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Summary
Paraguay is a bilingual country (Spanish/Guarani) with a population of 6.2 million, located on a landlocked territory of 406,752 km² between Brazil and Argentina. After 34 years of dictatorship and over a decade of political and economic unrest, Paraguay is today a more stable country where democracy is being consolidated.

Some observers consider that the elections in April 2003 and the inauguration on August of the Government of current President of the Republic Nicanor Duarte Frutos, of the Colorado Party (in power since 1942), marked the beginning of political and economic stability. The Government has introduced significant reforms (in the areas of the budget, taxation, customs, etc.) over the past few months. However, reforms in the fields of finance, public companies and public administration are lagging behind.

The strategic programme of the Duarte Frutos administration is based on four main objectives: (i) restoring credibility of the institutions; (ii) sustainable economic growth in line with social, fiscal and ecological responsibility; (iii) reducing poverty and inequality; (iv) participation of civil society. The Government’s programme is broadly in line with the Millennium Development Goals (MDGs) for Paraguay.

While the country’s external debt remains satisfactory (40% of GDP), Paraguay’s economy is still driven by agricultural production (27% of GDP and 84% of exports). It is a structure which is very vulnerable to climatic factors and price volatility. In 2004 its main exports were soybeans (35%) and meat (10%). Because of the regional crisis, very limited economic growth (2.7% in 2005) and a population increase, GDP per capita has fallen considerably in the long term, standing at USD 1,155 in 2005. Combined with inequality, the aforementioned factors explain why poverty currently affects 40% of the population.

Paraguay’s relations with the Southern Cone Common Market (Mercosur) partners and founding members, Argentina, Brazil and Uruguay, constitute a special challenge for the country, because of the important asymmetries and structural weaknesses of its economy, where Paraguay suffers as much as it benefits from the system. Relations with the EC officially began after the fall of General Stroessner’s dictatorship (1954-1989) with the signing of a Framework Agreement on Cooperation in 1992. This Agreement states that respect for democratic principles and human rights are cornerstones of these relations, and provides for EC support mechanisms to strengthen Paraguay’s democratic institutions.

The EC’s strategy for the period 2007-2013 is defined taking into account the fact that the Paraguayan Government’s development plans and commitments correspond, in their wording, to the EU’s development priorities. The aim is to focus on those sectors where intervention will bring the most added value. The resources earmarked under the National Indicative Program (NIP) for Paraguay for the period 2007-2013 on the basis of the EC Regulation establishing a financing instrument for development (DCI), amount to EUR 117 million. The sectoral distribution of the funds of the NIP will be implemented as follows: EUR 95 million for the sector of education and EUR 22 million to support the economic integration of Paraguay at national, sub-regional and international (WTO, EU, etc) levels. These resources at national level could be completed by sub-regional contributions at Mercosur level, by regional ones for Latin America and also by thematic programs.

The cross-cutting issues to be systematically taken into consideration for any EU intervention are set out at internal (the environment and institution building) and external (Mercosur and association agreements with the EU) levels.

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1 In the 2006 UNDP Human Development Index (HDI), Paraguay is ranked 91th, Argentina 36th, Uruguay 43th and Brazil 69th.
1. OBJECTIVES AND FRAMEWORK OF EC COOPERATION WITH PARAGUAY

EC development cooperation policy is based on the Treaty establishing the European Community (EC). Article 177 of the Treaty lays down the following objectives: (i) the sustainable economic and social development of developing countries, (ii) the smooth integration of these countries into the world economy and (iii) the campaign against poverty. These actions supplement those conducted by the Member States (MS) and are consistent with the EC’s development policy. EC policy in this area contributes to the general objective of developing and consolidating democracy and the rule of law, and to the objective of promoting respect for human rights and fundamental freedoms.

The main legal and financial instrument for the provision of European cooperation to Paraguay for the period 2007-2013, is the Regulation of the European Parliament and of the Council (EC) No 1905/2006 establishing a financing instrument for development (DCI), which refers to the article 179 of the Treaty Establishing the European Community.

These are the legal bases for the new Joint Declaration by the Council of the European Union, the European Parliament, the European Commission and the Member States adopted in December 2005 - The European Development Policy “The European Consensus” – centred on the Millennium Development Goals (MDG) and the fight against poverty within the framework of sustainable development. This policy is intended for all developing countries and underlines the importance of a partnership relationship with these countries as well as the promotion of good governance, human rights and democracy with a view to fair globalisation. It provides for a differentiated approach according to backgrounds and needs and proposes a common thematic framework which includes, among the priorities of European cooperation, social cohesion, employment and working conditions, trade and regional integration.

The EU/Caribbean-Latin America (LAC) Summits: The bi-regional commitments are concluded at the Summits of the Heads of State or Government of the EU and the LACs, the last of which was held in May 2006 in Vienna, Austria. On that occasion the 60 participating countries reiterated their shared values and common interests, and their desire to act within a multilateral framework. They also confirmed their commitment to strengthening social cohesion and promoting regional integration.

On 9 December 2005, for the preparation of EU-LAC summit in Vienna, the Commission presented a new strategy to strengthen cooperation and the EU-LA partnership. In its Communication, the Commission analyses current challenges and makes practical recommendations to give new impetus to the existing partnership. The aim is to “create new dialogues and opportunities” which contribute to peace, stability and development, while strengthening social cohesion, democracy and regional integration. To achieve this, the Commission proposes to strengthen the political dialogue and to focus it on a limited number of issues of common interest which have the potential to increase the influence of these two regions on the world scene.

Mercosur: In 1995 Mercosur signed an Interregional Framework Cooperation Agreement with the EU, aimed at strengthening relations between the two parties and at putting in place the conditions needed for the creation of an interregional association. The Agreement is centred on three pillars: political dialogue, cooperation and trade. The Regional Strategy Paper (RSP) for Mercosur (2002-2006), which applies until 2006 and which covers the priorities agreed upon in 2001, was approved in 2002. Since 2000, Mercosur and the EU have been negotiating an Association Agreement which will pave the way for an association which will offer more than just the creation of a free-trade area between the two regions.
Paraguay: The Framework Agreement for Cooperation between the EC and Paraguay was signed in 1992. Article 1 of the Agreement stipulates that respect for democratic principles and human rights constitutes an essential element of the Agreement. Support for the democratic process in Paraguay is also highlighted in Article 2, which provides mechanisms to enable the EC to contribute to institution-building in the country. The Memorandum of Understanding (MoU) between the EC and Paraguay, signed in 2001, focuses on the 2001-2006 multi-annual guidelines for the implementation of EC cooperation. Paraguay’s Country Strategy Paper 2002-2006 was adopted by the EC in 2002. It includes a multi-annual National Indicative Programme (NIP) which sets out the priority sectors and the amounts agreed upon in the 2001 MoU.

2. POLITICAL PROGRAMME OF THE PARAGUAYAN GOVERNMENT

President Nicanor Duarte Frutos’ Government, in power since August 2003, has laid down four strategic development objectives: restoring faith in the institutions, sustainable economic growth in line with social, fiscal and ecological responsibility, reducing poverty and inequality and participation of civil society. The President has also announced a series of priority measures built around five axes for intervention for the period 2003-2008:

(i) modernisation of the State and institutional development (inter alia presentation of accounts, fight against corruption, modernisation of security forces);
(ii) macroeconomic equilibrium;
(iii) human development and poverty reduction;
(iv) productive development, competitiveness and investment;
(v) preservation of environmental assets.

Since coming to power two years ago, the Government has presented several measures (the National Strategy for Reducing Poverty and Inequality (ENREPD) and the “Paraguay 2011” Sustainable Economic Growth Plan) and has set up the Directorate of the Strategy Plan to Fight Poverty, Exclusion and Inequality (DIPLANP), which is the body responsible for coordination, control and monitoring in this field. The Strategic Plan for Combating Poverty was presented in September 2004. Its initial aim is to coordinate ongoing programmes and projects and to prepare upcoming ones, designed to achieve maximum efficiency in terms of reducing poverty. Bearing in mind the concept of poverty, the Plan establishes strategic and cross-cutting priorities for intervention. The strategic priorities are:

- the creation of outlets (access to employment and increase in income, access to basic necessities, decent housing, investment in social infrastructure);
- participation in and access to power (local participatory development, strengthening of the role of indigenous populations);
- reducing vulnerability (social protection and advancement network).

Cross-cutting priorities include equal opportunities, sustainable environmental development, citizen participation and the application of a new model for institutional management (dynamic, transparent, flexible and efficient).

The priorities of the Strategic Plan for Combating Poverty are based on the MDGs and have been quantified until 2008 (year the current presidential mandate expires) and 2015, in accordance with what was agreed at the Millennium Summit. Anticipated results for 2008 are as follows: extreme poverty reduced to 13%; illiteracy: 0%; gross nursery and primary enrolment rate: 99%; gross secondary enrolment rate: 65%; coverage of health services: 87%; coverage of drinking water supply: 70.5%; rural sanitation: 56%; urban sanitation: 40%; reduction of infant mortality by over 10%.
While the strategy is aimed at better public efficiency by means of coordinated efforts, the Paraguay 2011 Plan presented in November 2004 is more practical in the area of the economy and comprises four fields of intervention: (i) the business community and competitiveness; (ii) economic diversification, added value and exports; (iii) land and agricultural production; and (iv) poverty reduction and social equality. The content of the programme is in line with the MDGs set for Paraguay. However, certain elements undermine the satisfactory realisation of the Plan, in particular the general weakness of the indicators’ starting values (see table in Annex 2) and the difficulties faced by the Government in consolidating policies which are sound, supported by a large majority and provided with sustainable resources. The fragility of the institutions also regularly jeopardises the country’s development objectives. Paraguay’s economy therefore remains vulnerable. Macroeconomic slippages could once more lead to a significant increase in doubtful debts, public deficit, inflation and currency depreciation. It is therefore imperative to progress towards reform in order to consolidate macroeconomic stability and achieve sustained economic growth.

In the area of external relations, Paraguay’s strategy is based on two pillars: a sub-regional pillar (deepening of Mercosur) and a global pillar (opening of agricultural markets across the board – WTO, USA, EU, Russia, etc.). Deepening Mercosur involves better transposing the agreements, but also increasing solidarity with the other Member States (the recently approved structural funds fulfil this expectation to a certain extent). Venezuela’s accession to Mercosur, which could have been met with reservations, was welcomed. In all likelihood, Paraguay expects an increase in trade between the two countries and increased cooperation in the field of energy.

As a member of the G-20, Paraguay attaches great importance to the ongoing WTO negotiations on agricultural issues, and in particular to the questions of market access and export subsidies. It thereby hopes to obtain more outlets for its agricultural exports. Paraguay also takes an active approach on the issue of special and differentiated treatment for developing countries without access to the sea. The issue of trade facilitation and the improvement in customs procedures is also an important item for Paraguay in the WTO negotiations, its objective being to improve the competitiveness of its production. Paraguay is also very much in favour of the ongoing negotiations for an Association Agreement with the EU, as long as it favours its agricultural exports.

Lastly, from a strictly political perspective, it is worth pointing out that Paraguay is currently the only Mercosur country with a government which is not to the left of the political spectrum and which has diplomatic relations with Taiwan. Paraguayan diplomacy is also building stronger ties with the USA while at the same time taking care not to split Mercosur’s positions.

