Under-registration of notification figures diminished from 80% last year to 70% this year, thanks to increased human resources training in surveillance, which has increased notification. Six studies on behavior and prevalence of HIV and syphilis were concluded for the following selected populations: mothers who had recently given birth, clients of sex workers, current intravenous drug users, members of the military, and sex workers. A prior national census had been made regarding sex workers. Another study focused on HIV prevalence in patients with tuberculosis, and genotype PVVS studies.

### **Strategies for communication: mass media**

- On-demand appearances in mass media on programs with mass audiences.
- Agreement on consciousness-raising and appearance on programs of the Guaraní Television Network.

### **Strategies for education: adolescents**

- A model project in sexual and reproductive health and the prevention of HIV/AIDS/STDs was implemented, aimed at children, adolescents, parents, and teachers in two departments (Caaguazú and Paraguarí). It established separate offices for adolescents and peer counselors in their communities, as well as peer counselors for parents and teachers. Following training,

they were also provided with guidance handbooks for teachers, parents, adolescents, and children.

- Active participation on the part of the National Secretariat for Children and Adolescents [*Secretaría Nacional de Niñez y Adolescencia*], and 25 government and civil society organizations towards the establishment of the “Coalition I Love Life” [*Coalición Amo la Vida*] in order to lobby the Congress for an increase in the budget assigned to pediatrics and HIV, and to reinforce preventive action with children and adolescents.
- Participation in the review of prevention topics related to HIV/AIDS/STDs in primary and secondary school texts.
- A project for the strengthening of sexual education and HIV prevention programs in schools, a regional project, is currently being implemented, with strong backing on the part of the Ministry of Health and the Ministry of Education.

#### **Strategies for prevention: vulnerable populations**

- Educational activities for and systematic condom distribution to sex workers have been carried out.
- Ample opportunities for participation have been provided to the network on sexual diversity, and to female sex workers, in the drafting of projects on prevention within this sector of the population.
- Training of health personnel in five penitentiaries has begun, as part of the project for Comprehensive Care and Prevention [*Atención Integral y Prevención*] for the imprisoned population.
- A project for the strengthening of municipal programs of HIV/AIDS prevention among drug users has been implemented in three departments of the country. This is a regional project.

#### **Strategies for prevention: the workplace**

- A joint project with private corporations is underway, to address prevention, stigmatization, and discrimination in the workplace. Currently 21 corporations are participating.
- Linkage with the ILO to carry out consciousness-raising and training on HIV/AIDS in the workplace, focused on transportation companies, nation-wide.

#### **Lessening the stigma and discrimination**

- Process to amend the Law on AIDS 102/91, with civil society and international agency participation.
- Advocacy and consciousness-raising in the health sector and with authorities of several ministries, national Congress, and decentralized government agencies.

## **Participatory process for the drafting of the Strategic Plan for a National Response to HIV/AIDS-STDs 2007-2011**

- All actors have been involved with the objective of following the *Tres Unos* [Three Ones] guidelines.

### **Promotion of primary health care (PHC)**

This program seeks to guarantee free, adequate, and timely access for expecting mothers and children less than five years of age to the most important health care services. This program has been reoriented, using unexpended resources from the Program for Reforms to Primary Health Care [*Programa de reformas a la atención primaria de salud*].

### **Occupational safety**

Regarding safety and health in the workplace, noticeable deficiencies still exist regarding prevention and oversight of working conditions. An integrated approach and inter-agency coordination are necessary to prevent workplace accidents and work-related illnesses.

The Ministry of Health has not yet developed a specific area for environmental aspects; these are assessed by the Office of the General Director for Environmental Health [*Dirección General de Salud Ambiental*]. The Social Security Institute [*Instituto de Previsión Social*] and the Ministry of Justice and Labor have offices addressing this *problématique*.

### **Strengthening of democratic governance**

The Council for the Promotion of the National System for Integrity [*Consejo Impulsor del Sistema Nacional de Integridad (CISNI)*] is an autonomous agency, of mixed public and private sector membership, formed by government and civil society representatives. It was established in 1999 to contribute to the strengthening of the Paraguayan National System for Integrity [*Sistema Nacional de Integridad*], and to facilitate reforms in the management of the public sector, within the National Plan for Integrity [*Plan Nacional de Integridad (PNI)*].

CISNI uses its Technical Unit to coordinate the work of the Inter-Institutional Technical Committee of Support for the Implementation of International Conventions Against Corruption [*Comité Interinstitucional Técnico de Apoyo a la Implementación de las Convenciones Internacionales contra la Corrupción – CITAIC*]. This technical committee, comprised of members of CISNI and representatives from other government agencies, was created by Decree No. 16.735 of March 29, 2002. Its chief and only specific function is to prepare the official reports of the Republic of Paraguay regarding compliance with the recommendations made to the Paraguayan State by the Committee of Experts of the Follow-up Mechanism for the Implementation of the Inter-American Convention against Corruption [*Mecanismo de Seguimiento de la Implementación de la Convención Interamericana contra la Corrupción (MESICIC)*]; these reports are submitted at meetings held periodically.

Paraguay has actively participated in the Follow-up Mechanism for the Implementation of the IACAC – MESICIC. This mechanism has two instances: (a) the Conference of States Parties and (b) the Committee of Experts.

(a) The Conference of States Parties

Paraguay has actively participated in the two States Parties conferences held to date, as part of the Follow-up Mechanism for the Implementation of the IACAC. The first conference drafted a Plan of Action to implement the mechanism, and the second conference established an Inter-American Program of Cooperation to Fight Corruption.

(b) The Committee of Experts

A Committee of Experts was established with representatives of all countries, and certain provisions of the Convention were selected for the evaluation of each country (measures of prevention, cooperation, and assistance). This Committee, following an established procedure, issues a report on each country and makes the appropriate recommendations for compliance with the Convention. To date, there have been two rounds of review.

Paraguay has also actively participated in rounds of review. In the First Round (2002-2005), Paraguay's report was examined in July, 2003. Since then six progress reports have been submitted. The Second Round is for the period 2006-2008. The most recent document summarizing the Paraguayan experience belongs to the Second Round.

The aforementioned Paraguayan report was examined in December, 2006.<sup>6</sup> Its main topics, without exhausting the document's full content, were the following:

Three provisions were selected in the Second Round of Review of the Committee of Experts:

1. **Systems of government hiring and procurement of goods and services:**
2. **Systems for protecting public servants and private citizens who, in good faith, report acts of corruption.**
3. **Acts of Corruption (Art. VI).**

The criteria used for the examination of each one of the three provisions selected in the Second Round of Review were the following:

1. Existence of provisions in the legal framework and/or other measures
2. Adequacy of the legal framework and/or other measures
3. Results of the legal framework and/or other measures

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6. Cited from: *Informe Final de la República del Paraguay* (Approved in the plenary session of December 15, 2006), Follow-up Mechanism for the Implementation of the Inter-American Convention against Corruption, Tenth Meeting of the Committee of Experts, December 11-15, 2006, Washington, D.C.



**Explanation:**

**1. Systems of government hiring and procurement of goods and services:**

1.a) Systems of government hiring and

Existence of provisions in the legal framework and/or other measures: Law 1626/2000; Law 2777/2000; Law 609/1995; Law 276/1994; Law 1562/2000.

1.b) Systems of government procurement of goods and services

Existence of provisions in the legal framework and/or other measures: Law No. 2051/2003 (Law on Public Contracts – [*Ley de Contrataciones Públicas*]); Decree 21909/2003; Decree 5174/2005; Law No. 1535/1999 (Law on Financial Administration – [*Ley de Administración Financiera*]).

**2. Systems for protecting public servants and private citizens who, in good faith, report acts of corruption**

Existence of provisions in the legal framework and/or other measures: Law No. 1562/2000 (Organic Law of the Office of the Attorney General – [*Ley Orgánica del Ministerio Público*]), Inter-institutional Convention between the Office of the Comptroller General of the Nation and the office of the Ombudsman [*Convenio Interinstitucional entre la Contraloría General de la Nación y la Defensoría del Pueblo*]; bill for a Law on the Protection of Persons Who Report Acts of Corruption [*Proyecto de Protección al denunciante de corrupción*] (INECIP-USAID).

**3. Acts of Corruption (Art. VI).**

3.a) Criminalization of Acts of Corruption Provided for by Art. VI (1) of the Convention.

3.b) Application of the Convention to Other Acts of Corruption Not Provided for in same, pursuant to Art. VI.2.