3. ANALYSIS OF THE SITUATION IN PARAGUAY

3.1. The political and institutional transition and the current political situation
A political specificity of Paraguay is the traditional hegemony of the Partido Colorado which managed to stay in power under the decades of General Stroessner’s regime (1954-1989) and which now, after free elections, still holds the presidency. Having said this, it should be underlined that the Constitution of 1992 introduces fundamental and democratic changes to the political framework. Moreover, in view of Paraguay’s recent history, it should be noted that the country is enjoying a level of stability not seen since the end of the dictatorship.

To appreciate this stability, one need only recall a few events which took place before President Duarte Frutos came to power in 2003. In 1989 Alfredo Stroessner was deposed by a military coup on 3 February and the leader of the coup, General Rodriguez, easily won the elections in May (as a Colorado Party candidate). President Rodriguez
introduced political, legal and economic reforms and initiated closer ties with the international community.\(^2\)

In May 1993 the Colorado Party candidate, Mr Juan Carlos Wasmosy, was the first civilian to be elected President of Paraguay in free elections. In April 1996 the Paraguayan people, supported by the international community, managed to thwart a coup attempt against President Wasmosy by army chief General Oviedo.

Oviedo, who later became a Colorado Party candidate in the presidential elections in 1998, was not able to run and was imprisoned after the Supreme Court ratified his sentence for the attempted coup in 1996. His running mate, Raúl Cubas Grau, became the Colorado Party candidate and was elected in May. His brief presidency was dominated by conflicts relating to Oviedo’s situation and was marked by serious events which led him to stand down on 28 March 1999. The President of the Senate, Mr Luis González Macchi, immediately took over the presidency. Cubas left the country and Oviedo escaped. At the end of Macchi’s term of office, at the last general and presidential elections held in April 2003, Mr Nicanor Duarte Frutos was elected president, without however obtaining an absolute majority in the Congress, on an election programme advocating the modernisation of the state, social development and economic growth.

Given the above, Paraguay is today a constitutional democracy in the process of consolidation. And although a measure of disenchantment about the current regime’s socio-economic achievements has set in, it must be put into perspective and the context must be borne in mind. This disenchantment is taking the form of growing distrust of the institutions and persons exercising responsibility and power. The *Latinobarómetro* shows that such scepticism is persistent both in Paraguay and in other countries of Latin America with a weak democratic tradition.

This is enhanced by the perception of the degree of corruption in the country. For several years, the Corruption Perception Index of *Transparency International* has listed Paraguay as one of the most corrupt country in Latin America, although its relative position improved between 2004 (140\(^{th}\) ) and 2006 (111\(^{th}\) ). Faced with such a challenge, the President has reiterated on many occasions his determination to combat corruption, but he has had limited success due to various political factors.

In this context the current Duarte Frutos Government, while rigorously managing public finances, has initiated structural reforms (included in the agreement with the IMF in force until November 2005: state-owned banking system, plans to reform the public service), amidst resistance or even opposition from the Congress (where it does not have a majority).

Disputes between the legislative and executive branches give rise to solutions which are sometimes unworkable or, after negotiations for compensation, without sufficiently clear foundations. The current Government’s political agenda could well, therefore, include constitutional reform in order to mitigate some of the Congress’s prerogatives, aimed at making the regime more clearly presidential. President Duarte Frutos has already announced that he is envisaging such a reform, which could moreover include presidential re-election.

For all the reasons set out above, the main challenges currently facing Paraguay consist in reconciling economic growth and budget rigidity, while consolidating the rule of law and strengthening public institutions.

\(^2\) Currently the President of the Republic is elected by universal suffrage for a five-year term, and appoints the Executive. The bicameral Congress is made up of the 80 members of the Chamber of Deputies and the 45 members of the Senate, elected by proportional representation at the same time as the President. The Supreme Court is the main judicial body. The country’s 17 departments are administered by a government representative elected by universal suffrage.
3.2. Democracy and human rights
One of the EU’s objectives is to promote the values on which it is founded and which include democracy and respect for human rights.

As regards human rights, Paraguay has made significant progress, such as the setting-up of the Truth and Justice Commission through the adoption of a law, and the ratification and entry into force of the Rome Statute on the International Criminal Court and a commitment to comply with its provisions. However, despite the absence of repeated breaches of human rights, there is a feeling of insecurity among citizens due to a series of steps backwards caused by a degree of institutional degradation (cases of police violence, judicial corruption, etc.).

The chapter on human rights cannot cover all social issues, but the situation of Paraguay’s most vulnerable persons, the indigenous population and children, cannot be ignored. The Constitution of 1992 recognises the rights of indigenous peoples, but 51% of them are illiterate and only 2.5% of them have access to drinking water, and 9.7% to electricity. The poverty of the indigenous populations is also reflected in their lack of land: 45% of the indigenous communities still do not possess definitive property titles.

Around 322 000 children and teenagers, girls and boys aged 5 to 17, carry out a paid or an unpaid economic activity, and only 69% of these regularly attend an official educational institution. The phenomenon of street children is a problem which continues to plague the country’s main towns.

3.3. Economic situation
The structure of Paraguay’s GDP is typical of a country with a low level of industrialisation (14% of GDP for the secondary sector), a large primary sector (27% of GDP comes from agriculture and most exports), but an already significant growth in service activities (59%).

Over the period 1999-2002, Paraguay’s economy suffered from the consequences of the crises of its regional partners (devaluation in Brazil in 1999, serious financial crisis in Argentina in 2001) and from the fall in the international prices of its export products. This economic climate led to a stagnation of economic activity, problems in the banking and financial sectors and public-account imbalances, although the situation has not be as dramatic as in Argentina and Uruguay. That said, over the past two years (2003-2004) Paraguay has reached a certain degree of macroeconomic stability and is back on the path to moderate growth.

Since it began in office, Nicanor Duarte’s Government has given priority to macroeconomic stabilisation, and has reaped good results. The budgetary situation has improved since 2001 and yielded its best result in 2004 (primary surplus of 0.5% of GDP, with no delays in payments). This budget surplus is mainly due to a significant increase in government revenue and to a proportionally lower growth in spending. The budget does, however, show some failings insofar as current spending represents 80% of tax revenue. The level of the country’s external public debt remains acceptable by international standards (40% of GDP).

Over the past five years inflation remained stable and under control, with rates no higher than 10% (except in 2004 where it reached 14.6%), and the trend is for the inflation rate to keep to single figures. In 2004 the national currency, the guarani, depreciated by 3.6% against the dollar (in nominal terms), by 8.5% against the Argentinean peso and by 21.9% against the Brazilian real (both in real terms). Anticipated inflation for 2005 should be under 10%.
The financial indicators also improved after the 2002 financial crisis (a 12.4% annual increase in private sector deposits and a 16% increase in private credit). The banks’ doubtful debt rate was brought down to 10%.

These good macroeconomic results, supported by the IMF, are not fully reflected in the living standards of the Paraguayan population. The development of economic activity over the past years (real GDP: -3.3% in 2000, 2.1% in 2001, 0% in 2002, 2.6% in 2003, 2.9% in 2004 and 2.7% anticipated in 2005) was not sufficient to compensate for the high population growth (currently 2.2% per year, but 2.9% between 1975 and 2002) or to reverse the downward trend in GDP per capita, estimated at USD 1 155 in mid-2005. Apart from a slight increase in 2004, it has been falling since 1996, resulting in increased poverty, in particular in rural areas. According to the Inter-American Development Bank (IDB), poverty increased from 30% of the total population in 1995 to 41% in 2003 (40% in urban areas and 43% in rural areas). Even more worrying, 20% of the population is living in extreme poverty (13% in urban areas and 29% in rural areas).

As noted above, despite the importance of its service sector, Paraguay’s economy still depends on agricultural production and agricultural exports (commodities represent 27% of GDP and 84% of exports), making the structure very vulnerable to climatic factors and international price volatility. In 2004 the agricultural sector was the main driver of growth (4.8%), even though, unlike in previous years, the other sectors of the economy also improved slightly. Thanks in particular to the increase in the international prices of the products produced in Paraguay, the value of exports increased by 30% in 2004. The main products exported were soybeans (35% of total exports), meat (10%), vegetable oils (8%) and cotton (7%). Soybean exports increased spectacularly in 2003 (+62%) and 2004 (+89%).

However, the extension of the soybean production limit has led to serious social and environmental conflicts in a country where rules are rarely complied with and where specific development policies are scarce. For its part, the livestock sector has recovered well after regaining the health status of an area free of foot-and-mouth disease under vaccination coverage. As for the industry and service sectors, they have experienced a zero growth rate over the past five years.

Although there are signs of recovery and some indicators show economic growth of 2.7% in 2005, this growth remains moderate compared to rates observed at regional and world levels. This may be attributed at least in part to certain characteristics of Paraguay’s economy, such as a high level of non-compliance with contracts, corruption at various levels of the economy, very limited levels of public, private or foreign investment, a frequent lack of business formalisation (the informal sector is estimated at 60%), widespread tax evasion (60% of the taxable amount, according to the IMF) and significant smuggling (it is estimated that a quarter of imports are not cleared through customs). All this has a deep impact on Paraguay’s economy. According to the 2004 competitiveness index, Paraguay is in 100th position (the last in Latin America) out of the 104 countries considered, and its situation has deteriorated compared with 2003. Moreover, legal uncertainty could be one of the reasons why there is little official direct foreign investment (available statistics show that for the past years the amounts have been practically negligible).

Having said that, it should be underlined that important structural reforms have been introduced since 2003 (Law on Administrative Reorganisation and Budget Adjustment, Budget Law on Responsible Spending, reform of the Tax Code and public pensions, new system of personal tax, modern Customs Code). These reforms have led to significant progress in the area of the budget and should help improve the economic situation in the medium term. Reforms in the fields of finance, public companies and public
administration, however, are still at a preparatory stage. It is to be hoped that they will be applied over the coming months.

3.4. The challenge of regional integration
Mercosur is a particularly significant challenge for Paraguay. Its economy is the sub-region’s smallest and least developed, with characteristics in terms of products, poverty, education and socio-economic structure which are often more similar to those of the other Andean countries (such as Bolivia) than to those of its partners. It is also the only landlocked country, with no direct access to the sea.

Despite tariff harmonisation within Mercosur, certain triangular activities, or re-exports of goods to neighbouring countries, still exist in Paraguay. It is partly because of this and because of its size that Paraguay’s economy is the most open economy in Mercosur (in 2004 imports made up 43% of GDP and exports 31%) and the most dependent on exports of raw materials (84% in 2002) and on its partners’ markets (over 50% in 2004).

Paraguay considers that its partners do not take sufficient account of its less favourable conditions (asymmetrical development, its landlocked situation and structural deficiencies), although the creation of the Mercosur structural fund could potentially counter some of these deficiencies, despite the exceptions to the common external customs tariff. The country must build its agents’ capacity to carry out the complex programme of internal and external Mercosur negotiations. In the medium term, these elements threaten to be an obstacle to Paraguay’s progress and to integration.

Despite the political will of the various Paraguayan governments to continue to believe in Mercosur, the bloc is often perceived within the country – in particular by companies - as more of a threat than an asset. Its weaknesses outweigh its strengths since the latter are not always given enough visibility. Paraguay’s strong points include the production of high quality agricultural products at competitive prices, a plentiful supply of labour, a low tax burden, low energy costs and its central geographical location between Argentina and Brazil.