Existence of provisions in the legal framework and/or other measures: Law No. 1160/1997 (Criminal Code of the Republic of Paraguay); Articles: 300 (passive bribery) [*cohecho pasivo*], 301 (aggravated passive bribery) [*cohecho pasivo agravado*], 302 (active bribery) [*soborno*], 303 (aggravated active bribery) [*soborno agravado*], 304 (additional provisions)[*disposiciones adicionales*], 312 (exaction) [*exacción*], 313 (unlawful charging of fees) [*cobro indebido de honorarios*]; Law No. 2886/2006 (Law on Punishable Offenses against State Property [*Ley que reprime hechos punibles contra el Patrimonio del Estado*]). Articles 4, 6, 29, 30, 31, 194, 195, 196, 239, 292, 303, 313.

**Regarding future measures to be implemented, Paraguay will use the recommendations accompanying the analysis of the three provisions during the Second Round, as well as the general recommendations, as follows:**

### **1.1 Systems of government hiring.**

Bearing in mind existing legal initiatives, and based on the principle of due process:

- a) Enact a law of general application regulating the systems for government hiring, based on the principles of merit and equality, ensuring legitimacy and transparency of public competition for positions, without prejudice to the establishment, in attention to the separation of powers and the existence of autonomous agencies and institutions, of the possible establishment of other hiring regimes for certain positions whose characteristics and level of responsibility require more specific dispositions, such as the exception provided for by article 1 of the Law Prohibiting Nepotism in Public Service [*Ley que Prohíbe el Nepotismo en la Función Pública*] (Law No. 2777/2005).
- b) Implement provisions on the establishment of control mechanisms and governing or administrating authorities charged with the monitoring of compliance with norms for the selection of personnel, providing them with the necessary resources to properly carry out their duties.
- c) Develop mechanisms for the dissemination of job opportunities in public service, including the use of mass media.
- d) Implement systems to challenge, administratively or judicially, personnel selection actions, with the purpose of clarifying, modifying, or reversing said actions.
- e) Implement prior training programs or courses so that those who enter public service learn about their duties regarding integrity, their responsibilities and obligations, and the consequences stemming from their failure in compliance.
- f) Consider the need, following the appropriate procedures, that the Regulations pertaining to article 15 of the Law of Public Service [*Ley de la Función Pública*] (Law No. 1626/2000) be submitted for approval and subsequent enforcement.
- g) Adopt, bearing in mind the authority granted to the Attorney General of the State [*Fiscal General del Estado*] by article 88 of the Organic Law of the Office of the Attorney General [*Ley Orgánica del Ministerio Público*] (Law No. 1562/2000), a set of regulations to govern, within the institution, systems for hiring, promotions, and tenure of the public servants of said state organ, in accordance with the reflections provided to this effect by the Secretariat for Public Service [*Secretaría de la Función Pública*], and based on the principles of publicity, merit, and equality.

## **1.2 Systems of government procurement of goods and services**

### **The Republic of Paraguay has considered and adopted measures to create, maintain, and strengthen systems for government procurement of goods and services**

1.2.1. Enact regulations for the exceptions to the bidding process provided for by article 33 of the Law on Public Contracts [*Ley de Contrataciones Públicas*] (Law No. 2051/2003), bearing in mind the regulations enacted for the paragraphs contained in articles 69 to 74 of the Regulations [*Reglamento*] for the Law on Public Contracts (Decree No. 21909/2003).

1.2.2 Continue to strengthen the governing organizations of the Public Sector Contracts System [*Sistema de Contrataciones del Sector Público*], especially the Central Normative and Technical Unit [*Unidad Central Normativa y Técnica (UCNT)*] as well as the Operational Contracting Units [*Unidades Operativas de Contratación (DOC)*] regarding administration, institutional coordination, control, evaluation, and follow-up in the system.

1.2.3. Strengthen the control mechanisms of the Public Sector Contracts System.

- a) Establish and implement a regime of sanctions for officials and public servants who fail to comply with or violate the principles and rules of the Law on Public Contracts (Law No. 2051/2003), and its Regulations (Decree No. 21909/2003).
- b) Establish and implement rules providing for the selection of a person or agency responsible for intervention, control, and surveillance of contracts of a certain monetary value or complexity as required.

1.2.4. Establish and implement electronic systems to carry out contracting, and their use for the procurement of goods and services.

1.2.5 Supplement the public works regime currently in force through the Law on Public Contracts (Law No. 2051/2003).

- a) Examine the possibility of establishing and implementing rules on unforeseen circumstances that could justify modifications to a public works contract, including cases in which an indemnity would be owed to the State or to the contractor, without prejudice to the provisions of article 62 of the Law on Public Contracts (Law No. 2051/2003).
- b) Examine the possibility of establishing and implementing comprehensive citizen monitoring mechanisms of the different stages of the public works contracting process, without prejudice to existing internal and external institutional controls.