3.5. Social situation: equality, education, health, gender
Paraguay is a young country where a quarter of the population is under 10 years old (26%) and where the average age of the population is one of the lowest in Latin America (23 years). Despite high population growth (2.2% per year), Paraguay is sparsely populated with a density of 15.2 inhabitants per sq km (one of the lowest in the region). The structure of the population reveals a still relatively rural country (43% of the population lives in the countryside), where most of the population is poor (66% of the poorest live in rural areas).

As regards the inequality of income distribution, the Gini coefficient increased from 0.447 in 1990 to 0.576 in 2001. This negative trend places Paraguay amongst the most unequal countries in Latin America. The poorest 40% of the population receives around 10% of the country’s total income, whereas the richest 10% concentrate 42.3% of the total. Per capita income in rural areas is generally half what it is in urban areas, mirroring the situation prevailing in other Latin American countries with a similar income distribution.

Another important factor of inequality in a country with an essentially rural production structure is the distribution of land ownership. A 1996 FAO study shows a strong concentration (79%) in the hands of a few producers (1.5%). The rural world has experienced serious recurring conflicts over access to use or ownership of land, often because of the absence of property titles. According to census data, 200 000 families do not own any land, to which must be added 120 000 families which occupy small rural properties without a property title. The indigenous communities make up most of the
latter category. The indigenous population is around 90,000-strong, and mostly marginalised and forgotten although the Constitution of 1992 widely recognised their rights.

It should be underlined that over the past years the State has worked hard to improve the country’s social situation. Social spending increased by 300% between 1990 and 2000, while total public spending increased by 150% in real terms. However, this increase in public spending has not led to an immediate improvement of all of the country’s social indicators.

Over this period, most social spending went to education, which increased from 39.4% of total expenditure in 1990 to 48.5% in 2000, an average of 44% for the decade 1990–2000. Social security spending comes in second place in terms of importance (averaging 32.9% of social expenditure), and health spending in third (15%).

Compared to the other Mercosur countries, Paraguay’s health indicators are particularly poor. Although the starting points are not comparable, the country has been unable to draw up and apply sufficiently substantial health policies to respond to the sector’s challenges with any chance of success in the short and medium term. With regard to HIV/AIDS, notwithstanding the fact that up to date its prevalence remained limited3, the allocation of resources should be enforced (see Annex 2). Health in Paraguay is today the responsibility of three players: (i) the public sector; (ii) the private sector; and (iii) mixed institutions. According to official sources, only 58% of the population is covered by the public sector, and 15% by the private sector; this leaves a significant percentage of the population which is not covered.

On the other hand, even if it has not yet reached optimum levels, in particular for the 15 to 24-year-old bracket, access to education has substantially improved over the past decade, as demonstrated by increased enrolment at all levels. Low levels of education penalise the poorer sections of the population by keeping them away from well-paid jobs and by not affording them the possibility to integrate into the most modern sectors of the economy. Despite a drop in the illiteracy rates of 15-year-olds from 8.9% to 8.4% and an increase in the average number of school years of the over 25-year-olds from 6.2 years to 6.7 years between 1997 and 2001, the level of education of the poorest 40% of the population remains much lower than the national average. In the poorest section of the population, only three quarters have completed primary education. For poor rural families, the problem of early school leaving occurs already in the fifth or sixth year, mainly due to economic and social factors.

Despite its efforts, the State is finding it very difficult to deal with population growth while guaranteeing a steady offer to the most disadvantaged within society. The severe problems which led to the drawing-up of the education plan (Plan 2010) in 1996 are still unresolved, namely: developing quality basic education, drawing up quality policies (study plans and programmes), strengthening teachers’ training, improving the system’s efficiency, widening the choice of educational resources and creating compensatory policies.

As regards gender equality, Paraguay has launched legal reforms aimed at protecting women’s rights and eliminating all forms of discrimination. Since 1992, the country has amended its legislation to get rid of all discriminatory provisions. In 1995 it ratified the Inter-American Agreement for the Prevention of Violence against Women. As in other

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3 UNAIDS estimated that at the beginning of 2006, a total of 13,000 persons lived in Paraguay with HIV/AIDS.
Latin American countries, the most common violations of women’s rights are sexual and domestic abuse, sexual exploitation and sexual harassment in the workplace.

Although women have gained ground as regards access to the labour market, there are still important differences relating to the conditions they face there: for an equal level of training, men continue to be paid more than women. The unemployment rate for women is twice as high as for men. This figure is particularly important because the number of women who are heads of households has increased over the past decade, reaching 25.3%, and because it is precisely these households that are most vulnerable.

The illiteracy rate for women is 9.8%, higher than for men (6.9%), and the disparities are more marked in rural areas. Women’s participation in social and political life is progressing but the contrast with men remains very pronounced.

Given the disparities, care must be taken, in the first focal sector of EC 2007-2013 cooperation, to make sure girls have more access to the national education system (compulsory result indicator).

3.6. The environmental situation

The main environmental problems faced by Paraguay are deforestation and biodiversity loss, with an alarming fall in forest fauna. Water and soil contamination due to the dumping of raw waste and infrequent controls of agricultural discharges, the building of dams, sedimentation and other damage to rivers (see Annex 4) should also be taken into consideration.

Paraguay’s development model, which is based on agricultural exports, has led to random deforestation in order to use the land for agricultural purposes. In 1997 the percentage of woodland (tall trees) fell to 7%.

Intensive land use for soybean production requires large quantities of agrochemicals. Shortcomings in the area of controls of the use and application of these substances can lead to water contamination and thereby endanger the health of the population. Moreover, in 2004, Paraguay approved the use of transgenic technology. Unofficial estimates suggest that at least 70% of soybean acreage (1 900 000 ha) has been sown with transgenic varieties. This situation sets the Government a new challenge in terms of regulation, monitoring and control.

As regards biosecurity, Paraguay, like the EU, has signed the Cartagena Protocol, which was drawn up to fulfil the need for an international framework to protect the handling, transfer and use of living modified organisms.

Paraguay is also a signatory to the Kyoto Protocol.

The State has dealt with the problem of the environment by creating various bodies equipped with specific competencies in this area. The institutional fragility of some of these entities can make it more complicated to conduct a coherent environmental policy.

The environmental dimension is a cross-cutting priority of EC cooperation with Paraguay and should be mainstreamed in all interventions.

3.7. Other cross-cutting issues

The main issues considered as cross-cutting are based on the values which the EU cultivates and shares with Latin America, such as democratic principles and respect for human rights (see paragraph 3.2), gender and social equality (see paragraph 3.5), environmental protection (see paragraph 3.6), good governance, conflict prevention, market economy or the benefits derived from new technologies.
3.7.1. Governance and institution building

One of the main priorities of the current Paraguayan Government’s policy is to restore the credibility of the State. To this end it proposes to modernise public institutions to make them more effective and transparent in the execution of their duties. The first measures to this effect were the setting-up of the Technical Unit of the Presidential Council for the Modernisation of the Public Administration (UTMAP) as a consultative body, and the drawing-up and adoption of an Action Plan for the Modernisation of the Public Administration (PAMAP). EC support aims to consolidate institution-building horizontally by making this concern an integral part of all EU interventions.

3.7.2. Conflict prevention

Paraguay has enjoyed unprecedented political stability over the past few years. However, inequality and in particular unequal land ownership (4% of the population owns 88% of the country’s surface area), made worse by the lack of a land policy capable of remedying the situation, is a cause for concern. In addition to the existing gulf, the grievances of the rural world were heightened by the arrival in Paraguay of foreign (mainly Brazilian) large-scale agricultural producers bringing with them capital and technology, which has resulted in the displacement of the most vulnerable peasants to the towns. Certain situations in rural areas have thereby become a source of conflict in the country. This factor, combined with the fragility of the institutions of Paraguay’s young democracy, constitutes a potential threat to harmonious coexistence. Given the potential for instability in Paraguay, the EC’s response consists in contributing to the strengthening of democracy through institution building (cross-cutting priority).

4. PAST AND PRESENT COOPERATION WITH THE EC: RELEVANCE, COORDINATION AND CONSISTENCY

Unlike other countries with a similar human development index or per capita income, official development assistance (ODA) in Paraguay is pretty insignificant, both in terms of GDP composition and with regard to public expenditure. If we compare ODA figures in Paraguay and Bolivia, where the situation is in certain respects similar, the disparities are obvious. In 2002 and 2003, ODA represented respectively 8.97% and 12.04% of GDP in Bolivia, against 1.01% and 0.87% in Paraguay. The same disparity can be noted when comparing the impact of annual ODA on their total public expenditure in 2002: in Bolivia, ODA reached 34.2% and in Paraguay 4.8%. This situation could be explained by the fact that Paraguay is considered as being at an intermediate stage of development and as having a relatively stable macroeconomic framework. It should also be noted that for various reasons, the Paraguayan authorities have been unable to set up, in optimum conditions, real capacities to channel and absorb the ODA available to the country.

According to the figures published by the Government’s Technical Secretariat for Planning, external cooperation to Paraguay is allocated as follows: poverty reduction (26%); modernisation of institutions (25.1%); natural resources and the environment (17.3%); education and culture (11.6%); health (10.2%); competitiveness (6.5%); population (2.5%); tourism and other (0.8%).

4.1. EC bilateral cooperation

EC cooperation is regulated by the 1992 Framework Cooperation Agreement with Paraguay. At the time, the main areas of cooperation were rural and social development and the modernisation of the State. The 2002-2006 Country Strategy Paper for Paraguay, which is currently in force, was approved in 2002 and includes the priorities agreed in 2001. The EC provides a total of EUR 51.7 million to the NIP. The focal sectors are: human development and poverty reduction (EUR 24 million), stimulation of the production and competitiveness of Paraguay’s economy within Mercosur (EUR 21.7 million) and modernisation of the State (EUR 6 million).
4.2. Other types of EC cooperation
In addition to bilateral cooperation, Paraguay has received aid from other EU instruments (LA and Mercosur regional cooperation, thematic lines, etc.)

While Paraguay’s participation in Mercosur sub-regional projects is satisfactory, its participation in LA regional projects remains very poor. For instance, it only received 0.6% of scholarships under the Alban programme. It only takes part in 4% of projects under the ALFAII programme; for URB-AL the figure is only 1% and for @LIS Paraguay’s institutions do not take part in any projects at all. In contrast, Paraguay has produced respectable results (7% of interventions, over EUR 5 million for signed contracts) in the AL-INVEST programme, in spite of the existence of only one Eurocentro.

As regards the thematic lines, aid is focused on support to NGOs; a decentralised cooperation window for local NGOs has also been open since 2004 (around EUR 250 000).

4.3. Elements of analysis and lessons learnt from earlier programmes
Like for other donors, EC cooperation in Latin America over the past five years has run into an operational problem: the project approach, as a favoured method for implementing cooperation, has not yielded the desired results. The need to adapt the reforms appeared as early as 2002 and involved devolving the management aspects of cooperation from headquarters in Brussels to the delegations and applying the New Financial Regulation (NFR). The compulsory integration of the principle of ownership by the beneficiary country and society and the principle of donor coordination must also be added to these determining factors.

As regards the difficulties noted in Latin America, the situation in Paraguay is similar or even worse than in most countries in the region. According to studies conducted by the EuropeAid Cooperation Office, the main deficiencies observed in Latin America concern: (i) time relevance (delay between identification and implementation); (ii) monitoring (because of devolution, administrative and financial control is generally high, while technical control has not followed suit); (iii) impact (the missions show that one third of projects are not producing significant results); (iv) consistency between instruments.

The main long-term results of EC cooperation in Paraguay could be in the area of support to the integration of the armed forces into the democratic rule of law, the strengthening of public institutions at local level, the strengthening of indigenous organisations and the budding dialogue on governance and development. However, these past years, EC cooperation with Paraguay has encountered formulation problems due to the country’s low absorption capacity and, consequently, deficiencies in terms of the identification of interventions, partners and modalities. This is also explained by the situation which prevailed in Paraguay: change of government in the middle of the programme development phase, badly-defined sectoral policies in the focal sectors, a series of changes of interlocutors and priorities and other institutional deficiencies. These difficulties were made worse still by the uncovering of significant fraud in one of the projects by the competent EC departments at the beginning of 2004. As a result completion of the 2002-2006 NIP has been seriously delayed, thereby jeopardising the anticipated results of the multiannual programming.

4.4. Cooperation of the Member States and of the other donors in Paraguay
According to official OECD figures, ODA net flows to Paraguay for the past three years (2001-2002-2003) amounted respectively to USD 61, 57 and 51 million, showing a downward trend. The OECD also lists the ten main donors and the amounts they
contributed for the years 2002-2003, namely: Japan (USD 47 million), the United States (13 million), the EC (8 million), Spain (8 million), Germany (7 million), IDB funds and donations (4 million), France (1 million), the Netherlands (1 million), Sweden (1 million) and Canada (1 million). This data shows that a significant share of ODA (28.5%) comes from the EU as a whole, namely the Member States and the EC.

As regards the priorities or the contributions of EU Member State cooperation in Paraguay, it should be noted that (i) Germany focuses on two major priorities: modernisation of institutions and decentralisation of government, and environmental protection and sustainable management of natural resources, (ii) Spain is active in several areas and its priority is to help improve the population’s living conditions; as regards focal sectors, it is largely present in the areas of education and culture, (iii) France focuses on water management, education and health, support to institutions and the agricultural sector, (iv) Italy finances projects presented by NGOs, (v) the United Kingdom focuses on education and health, and (vi) the Netherlands and Sweden finance various types of projects.

Outside Europe, the main bilateral donors in Paraguay are: (i) Japan, which supports competitiveness, health, education/vocational training and the modernisation of institutions, (ii) the United States, which provides aid in the areas of modernisation of government, the environment and health, (iii) Taiwan, which is involved in the fight against poverty and training in rural society, and (iv) Canada, which supports competitiveness and small projects.

Multilateral donors include: (i) the Inter-American Development Bank (IDB), with financing aimed at the modernisation of institutions, competitiveness, education and culture, natural resources and the environment, (ii) the World Bank (WB), which grants loans aimed at restoring faith in the institutions and the economy, and thereby at strengthening the basis for sustained growth and poverty reduction, (iii) the UNDP, which participated in the drawing-up of the poverty reduction strategy in Paraguay, publishes a report every year on human development and contributes through various one-off technical assistance projects to the strengthening of public institutions, (iv) other agencies of the United Nations system, such as Unicef and UNFPA, which are active in their respective field of competence but which provide limited amounts of aid.

4.5. Analysis of the policy combination
The most important EC policies which influence relations with Paraguay include trade and development, the Common Agricultural Policy (CAP), sanitary and phytosanitary control policy (consumer protection), policies relating to the environment, justice and home affairs (immigration) and the information society. Broadly speaking, the policies underlying this document coincide with the EC’s main policies. It will be possible to set up a dialogue and mutual exchanges in these areas and in other areas considered in due course to be relevant. Let us now take a look at the main cooperation areas.

4.5.1. Trade policy and Mercosur
Bearing in mind their mutual interest in the harmonious development of world trade, the aim of the EU’s trade policy is to contribute to gradually overcoming existing restrictions and to reducing tariff barriers. The EU-Mercosur Agreement supports this policy and aims to stimulate growth and trade diversification between the two economic blocs. Ongoing negotiations between the parties, aimed at deepening their trade relations under an Association Agreement, cover not only trade in goods and services but also public procurement, intellectual property rights, competition policy and foreign investment.
Mercosur’s trade policy aligns itself with the objectives of the EU and seeks to expand external markets for the exports of its Member States. However, the lack of agreement within Mercosur on the application of the common external tariff has not only weakened the process of consolidation of the Agreement, it has also complicated the advanced economic negotiations with the EU, the Andean Community, South Africa and Mexico.

Paraguay is a beneficiary of the system of generalised preferences, which favours sectors such as leather, textiles and tobacco. The EC cooperates with Paraguay to enable it to increase its exports to the regional bloc and to the rest of the world.

Since Paraguay is Mercosur’s least advanced country, the EC’s contribution focuses on further integrating the country into the regional bloc for it to be able to benefit more from its participation in Mercosur and from future agreements to be signed between the EU and Mercosur. The EC will thereby be able to support Paraguay’s efforts to enhance its technical, institutional and legal capacities in order to comply with the provisions adopted within the framework of Mercosur, the WTO and the future Association Agreement with the EU. Essential measures to facilitate trade will include reinforcing the administrative capacity of customs and adopting international standards such as the World Customs Organisation (WCO) standards which are aimed at making trade secure and increasing trade flows.

4.5.2. The Common Agricultural Policy (CAP) and sanitary and phytosanitary (SPS) issues

Paraguay’s potential of agricultural exports to the EU concerns a limited number of products, mainly beef and soybeans. This is why the CAP, with its impact on the competitiveness of Paraguayan agricultural products on the EU market and in third countries, has sparked disputes. The 2003 reform aimed at reducing CAP-induced distortions of international trade facilitates bilateral relations and opens the EU market to Paraguayan exports. Of course it goes without saying that in order to have free access to the EU market, exports must comply with the sanitary, phytosanitary and public health standards in force in the EU.

Paraguay’s current ability to comply with the health and plant health standards and the traceability and quality requirements applicable on the EC market is limited. This is why it is important for the country to consolidate a system of controls and quality in line with the needs and requirements of the EU market. Once this aim is achieved, Paraguay will be able to benefit fully from the opening-up of the markets brought about by the CAP reform, the conclusion of the WTO round of trade negotiations and the future Association Agreement between the EU and Mercosur. As yet, chilled meat cannot enter the EU because it is still awaiting inspection by the EU’s DG SANCO.

To this end, strengthening the national authorities, and the veterinary authorities in particular, is an important element to take into account. Also, because Paraguay is a member of Mercosur, attention will be paid to drawing up a coherent and synergetic SPS strategy in the various Mercosur Member States.

Given the above, the EC will, in the short term, provide Paraguay with the appropriate data and recommendations, and in the medium term the cooperation strategy should provide support in the areas at issue.

4.5.3. Intellectual property rights

Intellectual property rights have an economic and a social dimension and are an essential tool for developing new products and new technologies. The EU’s policy consists in implementing a global system of protection of intellectual property, the ultimate aim being for this system to be applied by all WTO members. At the same time, the Cooperation Agreements with the Mercosur countries are aimed at establishing
cooperation in the area of intellectual property so as to curb piracy, smuggling and the falsification of products and brands. The situation in Paraguay is particularly worrying and remains sensitive as the country is often cited as a transit zone for products of doubtful authenticity despite renewed efforts by the State and the police (which lack the necessary means to deal with this type of offence).

4.5.4 EU policies and instruments in the field of research and development and promotion of the information society

Building the capacity of national institutions (public and private sector) in order to promote scientific and technological development, increase competitiveness and encourage innovation, is a challenge that has yet to be taken up. It would be in Paraguay’s interest to participate in the instruments set up under the Seventh RDT Framework Programme (2007-2013) which will enhance bi-regional cooperation - with which Paraguay will be able to associate itself - by means of suitable coordination instruments. Exchanges of researchers will be a major focus of this cooperation.

Cooperation in the field of the information society, which focuses in particular on combating the digital gap and promoting social cohesion using information and communication technologies, will encourage bilateral dialogues and the setting-up of bi-regional instruments.

5. THE EC’S RESPONSE STRATEGY

5.1. Definition of the focal sectors of EC cooperation

The EC’s response strategy for cooperation has to reconcile Paraguay’s objectives with the EU’s priorities in terms of development (see minutes in Annex 6) and with the recommendations issued by the various international forums, for instance: (i) the key priorities agreed upon at the EU-LAC Summit in Guadalajara (social cohesion and regional integration); (ii) multilateral commitments listed in the MDGs.

In accordance with these commitments, reducing inequality and poverty are the main objectives of the current Paraguayan Government. Improving education is also vital in order to promote social cohesion, and is one of the main national priorities.

Moreover, effectively improving education has maximum impact on social inclusion and on combating poverty in the medium and long term. Strengthening education also establishes citizenship and better qualifications increase productivity. Lastly, despite Paraguay’s efforts, supplying education is still a challenge because it has to deal with demographic growth and ensure a sustainable supply to enable the most disadvantaged sections of the population to benefit from the educational acquis.

Given the above, the first focal sector of EC aid to Paraguay for the period 2007-2013 will be support to education. Special attention will be paid to the overall improvement in basic education, but most important for ensuring the success of the measure will be a systemic approach and the quality of the sectoral response. Action in this sector will also promote sectoral coordination with the other donors. It will support the Government’s efforts in the main areas of the national education system (primary, secondary, vocational training, literacy, bilingualism) both technically and financially. To this end, the coverage of the system (number of classes accessible and number of teachers) and the quality of the supply (training and motivation of teachers) are the two main elements which will have to be worked on.

As regards setting a priority in the area of economic development cooperation, one of the country’s overriding needs is to boost economic growth. This need has become part of the Government’s economic programme (the fourth cross-cutting priority) and of its
regional integration component; it is even one of the priorities of the Guadalajara Summit.

Once the country has attained macroeconomic stability, the challenge is to achieve sustainable and fair economic growth. To this end, the conditions must be created for a new development model based on the competitiveness of agricultural and industrial production, by increasing exports not only of traditional products but also of non-traditional products with added value. Pursuing this new development model, the Paraguayan Government has launched actions in those sectors linked to the competitiveness of production chains, clusters and SMEs. It also promotes projects to increase exports and export diversification, and to stimulate the growth of agricultural production by inserting added value into primary production.

For Paraguay to benefit from its presence in Mercosur and in other international agreements or bodies, the institutional, normative and administrative mechanisms for facilitating economic integration must be in place. This means that the institutions or bodies responsible for standardising, regulating, conducting and/or managing economic and commercial matters must be strengthened so that the country can reap the benefits of the agreements it has entered into.

Consequently, the second focal sector of EC cooperation for the period 2007-2013 will be to support efforts for a better integration of Paraguay’s economy. This includes, as an overall objective, enhancing national capacities for managing economic and trade-related areas, and as a specific objective strengthening economic integration at national level (formalisation), and at sub-regional (Mercosur), bi-regional (Mercosur/EU) and international (WTO) level.