1.2.6. Carry out comprehensive, periodic evaluations to assess the use and effectiveness of the Public Sector Contracts System and, based on their results, to define and examine the possibility of adopting specific measures to ensure its transparency, publicity, fairness, and efficiency.

## **2. Systems for protecting public servants and private citizens who, in good faith, report acts of corruption**

Adopt measures for the protection of those who report acts of corruption that could be cause for investigation either by the administrative or the judicial jurisdiction:

- Measures of protection, geared not only towards the physical integrity of the person reporting and his or her family, but also towards the protection of his or her work situation, especially if the case involves a public servant and the acts of corruption may involve his or her hierarchical superior or co-workers;
- Mechanisms for reporting, such as anonymous reporting, or reporting with the protection of identity, that guarantee personal security and the confidentiality of the identity of the public servants and private citizens who, in good faith, report acts of corruption.
- \* Mechanisms to report threats or reprisals that the reporter may be the victim of; these mechanisms should identify the authorities competent to process requests for protection and the agencies responsible for providing it;
- \* Mechanisms for the protection of witnesses, granting them the same guarantees enjoyed by the public servant and the private citizen;
- \* Mechanisms facilitating international cooperation in the aforementioned subjects.

## **3. Acts of corruption**

Selection and establishment, by the Judicial Branch and the Office of the Attorney General, of procedures and indicators to analyze the results of the aforementioned systems, norms, measures, and mechanisms.

## **4. General recommendations**

4.1. Design and implement, when appropriate, training programs for public servants responsible for the application of systems, norms, measures, and mechanisms included in this report, in order to guarantee their proper comprehension, management, and application.

4.2. Select and develop procedures and indicators, as appropriate, and where they do not yet exist, to analyze the results provided by the systems, norms, measures, and mechanisms included in this report, in order to verify the follow-up on its recommendations.

Fragment on the Office of the Attorney General, from the Final Report of the Republic of Paraguay (approved in the December 15, 2006 Plenary Session), Follow-up Mechanism for Implementation of the Inter-American Convention against Corruption, Tenth Meeting of the Committee of Experts, December 11-15, 2006, Washington, D.C.

- The Office of the Attorney General, as stated in the report for the August 2004 – February 2005 period, has an Office for International Affairs and Foreign Legal Assistance [*Dirección de Asuntos Internacionales (DAI) y Asistencia Jurídica Externa (AJE)*]. This office is responsible for acting as the central authority in judicial matters. Since 2004, the Office of the Attorney General (General Prosecutor of the State) of the Republic of Paraguay has participated in the secure E-mail pilot project (Groove system), as well as in the development of a computerized system between the Supreme Court of Justice, the Ministry of Foreign Affairs, and the Office of the Attorney General for the follow-up and registration of letters rogatory, both active and passive. In this connection, the appropriate procedures have been established with the Legal Affairs Office of the Ministry of Foreign Affairs to provide an expeditious mechanism of any and all letters rogatory related to the Inter-American Convention Against Corruption in order for them sent to the Prosecutor immediately, and with no additional processing, for appropriate action.
- In addition, a technical cooperation program with the General Secretariat of the OAS should be highlighted. This program, to which the Canadian Agency for International Development (CIDA) provides a contribution, is to support Paraguay in its implementation of the recommendations made to it by the MESICIC Committee of Experts regarding the provisions of the Inter-American Convention against Corruption selected for the first round of review. The final report on this process was submitted in December 2005, and has been an input in the process of bringing up to date the National Plan for Integrity, 2006-2010.