5.2. Cross-cutting priorities

The above-mentioned priority focal sectors (education and economic integration) and the other EC interventions in Paraguay will take into account and integrate cross-cutting concerns which relate, at a general level, to human rights and gender equality, at national level, to the environment and institution building, and at bi-regional level, to the consolidation of Mercosur and the strengthening of EU-Mercosur links. The rights of indigenous peoples will also be protected in all activities which impact on their rights and means of existence.

The environment is a cross-cutting priority because its deterioration is considered as particularly severe, and this in turn leads to a deterioration in quality of life in general and jeopardises the population’s potential for development. Special attention will therefore be given to strengthening the institutional and legal framework and to training agents responsible for the environment.

Institution-building is another cross-cutting priority and is aimed at making certain institutions less fragile and improving governance in Paraguay. In addition to the two cross-cutting issues just mentioned, it is important to highlight the cross-cutting priorities which are common to all Mercosur countries and closely interlinked, namely: (i) consolidation of Mercosur regional integration and (ii) once negotiations are concluded, the Association Agreement (AA) between Mercosur and the EU, the implementation of which will be of crucial importance. Given that the scope of the future AA will extend well beyond regional implications, technical and financial provisions will have to be adopted in due course and at the request of the Paraguayan authorities, in consultation with the Mercosur authorities, in order to facilitate its application. The funds available for EC-Mercosur sub-regional cooperation will be able to be used to achieve this, on the basis of the stipulations of the EC/Mercosur RSP.
5.3. Potential risks for the implementation of the strategy

**Political risk:** under its President, Mr Nicanor Duarte Frutos, the country is currently very stable politically. However 2006 will mark the launch of political campaigning for the local elections in November and for the primary elections at party level. 2007, the year the new programme is to be launched, will therefore be a pivotal year since in April 2008 citizens will elect their new national leaders (presidential and parliamentary elections).

**Economic risk:** Paraguay’s economy has managed to stabilise in macroeconomic terms, and is demonstrating moderate growth. However, this growth largely depends on results in agriculture and stock farming, and climatic or other factors could cause the situation to deteriorate. Also, Paraguay being an oil-importing country, an increase in the price of crude oil would have a very negative impact on the economy.

**Social risk:** the main social risk resides in rural areas and concerns the situation of the “landless peasants” who on several occasions have occupied properties. These actions have often caused violent clashes between the police and the peasants. If no short and medium term solutions are found, the situation could get worse.

**Operational risk:** the new law adopted in 2005, which provides that cooperation agreements relating to non-reimbursable aid must be ratified by the National Congress, constitutes a risk for the implementation of the projects. Indeed, it is not unusual for six months to elapse between the time the financing agreement is signed and the time it is ratified by the Parliament, with all this implies in terms of delays in the implementation of EC contributions – which are subject to strict time constraints under the implementing rules of the Financial Regulation – in addition to the risk of jeopardising the objectives. Moreover, the introduction of new cooperation arrangements, such as budget support and/or the sectoral approach, could constitute a problem for the national authorities because of the substantial improvement in operational and financial management and in the effectiveness of control mechanisms these instruments require.

6. EC/PARAGUAY NATIONAL INDICATIVE PROGRAMME FOR 2007-2013

6.1. Financial instruments and sources of financing

Financing of implementation of operations under the EC/Paraguay NIP for the current country strategy paper, with an indicative total of EUR 117 M, will be financed under the Regulation of the European Parliament and of the Council (EC) No 1905/2006 establishing a financing instrument for development. Moreover, EC cooperation in Paraguay will be able to draw on additional resources over and above the NIP on the basis of the same instrument, including:

a) for operations at regional or subregional level or of regional or subregional significance, identified in the strategy papers for Latin America (EC/LA biregional programmes) and the EC/Mercosur regional strategy paper, e.g. related or complementary measures (cooperation on trade facilitation, implementation of the EU/Mercosur AA, European scholarships, exchange programmes, university centres for European Studies, etc.);

b) the financing instruments for specific initiatives in the thematic areas such as human rights and democracy, investing in people, environmental protection and the conservation of natural resources, migration, non state actors and local authorities, drugs, decentralised cooperation, etc.

The final selection of contributions (or projects) will be made, and the respective allocations granted, on the basis of the results of studies prior to their formulation. The
financing of the NIP will depend on the availability of funds in the Commission’s annual budget.

6.2. Principles governing revision, evaluation and participation
The NIP presented below was drawn up after preliminary consultation with non-state actors and civil society (see Annex 5), on the basis of the analysis of the pages above and in cooperation with the national authorities (see Annex 6), the EC Delegation in Paraguay and the representations of EU Member States with a permanent mission in the country.

There will be a mid-term review of the NIP involving the authorities referred to above; special attention will be paid to the results of the strategy in terms of the established indicators. It is worth pointing out that performance criteria will be used in the mid-term review in order to assess progress in the implementation of the cooperation programme. On the basis of the results, any changes deemed useful will be made.

The participatory approach will be adopted when determining contributions, and the involvement of non-state actors will be promoted in the dialogues for the identification, implementation and monitoring of EC operations.

6.3. Focal sectors
The following paragraphs set out, in the form of a succinct logical framework, the indicative scope of the EC’s contributions in the two focal sectors chosen.

6.3.1. First focal sector:

<table>
<thead>
<tr>
<th>Support for education</th>
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<tbody>
<tr>
<td>OECD DAC codes: 112/113</td>
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</table>

**General objectives:** to help improve social and territorial cohesion in Paraguay, by encouraging the supply of educational services, particularly to the most disadvantaged layers of society, in order to reduce disparities in access to basic services between individuals and regions.

**Specific objective:** to widen the supply of education and improve the quality of basic teaching in primary and secondary education and vocational training and for literacy classes and bilingualism, by supporting the efforts of the government and of other donors.

**Expected results**
- A national strategic plan for education will be drawn up, provided with resources and implemented on a sustainable basis.
- Basic school cover will be improved, particularly in those areas with the thinnest cover at present (all children will have access, even children not recorded in the civil register).
- Teachers’ conditions will be improved throughout the country.
- Differences in the quality of school results between rural areas, suburban and urban areas will be reduced.
- School attendance figures for girls, and their success rates, will increase.
- Indigenous peoples will receive attention in proportion with their schooling handicap (increased cover and bilingual teaching).
- Environmental conservation, civics, gender equality and health (including the reproductive health and the prevention of STDs and the AIDS) will form an integral part of the school syllabus.
- A majority of basic and middle schools, particularly in rural areas, will be connected to electricity, water and telephone networks, and most of them will have access to information technologies.

**Indicators** (on a purely indicative basis)
• Policies, laws and regulations adopted, financed and implemented
• Effective rate of school cover throughout the country
• Net rate of increase in basic-education enrolment
• Percentage enrolled at sixth grade
• Recorded reduction in illiteracy rates at age 14 and in adulthood
• Number of girls completing basic and middle school
• Percentage of indigenous children attending school and completing basic and middle school
• Rate of increase in number of schools connected to basic networks (electricity, telephone and IT), number of pupils per computer

Activities
These will be laid down at the appropriate time, taking account of the specific objective, expected results, performance indicators and the detailed implementing arrangements for the EC’s contribution on the basis of the requisite feasibility study.

Forecast amounts

6.3.2. Second focal sector:

Support for the economic integration of Paraguay
OECD DAC codes: 331 (trade)/150 (public administration)

General objectives: to help increase Paraguay’s economic growth rate by increasing national capacities with regard to economic, fiscal and commercial management.

Specific objective: to strengthen the country’s economic and commercial integration – at national (regularisation of companies), subregional (Mercosur), biregional (Mercosur-EU) and international (WTO) levels.

Expected results
• Achievement of sufficient national institutional capacities to facilitate investment and economic growth
• Increase in national capacity to manage ongoing integration processes
• Adoption, funding and implementation by Paraguay of conformity, control and quality standards required at sub-regional level (Mercosur), biregional level (Mercosur/EU) and international level (WTO)
• Adoption and effective implementation of provisions deriving from Paraguay’s membership of the WTO, Mercosur and, in due course, the EU-Mercosur AA
• Increased training for national administrators responsible for economic, fiscal and trade matters
• Increase in the volume and diversity of exports
• Strengthening of the bodies responsible for formulating and enforcing sanitary and phytosanitary quality and control standards
• Strengthening of the institutions responsible for formulating and implementing policies promoting Paraguay’s economic integration
• Increase in the legal security and competitiveness of Paraguayan companies
• Increase in the number of companies regularised at national level

Indicators (on a purely indicative basis)
• Standards and provisions adopted, financed and effectively applied
• Standards and provisions adopted in relation to EU-Mercosur AA
• Growth rate, development and composition of exports
• Increase in number of regularised companies and in tax yield
• Increase in capacities of national technical units responsible for the promotion, analysis, supervision, certification and accreditation, etc. of businesses
**Activities**
These will be laid down at the appropriate time, taking account of the specific objective, expected results, performance indicators and the detailed implementing arrangements for the EC’s contribution on the basis of the requisite feasibility study.

**Forecast amounts**

**6.4. Conditions**
In order to minimise the potential risks, Community contributions must be subjected to a risk analysis and a tighter monitoring system. Furthermore, in the interests of ensuring results and sound financial management, detailed conditions will be laid down in clauses capable of bringing activities to a halt if necessary.
### 6.5. Indicative programming tables for 2007-10 and 2011-13

#### INDICATIVE PROGRAMMING SCENARIO FOR 2007-2010

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<thead>
<tr>
<th>Sector/Contribution</th>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
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<td>Financing agreement</td>
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<td>Implementation</td>
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<tr>
<td>2. Support for the economic integration of Paraguay</td>
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<td>Financing decision</td>
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<td>Implementation</td>
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Multiannual indicative programming; amount four 2007-10

#### INDICATIVE PROGRAMMING SCENARIO FOR 2011-2013

<table>
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<td>Financing agreement</td>
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Multiannual indicative programming; amount for 2011-3 (2010 pm)

### 7. **LIST OF ANNEXES**

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Annex 1  [INDICADORES COMPARADOS ENTRE PARAGUAY OTROS PAÍSES DEL CONO SUR]

<table>
<thead>
<tr>
<th>INDICADORES</th>
<th>Año</th>
<th>Uruguay</th>
<th>Paraguay</th>
<th>Argentina</th>
<th>Brasil</th>
<th>Chile</th>
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<tbody>
<tr>
<td><strong>1. GENERALES</strong></td>
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<td>Superficie (Miles de km²)</td>
<td>2003</td>
<td>176</td>
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<td>2005</td>
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<td>6,2</td>
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<td>19</td>
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<td>13</td>
<td>21</td>
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<tr>
<td>Porcentaje Población Urbana</td>
<td>2003</td>
<td>93</td>
<td>38</td>
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<td>83</td>
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<td>Tasa de Urbanización Promedio Anual (1990-2003)</td>
<td>2003</td>
<td>1</td>
<td>3,7</td>
<td>1,2</td>
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<td>PIB (MM US$)</td>
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<td>11.182</td>
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<td>Déficit/Superavit Fiscal</td>
<td>2003</td>
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<td>Formación Bruta de Capital</td>
<td>2003</td>
<td>13</td>
<td>20</td>
<td>15</td>
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<td>Ahorro Bruto Doméstico</td>
<td>2003</td>
<td>15</td>
<td>5</td>
<td>26</td>
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<td>2004</td>
<td>18</td>
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<td>Exportación de Bienes y Servicios (%PIB)</td>
<td>2003</td>
<td>26</td>
<td>32</td>
<td>25</td>
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<td>Importación de Bienes y Servicios (%PIB)</td>
<td>2003</td>
<td>23</td>
<td>43</td>
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<td>49</td>
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<td>Tasa de Cobertura Neta Nivel Primaria</td>
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<td>90</td>
<td>89</td>
<td>2001 98</td>
<td>97</td>
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<td>% de estudiantes de primaria que termina el quinto grado H/M (3)</td>
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<td>68,71</td>
<td>91,93</td>
<td>76,84</td>
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<td>93</td>
<td>103</td>
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<td>104</td>
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<td>Igualdad de Género (brecha en la cobertura bruta de primario y secundario)</td>
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<td>105</td>
<td>98</td>
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<td>46</td>
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<td>12</td>
<td>25</td>
<td>17</td>
<td>31</td>
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<td>2003</td>
<td>91</td>
<td>77</td>
<td>88</td>
<td>96</td>
<td>99</td>
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<td><strong>Agua y Saneamiento Básico (% población</strong>)</td>
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<td>98</td>
<td>83</td>
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<td>95</td>
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<td>Acceso a sistema de saneamiento mejorado (%pob) - 2002</td>
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<td>75</td>
<td>92</td>
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<td>Incidencia de la pobreza (5)</td>
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<tr>
<td>Exportaciones (US$ miles de millones)</td>
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<td>33,1</td>
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<td>30,3</td>
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<td>262</td>
<td>887</td>
<td>522</td>
<td>2007</td>
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<tr>
<td>Importaciones (US$ miles de millones)</td>
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<td>3,1</td>
<td>22,2</td>
<td>66,1</td>
<td>22,3</td>
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</tbody>
</table>

**Fuente:** World Development Indicators 2005

(1) IERAL de Fundación Mediterráneo  
(2) CEPAL  
(3) UNFPA: estado de la población mundial 2005. Con la excepción de Brasil, por el cual el dato se refiere al 2004  
(4) De acuerdo al último año de la información disponible  
(5) Línea de Pobreza Internacional, población que vive con 2 US$ (ó menos) al día  
(6) Mide la desigualdad del ingreso en una sociedad. Varía entre cero -situción ideal en la que todos los individuos o familias de una comunidad tienen el mismo ingreso y uno, valor al que tiende cuando los ingresos se concentran en unos pocos hogares o individuos.  
(a) En base a gasto  
(b) En base a ingresos
### Paraguay – 2003

<table>
<thead>
<tr>
<th>Objetivos y Metas propuestos</th>
<th>Desafíos y Prioridades</th>
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<tbody>
<tr>
<td><strong>1. Erradicar la Pobreza Extrema y el Hambre</strong>&lt;br&gt;• Reducir a la mitad a la proporción de personas con ingresos menores a un dólar por día&lt;br&gt;• Reducir a la mitad la proporción de personas que sufren hambre</td>
<td>Lograr los objetivos de la lucha contra la pobreza requiere, entre otras cosas:&lt;br&gt;• incrementar la capacidad de crecimiento económico del país;&lt;br&gt;• mejorar la coordinación y racionalización en el uso de los recursos de cooperación internacional para el desarrollo,&lt;br&gt;• fortalecer las instituciones responsables de la ejecución de políticas y promover una mejor coordinación entre ellas;&lt;br&gt;• articular los programas de lucha contra la pobreza y de mejoramiento de la nutrición, contribuyendo a la generación de un crecimiento económico sostenible;&lt;br&gt;• promover la descentralización administrativa y la participación de las comunidades para fortalecer el desarrollo local;&lt;br&gt;• reasignar el presupuesto y mejorar la transparencia en la ejecución del gasto social con participación ciudadana que vigile el cumplimiento de los objetivos de desarrollo.</td>
</tr>
<tr>
<td><strong>2. Alcanzar la Educación Básica Universal</strong>&lt;br&gt;• Asegurar que todos los niños y adolescentes puedan completar la educación básica.</td>
<td>Potencialmente Probable&lt;br&gt;Paraguay ha hecho avances significativos para garantizar una cobertura universal en los dos primeros ciclos educativos. Sin embargo, aún se requiere mejorar la calidad de la educación y la equidad de acceso para todos los niños y niñas. Lograr la meta de proveer educación universal bilingüe y de calidad es un desafío mayor. Algunas prioridades para contribuir al logro de este objetivo son:&lt;br&gt;• apoyar el seguimiento y evaluación de los distintos programas existentes, fortaleciendo la continuidad de las experiencias exitosas;&lt;br&gt;• promover programas para reducir la repetencia y deserción escolares así como el sexismo presente en la enseñanza mas allá de indicadores cuantitativos;</td>
</tr>
</tbody>
</table>

### Situación Actual

- En Paraguay, las personas en situación de extrema pobreza (indigencia) son quienes no pueden consumir la Canasta Básica de Alimentos (CBA) que en el año 2001 tenía un costo de 1,74 U$S por día y persona.
- En el lapso 1995-2001 la indigencia aumentó de 14% al 16% de la población mientras que la pobreza se incrementó del 30% al 34%. En 2001 había 910,000 indigentes (76% en el sector rural) y 1,977,000 de personas en condiciones de pobreza.

### Costeo de las Metas

na
### 3. Promover la igualdad entre los sexos y la autonomía de la mujer.
- **Eliminar la disparidad de género en la educación primaria y secundaria hasta el 2005 y en todos los demás niveles hasta el 2015.**
- En promedio la educación de las niñas y las jóvenes ha avanzado sustantivamente y se encuentra cercana a la igualdad con respecto a los varones, excepto en áreas rurales donde la relación entre niñas y niños inscritos en la enseñanza escolar básica y media es de 86 niñas cada 100 niños matriculados.
- Los datos sobre alfabetismo entre jóvenes de 15 a 24 años casi no muestran diferencias a nivel nacional aunque sí-disparidades de género importantes que desfavorecen a las mujeres que viven en el campo y en hogares pobres (donde la relación mujeres a hombres es de 0.78 y 0.75 respectivamente en el 2001). Esta situación contrasta con el avance del alfabetismo entre mujeres en zonas urbanas y hogares no pobres (0.96 y 1.10, en ese mismo año).

### Potencialmente Probable
- **Algunas acciones clave para consolidar los avances en la equidad de género y ampliar las oportunidades de las mujeres en Paraguay son:**
  - fortalecer la profesionalización de la carrera docente, la educación inicial, y la educación bilingüe.
  - fortalecer las acciones conjuntas entre la Secretaría de la Mujer, la sociedad civil, el sector privado, agencias de cooperación y otras instancias de coordinación (tales como la Mesa Tripartita de Seguimiento de la Plataforma de Acción de Beijing);
  - consolidar la matriculación de las niñas y jóvenes en la escuela sobre todo en épocas de recesión y con programas que permitan reducir la repitencia y abandono temprano de la escuela, sobre todo en zonas rurales y en hogares pobres;
  - mejorar el acceso al crédito para mujeres en el sector productivo;
  - abrir mayores espacios de participación política para las mujeres y ampliar su presencia en la empresa privada y las organizaciones sociales;
  - consolidar la descentralización de las entidades de atención a la mujer;

### 4. Reducir en 2/3 la tasa de mortalidad de menores de 5 años:
- **Reducir en 2/3 partes la tasa de mortalidad infantil**
- En la década del noventa hubo una reducción significativa en la tasa de mortalidad de niñas y niños menores de 5 años (de 40 por cada mil nacidos vivos en 1990 pasó a 25 en el 2001)
- Se destaca igualmente el subregistro existente, aunque en la segunda mitad de la década pasada mejoraron los registros permitiendo identificar tendencias que cuestionan la posibilidad de cumplir la meta establecida.

### Potencialmente Probable
- **Algunos aspectos importantes a considerar para contribuir al logro de este objetivo son:**
  - apoyar la consolidación de la estrategia nacional de Atención Integral a Enfermedades Prevalentes de la Infancia y el Plan Nacional de Salud Reproductiva de la Mujer (2003-2007);
  - apoyar la descentralización de estos programas, e igualmente su integración con los programas de educación inicial de la Secretaría de la Niñez y Adolescencia.
  - promover una mayor participación de otros actores en el sector público, privado y las ONG;
  - mejorar el registro de indicadores de salud y mortalidad de niñez e infantes;
  - promover una mayor capacitación a las familias y empoderamiento de las comunidades, con el objeto de aumentar la demanda de los servicios sociales básicos de atención a la niñez.

### 5. Mejorar la salud materna
- **Reducir la tasa de mortalidad materna en 3/4 partes**
- El paludismo es una enfermedad controlada y restringida a determinadas áreas del país, mientras que la Tuberculosis mantiene altas tasas de incidencia de casos nuevos así como de mortalidad. En tanto, el VIH/SIDA es una enfermedad emergente, registrada inicialmente en 1986. Las infecciones de transmisión sexual

### Poco Probable
- **Algunas acciones que permitirían consolidar los programas iniciados son:**
  - apoyar la descentralización, la participación comunitaria y el fortalecimiento de las organizaciones de la sociedad civil, para mejorar la cobertura y calidad de la atención a mujeres embarazadas;
## 6. Combatir el VIH/SIDA, y otras enfermedades graves

<table>
<thead>
<tr>
<th>Potencialmente Probable</th>
<th>Para lograr un eficiente combate al VIH/SIDA y otras infecciones de transmisión sexual así como al paludismo y la tuberculosis, entre otras cosas, es necesario:</th>
</tr>
</thead>
<tbody>
<tr>
<td>mantenedor, aprovisionar y ampliar en el presupuesto nacional rubros para la adquisición de insumos de salud sexual y reproductiva, incluyendo anticonceptivos;</td>
<td>ampliar la cobertura de la red de servicios de salud</td>
</tr>
<tr>
<td>mejorar las estadísticas de salud de la mujer e incentivar la investigación sobre mujer, salud y género;</td>
<td>apoyar la asignación de recursos técnicos y financieros para la provisión de servicios de salud y medicamentos tanto para el VIH/SIDA y las infecciones de transmisión sexual, como para la prevención y el tratamiento del paludismo y la tuberculosis;</td>
</tr>
<tr>
<td>fortalecer el Comité de Vigilancia de la Salud y Mortalidad Materna;</td>
<td>adecuar el marco legislativo sobre el VIH/SIDA</td>
</tr>
<tr>
<td>profundizar las estrategias de información, educación y comunicación para promover los servicios de Salud Integral de la Mujer y su articulación con otros programas (violencia intra-familiar, asesoría a parejas jóvenes, planificación familiar; igualdad de oportunidades, etc.);</td>
<td>mejorar la coordinación de los programas existentes, privilegiando acciones de prevención que incluyan campañas de difusión de información, comunicación masiva y educación;</td>
</tr>
<tr>
<td>fortalecer la capacitación a monitores locales, mejorando los servicios de apoyo a las usuarias, especialmente de sectores pobres.</td>
<td>Fortalecer la articulación de con redes de ONGs con sector privado y organismos de cooperación, para asegurar la sostenibilidad de programas de salud sexual y reproductiva</td>
</tr>
<tr>
<td>• mantener, aprovisionar y ampliar en el presupuesto nacional rubros para la adquisición de insumos de salud sexual y reproductiva, incluyendo anticonceptivos;</td>
<td>• apoyar el desarrollo de campañas de información, prevención y educación, principalmente a jóvenes, sobre el VIH/SIDA y las infecciones de transmisión sexual;</td>
</tr>
<tr>
<td>• mejorar las estadísticas de salud de la mujer e incentivar la investigación sobre mujer, salud y género;</td>
<td>• promover una mejor interacción entre los programas de lucha contra la pobreza y los de nutrición, agua potable y saneamiento</td>
</tr>
<tr>
<td>• fortalecer el Comité de Vigilancia de la Salud y Mortalidad Materna;</td>
<td>• Apoyar la descentralización y mejoramiento en la gestión de los servicios de salud con participación de las comunidades.</td>
</tr>
<tr>
<td>• profundizar las estrategias de información, educación y comunicación para promover los servicios de Salud Integral de la Mujer y su articulación con otros programas (violencia intra-familiar, asesoría a parejas jóvenes, planificación familiar; igualdad de oportunidades, etc.);</td>
<td>• fortalecer la capacitación a monitores locales, mejorando los servicios de apoyo a las usuarias, especialmente de sectores pobres.</td>
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### (ITS) tienen potencial de expansión representando además un problema por la falta de información disponible.