Other noteworthy activities are the following:

- “Training Course on International Legal Cooperation and Extradition,” for prosecutors and officials of the Office of the Attorney General, held on June 3-4, 2006, with the collaboration of the Training Center of the Office of the Attorney General [*Centro de Entrenamiento del Ministerio Público*] and the DOJ and OPDAT of the United States of America.
- Participation in the “Workshop on Extradition,” held in Mexico, D.F. on June 29-30, 2006. This event was organized by the Office of the Attorney General, within REMJA-OAS.
- Appointment of an Assistant Prosecutor responsible for the Central Authority Department of the Office of the Attorney General. The person holding this new position will be specifically in charge of the processing, follow-up and forwarding of requests for international legal assistance, both passive and active, pursuant to the IACAC and other international instruments where the Office of the Attorney General is the chief authority. The Assistant Prosecutor has been assigned a desk, chair, computer, printer, Internet, and the Groove system to support the discharge of her duties.
- Dissemination of Circular No. 2 of November 7, 2005, in which the Attorney General of the State reminds all Criminal Prosecutors of the Republic that the IACAC is the

law of the land, and regarding the responsibilities of the Office of the Attorney General as the central authority (MP / DAI and AJE).<sup>7</sup>

- Workshop: “The Inter-American Convention against Corruption – IACAC: Tools for its Application,” November 24-25, 2005. This program was for prosecutors especially related to the area of economic crimes and anticorruption. Its topics were, *inter alia*, the structure of the IACAC, and international legal cooperation in criminal matters and extradition. The workshop was organized jointly by CISNI and the Office of the Attorney General, and it was held in the Training Center of the Office of the Attorney General (MP / DAI and AJE). The second module was begun in March, and its scheduled conclusion will be in the second semester.
- Establishment of and active participation in the coordination meetings of the Inter-Institutional Technical Committee of Support for the Implementation of International Conventions against Corruption – CITAIC (MP / DAI and AJE).
- Management, as central authority (Art. 18, IACAC) of requests from court to another, letters rogatory, and petitions made by national judicial authorities or the Office of the Attorney General itself. Noteworthy in this connection is a case of cooperation in criminal law with the United Mexican States, the response having been sent to the requesting authority; this is the first actual case of application of the IACAC (October 2005 – February 2006 – MP/DAI and AJE).
- Creation of a model form to be used by prosecutors for requests for international criminal legal assistance. This model was also presented to the Meeting of Experts on Mutual Assistance in Criminal Matters of the OAS, within the framework of REMJA (MP/ DAI and AJE).
- The DAI and AJE are in the process of establishing a new “Department of Foreign Assistance” [*Departamento de Cooperación Externa*], which shall seek and coordinate international technical and financial cooperation with the Office of the Attorney General.
- Likewise, the aforementioned Office for External Affairs has prepared a draft handbook on functions and an annual operative plan, which are pending approval.
- In addition, along with CISNI and the Training Center of the Office Attorney General, it is in the process of preparing a basic document on international legal cooperation in accordance with the IACAC, for judges and prosecutors, and geared towards providing tools and models for extradition procedures and active letters rogatory.

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7. MP / DAI and AJE: *Ministerio Público / Dirección de Asuntos Internacionales y Asistencia Jurídica Externa* [Office of the Attorney General / Office for International Affairs and Foreign Legal Assistance.

It is important to highlight that MESICIC includes as part of its design the exchange of experiences and cooperation between the States Parties. The publication of the national reports and the progress reports in the first and second round are an important source of specialized knowledge.

In the Paraguayan case, these reports have served to establish relationship of propositional dialog between the government and the private sector, based on an objective agenda for progress.

In an effort to institutionalize a systematic and permanent participation mechanism, bearing in mind MESICIC's regulations, known as the "Buenos Aires Document" [*Documento de Buenos Aires*], CITAIC drafted a proposal for a decree addressing the aforementioned and the document herein annexed is currently in the process of being approved by the Executive Branch.

Regarding E-government, without exhausting all the information that could be submitted at this time, according to CISNI's information, in addition to the initiatives carried out by the Council for the Modernization of Public Administration [*Consejo de Modernización de la Administración Pública*] and the *Umbral* [Threshold] Program in E-government, the most relevant national actions are those of the Ministry of Finance, the Office of the General Director for Public Contracts [*Dirección General de Contrataciones Públicas*], and the National Customs Office [*Dirección Nacional de Aduanas*].

Finally, it is worthwhile to highlight the importance of the participation of organizations such as CLAD as agencies of technical cooperation and specialized knowledge; in particular the Ibero-American Colloquium on "Institutional Obstacles Limiting the Functions of Government Agencies Combating Corruption in Latin America," [*Obstáculos Institucionales que limitan las Funciones de la Organismos Gubernamentales de Combate a la Corrupción en América Latina*] which provided for the exchange of information, for the presentation of and debate over avenues for guidance and cooperation in the fight against corruption, as well as a profound reflection on restrictions on, challenges to, and good practices for the promotion a culture that rescues public ethics.