- La tasa de incidencia del VIH/SIDA según los datos disponibles es de 2.2 por cada 100.000 habitantes en el 2002, con un crecimiento constante. Este mismo año se registró una prevalencia de 0.8 % de adultos infectados. Sin embargo, se considera que existe un nivel significativo de subregistro que no permite acceder a la magnitud real del problema.
7. Asegurar un medio ambiente sostenible

Haber logrado en el 2015 que todas las políticas y programas del país hayan integrado los principios del desarrollo sostenible y se haya revertido la pérdida de recursos naturales ambientales.

Reducir en 2/3 la proporción de la población sin acceso al agua potable entre 1990 y 2015.

Como medidas para asegurar la sostenibilidad del medio ambiente en Paraguay se requieren los siguientes aspectos, entre otros:

- apoyar la definición y puesta en práctica de una política ambiental nacional fortaleciendo la institucionalidad del sector y su marco normativo con mecanismos de concertación entre instituciones públicas y privadas;
- promover una amplia participación ciudadana en la gestión ambiental;
- apoyar la adquisición de tierras destinadas a conservación y áreas protegidas, para su manejo sostenible.
- descentralizar las funciones para lograr una aplicación gradual de las normas que afectan a los sectores productivos, sobre todo al industrial;
- mejorar el sistema de contabilidad de los recursos naturales y fortalecer institucionalmente a los programas de agua potable y saneamiento;
- capacitar los recursos humanos de las instituciones gubernamentales y de la sociedad civil, potenciando la participación de la sociedad en planes y programas ambientales.
## ASSESSMENT OF THE LIKELIHOOD OF MEETING MILLENNIUM DEVELOPMENT GOALS
### MERCOSUR COUNTRIES AND CHILE REPORTS 2000-2005

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### LIKELY
### POTENTIALLY
### UNLIKELY


Status: 21 completed reports. 4 ongoing reports: Ecuador, Belize, Suriname, and Trinidad & Tobago. Note: Panama’s MDGs Report does not provide projections.

5 National MDGs Report coordinated by the government. Translated from Spanish idóneo, potencial, remoto

.. Indicates no data available

## Annex 3

**PARAGUAY – MATRIZ DE DONANTES**

(Montants en USD)

<table>
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<tr>
<th>Bailleur</th>
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Coopération technique non remboursable au 30/06/2004 (source : Secrétariat technique de planification du gouvernement du Paraguay
Annex 4 **PARAGUAY – PERFIL AMBIENTAL – RESUMEN EJECUTIVO**

1. De acuerdo a las últimas estadísticas presentadas en el Foro Económico Mundial de Davos, Paraguay ocupa el puesto número 17 en 2005 entre 146 países de acuerdo al Índice de Sostenibilidad Ambiental, con un valor de 59.7 en un ranking donde 100 es el valor máximo y 0 el mínimo. Dentro del MERCOSUR, Paraguay es el país que obtuvo el puntaje más bajo. Uruguay, se ubica en el puesto número 3 del ranking mientras que Argentina está en el puesto número 9 y Brasil en el número 11. Bolivia, otro país vecino de Paraguay, se ubica en el puesto número 20.

2. El Paraguay se divide en 2 grandes regiones físicas, la Occidental o Chaco, con el 61% de la superficie y menos del 3% de la población y la Región Oriental, con el 39% del territorio y el 97% de los habitantes. Una de las características geológicas estructurales del Paraguay es la asimetría que presenta. La región Oriental se encuentra sobre la primera formación y el Chaco sobre la segunda. Los suelos en el Paraguay varían notablemente entre las dos regiones naturales y constituyen un factor determinante en lo que se refiere a su uso. El clima del Paraguay se puede definir como subtropical continental.

3. El Paraguay es un mosaico de hábitats, donde las especies que ellos alojan pertenecen tanto a géneros tropicales como templados. La región del Chaco, sensiblemente menos poblada que la Región Oriental, constituye el ecosistema de mayor diversidad biológica del país, aunque la presión ejercida por la cacería deportiva y la ampliación de la frontera productiva con destino a la alimentación humana están poniendo en serio peligro esta diversidad y riqueza.

4. En materia de recursos hídricos, la disponibilidad de agua en el Paraguay es de 63,000m3/habitante/año, valor que indica una situación privilegiada y que constituye la mayor de Latinoamérica luego de Guyana y Surinam. El país se halla ubicado íntegramente en la Cuenca del Río de la Plata y cuenta con una densa red hídrica de 3.100.000 Km2, la cuarta a nivel mundial, que constituye uno de los sistemas hidrográficos internacionales más importantes fuera del contexto europeo. El potencial que ofrece, en el marco del MERCOSUR, es de grandes expectativas y posibilidades para convertirse en vehículo de desarrollo regional. El Acuífero Guaraní, que se considera como uno de los más grandes reservorios subterráneos de agua dulce del planeta, se extiende desde la cuenca sedimentaria del Paraná a la cuenca Chaco Paranaense, ocupando aproximadamente 1.2 millones de Km2, de los cuales 71,700km2 en territorio paraguayo.

5. Los principales problemas ambientales que enfrenta el Paraguay son: (i) la indiscriminada conversión de tierras hacia usos agropecuarios y la excesiva deforestación; (ii) la pérdida de la biodiversidad con una reducción alarmante de la fauna silvestre; (iii) la contaminación de las aguas y suelos, causada por el vertido de los residuos industriales y domésticos sin tratamiento, y por el escaso control de las escorrentías agrícolas; y (iv) la construcción de represas, la sedimentación y otras alteraciones en los cursos de sus ríos principales; (v) La debilidad institucional en materia medio ambiental.

6. La fuerte inversión pública en infraestructura de transporte en la Región Oriental a partir de la década de los setenta, combinado con los apoyos directos a la producción agropecuaria brindados por el Estado, particularmente al cultivo algodonero, permitió la expansión de la frontera agrícola, convirtiendo a este sector en el motor de la economía. Sin embargo, esta expansión resultó en una degradación acelerada de los recursos naturales del país. Los bosques del Paraguay han sufrido la mayor tasa de deforestación de Sudamérica y una de las mayores de Latinoamérica. La presión sobre los bosques paraguayos no ha disminuido durante los últimos años, y de acuerdo a las cifras oficiales publicadas por la FAO la tasa de deforestación anual promedio aumentó de 2.5 % a 2.7 % entre los periodos 1980-90 y 1990-95. Al problema de deforestación, se suma el serio problema potencial de degradación creciente y erosión continua de los suelos en las áreas bajo producción agropecuaria, debido a las prácticas productivas utilizadas y la falta de aplicación de técnicas de manejo adecuados de suelos.

7. La falta de oportunidades y la creciente pobreza en el sector rural, sumado al rápido crecimiento demográfico, han desplazado a muchos pobladores rurales hacia las ciudades principales del país. Esta migración ha generado un proceso de urbanización descontrolado, sin planificación ni provisión de servicios

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6 El 25 de Enero, 2005, en el Foro Económico Mundial de Davos, se presentó una nueva versión del Índice de Sostenibilidad Ambiental (ESI por sus siglas en inglés) que incluye 146 países. Finlandia ocupa el primer lugar, seguida por Noruega, Uruguay, Suecia e Islandia. Haber obtenido un alto puntaje en el ESI se atribuye a la disponibilidad de dotaciones sustanciales de recursos naturales, a la baja densidad demográfica y a una gestión acertada en materia ambiental y de desarrollo. Al final de este informe se presentan más detalles sobre el ESI y la ficha país correspondiente a Paraguay.
adecuados de agua potable, suministro de energía y recolección de residuos sólidos o líquidos, lo que contribuye a la degradación de las áreas urbanas.

8. La estrategia en el largo plazo debe ir más allá del desarrollo de la agricultura extensiva, y debe enfatizar aumentos en la productividad y en el uso adecuado de la tierra que promuevan la preservación de su riqueza ambiental y la sostenibilidad de su crecimiento económico.

9. En materia de normas, a nivel regional, a través la reuniones especializadas, se avanzó en la armonización de la legislación ambiental entre los países del MERCOSUR. En Paraguay, el Parlamento sancionó en el año 2000 una nueva ley (Ley 1561/00) mediante la cual se creó el Sistema Nacional del Ambiente (SISNAM) formado por entidades públicas dependientes del gobierno central, departamental y municipal con competencia ambiental. También integran el SISNAM, organizaciones privadas como ser gremios empresariales y organizaciones no gubernamentales. El objetivo de esta organización es la coordinación de los esfuerzos de manera de responder con eficiencia y eficacia a los objetivos trazados por el gobierno en materia de política medio ambiental.

10. La misma Ley 1561/100 creó el Consejo Nacional del Ambiente y la Secretaría del Ambiente. En 2003, la SEAM elaboró su Estrategia Nacional y Plan de Acción para la Conservación de la Biodiversidad del Paraguay (ENPAB). La iniciativa contó con apoyo del PNUD, a través de la Global Environment Facility (PNUD/GEF). LA ENPAB se enmarca dentro de los compromisos asumidos por el Paraguay como signatario del Convenio sobre la Diversidad Biológica (CDB) y ratificados por la Ley Nº 253/93. La estrategia identifica grandes objetivos y señala los rumbos principales que se deberían seguir a largo plazo, mientras que el plan de acción indica las medidas y actividades más específicas de cómo poner en la práctica la conservación y uso sostenible de la diversidad biológica.

11. Lograr una gestión más eficaz de conservación, preservación y uso sostenible de los recursos naturales, depende del fortalecimiento institucional de la Secretaría del Ambiente, del Sistema Nacional Ambiental y del Consejo Nacional del Ambiente; incluyendo la definición y puesta en práctica de la política ambiental, con partidas presupuestarias suficientes. Igualmente, se requiere avanzar en la construcción de una contabilidad ambiental y una mayor transparencia en el uso de recursos públicos.

12. Varios factores pueden contribuir a una disminución de la presión sobre los recursos naturales: (i) Reconvertir los procesos productivos, introduciendo consideraciones ambientales en los mismos; (ii) el otorgamiento de derechos de propiedad claros sobre la tierra, con un desarrollo adecuado del mercado de este recurso; y (iii) el fortalecimiento del marco institucional y legal para la gestión ambiental adecuada en el país; (iv) involucrar activamente a la sociedad civil en la gestión ambiental, fortaleciéndola.

13. El Informe de Paraguay para el logro de los Objetivos del Milenio (MDG) publicado en 2004 sostiene que como medidas para preservar el medio ambiente en Paraguay se requieren, entre otras:

- apoyar la definición y puesta en práctica de una política ambiental nacional, fortaleciendo la institucionalidad del sector y su marco normativo con mecanismos de concertación entre instituciones públicas y privadas;
- promover una amplia participación ciudadana en la gestión ambiental;
- apoyar la adquisición de tierras destinadas a conservación y áreas protegidas, para su manejo sostenible;
- descentralizar las funciones para lograr una aplicación gradual de las normas que afectan a los sectores productivos, sobre todo al industrial;
- mejorar el sistema de contabilidad de los recursos naturales y fortalecer institucionalmente a los programas de agua potable y saneamiento;
- capacitar los recursos humanos de las instituciones gubernamentales y de la sociedad civil, potenciando la participación de la sociedad en planes y programas ambientales;
- priorizar el aumento de cobertura de agua potable y saneamiento, con énfasis en la población más excluida.

CONSULTAS CON ACTORES NO-ESTATALES Y REPRESENTANTES DE ENTE SOCIALES

1. Una fase muy importante de la programación constuye la consulta a los actores locales representantes de organismos públicos y la sociedad civil. Para llevar adelante esta etapa del trabajo, el equipo de consultores mantuvo reuniones de coordinación con la Delegación de la Comisión Europea en Paraguay y la Secretaría Técnica de Planificación – STP.

Se decidió la realización de tres talleres regionales en distintos puntos del país, abordando un tema en particular en cada taller. Los mismos fueron realizados el 17 de marzo en Encarnación, el 21 de marzo en Asunción y el 22 de marzo de 2005 en Concepción.

2. El equipo de consultores y un representante de la Delegación participaron en una jornada de trabajo con los expertos de la Secretaría Técnica de Planificación de la Presidencia de la República (STP), a fin de establecer la agenda de trabajo con miras a los talleres. Se acordó la mecánica de la organización de los eventos de la siguiente manera: en Asunción, la contraparte sería la misma STP, mientras que en Encarnación y Concepción los consultores deberían coordinar la agenda con las respectivas secretarías de Gobernación.

4. Los eventos contaron con muy buena participación y en todos los casos con representantes calificados. En Encarnación, registraron su participación 66 personas, en Asunción 36 y en Concepción 55. La calidad de los participantes y el amplio espectro de estos permiten concluir que los eventos lograron su objetivo. Al respecto se debe valorar el contrapunto entre las representaciones institucionales, el empresariado y las organizaciones o actores de base.

6. El taller de trabajo en Encarnación (Integración económica regional e internacional) fue presidido por el Sr. Gobernador de Itapúa, quien tuvo a su cargo la apertura de la sesión. La representante de la Delegación de Montevideo Diana Acconcia expuso posteriormente la problemática de la integración económica desde el punto de vista de la CE y en consonancia con los postulados de Guadalajara. El representante de la STP Lic. Víctor Antonio Páez presentó al público el programa de competitividad. Paso seguido, la representante de la Delegación tomó nuevamente la palabra y presentó la Nota de Concepto con la oferta de cooperación para el periodo 2007 – 2011. Luego el público intervino con preguntas y acotaciones en general, para finalmente dar lugar al análisis FODA sobre la temática de la integración.

7. Para el taller de Asunción, las sesiones se abrieron con las palabras del Director General Carlos Amarilla, en representación de la Sra. Ministra de la STP. Posteriormente, el Jefe de Cooperación de la Delegación Juan Planas presentó la problemática de la educación según había sido tratada en el citado Anexo e introdujo algunos conceptos sobre la cooperación al desarrollo de la CE. Paso seguido, el representante de este equipo de consultores Dominique Demelenne (autor del Anexo en cuestión) amplió detalles para pasar seguidamente a las intervenciones del público y al ejercicio FODA.

8. El evento de Concepción se abrió con las palabras de la Sra. Gobernadora de Concepción, seguida por una introducción a la problemática ambiental por parte del Sr. Juan Planas, para pasar inmediatamente a las intervenciones del público. Posteriormente, durante el análisis FODA, hubo también una ponencia sobre desarrollo agrícola y medio ambiente, expuesta por el representante técnico de la Delegación Daniel Vasconsellos y el Sr. Carlos Calcopietro intervino respondiendo preguntas de los participantes.

9. Como síntesis de las deliberaciones, se cotejan las ponencias, críticas y sugerencias de los participantes en los tres eventos (un total de 157 personas) con las propuestas de este equipo de consultores expresadas en el Informe de Fase 1. En resumen, puede afirmarse que los eventos contribuyeron a confirmar la necesidad imperiosa por parte del Paraguay de mejorar la formación del capital humano en un sentido amplio. El apoyo al logro de los ODM en materia de educación es coherente con el pilar “Cohesión Social” de Guadalajara. También se asigna gran importancia que un país como el Paraguay maneje adecuadamente el medio ambiente y la inserción de su economía en el entorno regional e internacional. Esta necesidad está también reconocida como uno de los ejes prioritarios de las actuales políticas del Gobierno del Paraguay.

10. Se agrupan a continuación, y como corolario de este informe, los aportes recogidos en los seminarios cruzando la información recogida en cada uno y agrupándolos de acuerdo a los cuatro ejes propuestos por la CE:

-Primer sector prioritario de concentración: la Educación.
La cooperación de la CE no debe limitarse al Ministerio de Educación sino a todo ámbito vinculado con el desarrollo del conocimiento.

- Apoyar programas de formalización del registro de personas para permitir el acceso a la educación básica por parte de niños actualmente indocumentados.
- Apoyar a la educación técnica y la formación profesional, acopladas a las necesidades de los mercados y la integración económica.
- Incluir la enseñanza a distancia en las estrategias de apoyo a la educación escolar básica.
- Asistir la creación de fondos de becas y la reorganización de criterios de otorgamiento de las mismas.
- Favorecer mediante programas la incorporación de la perspectiva de género en el refuerzo de la gestión escolar.
- Asistir el mejoramiento del uso de redes informáticas como Internet, capacitando recursos humanos al respecto e introduciendo TICs en todos los ámbitos educativos.
- Asistir el refuerzo de políticas de concientización de la población escolar en relación a los recursos naturales a nivel local y nacional.

-Segundo sector prioritario de concentración: la Integración Económica.
- Profundizar el apoyo a la formación de clusters productivos (iniciado por el programa de Competitividad financiado por la CE).
- Mejorar mediante programas el acceso a información sobre oportunidades de integración comercial y productiva y sobre requisitos de la exportación y estructuras existentes para facilitarla.
- Asistir al Paraguay en negociaciones internacionales destinadas a allanar dificultades no arancelarias.
- Apoyar la formulación de políticas de integración con zonas trans-fronterizas inmediatas.
- Financiar programas de capacitación en técnicas de negociación para empresarios y productores.
- Apoyar el fortalecimiento de la alianza entre empresas, educación terciaria y Estado.
- Asistir programas para favorecer la certificación y consumo de productos orgánicos.
- Apoyar programas de fortalecimiento de las estrategias de comercialización de la madera.

-Primer eje transversal: el Medio Ambiente:
- Apoyar el fortalecimiento institucional local para el manejo de los recursos naturales.
- Apoyar acciones tendientes a concretar un ordenamiento territorial, tales como saneamiento de catastro y relevamiento de características medioambientales de la región.
- Apoyar acciones iniciadas para la recuperación de bosques y suelos.
- Apoyar mediante programas el mejoramiento del monitoreo de deforestación.
- Apoyar programas de relevamiento de impacto de la deforestación en los ecosistemas locales.
- Asistir programas para la recuperación de especies de fauna y flora amenazadas.
- Apoyar acciones de monitoreo de contaminación fluvial y calidad de agua en general.
- Apoyar el mejoramiento del monitoreo preventivo de procesos de salinización y desertificación.

-Segundo eje transversal: El reforzamiento de la Institucionalidad:
- Apoyar la articulación gubernamental de iniciativas de integración y apoyo a la producción.
- Apoyar el fortalecimiento del sistema de acreditación de instituciones educativas y la creación de un sistema de certificación de la calidad de la enseñanza.
- Apoyar el fortalecimiento institucional local para el manejo de recursos naturales.
- Apoyar el desarrollo institucional de entes de regulación y control del transporte fluvial en su potencial contaminador.
- Facilitar la creación de instancias locales de certificación de productos orgánicos.
- Apoyar a las instituciones responsables y a los sectores de la sociedad civil implicadas en la pesca comercial, en la búsqueda de órganos legales con fundamento técnico para el manejo del recurso.
Annex 6

REUNIÓN DE REPRESENTANTES DE LA CE Y DEL GOBIERNO PARAGUAYO

En fecha 3 de mayo de 2005 se realizó una reunión entre representantes de la Comisión Europea y del Gobierno del Paraguay en el Ministerio de Relaciones Exteriores.

En la misma, se remarcó que el Acuerdo Marco de Cooperación firmado en el año 1992 por la Unión Europea (UE) y el Paraguay sirve de base no solo para los proyectos, sino también para la profundización de las relaciones bilaterales entre ambas naciones. Seguidamente fue señalado que el Documento de Estrategia País (DEP) se encuentra en proceso de elaboración en consulta con los sectores oficiales y privados el cual deberá estar concluido antes de la Cumbre de Viena a celebrarse en el año 2006.

La propuesta de programación plurianual recogida en el DEP apunta a dos sectores priorizados en la cumbre de Guadalajara y consistentes con los Objetivos de Desarrollo del Milenio, cohesión social e integración económica. El DEP tendrá un horizonte de 7 años siendo necesario definir la propuesta de gobierno, de manera a que la UE pueda responder a las prioridades del Paraguay.

Los temas relevantes que fueron presentados por los representantes del gobierno de Paraguay son lucha contra la pobreza y la inclusión social, la reforma de la educación y la integración económica. Estos puntos en su conjunto apuntan por un lado al acceso de la población a los servicios básicos y por el otro a mejorar la calificación del Paraguay.

Lista de Participantes

- Enrique Insfran  Ministerio de Relaciones Exteriores.
- Rodrigo Velásquez  Ministerio de Relaciones Exteriores.
- Oscar Cáceres  Ministerio de Industria y Comercio.
- Jorge Dallman  Ministerio de Industria y Comercio.
- Gladys V. Florentín  Ministerio de Educación y Culto.
- Aura Vallejos  Ministerio de Educación y Culto.
- Mirta Castellani  Secretaría Técnica de Planificación.
- Aída Romero  Ministerio de Industria y Comercio.
- Jorge R. Díaz  Ministerio de Relaciones Exteriores.
- Laviero Balmelli  Ministerio de Relaciones Exteriores.
- María Teresa Pino  Ministerio de Industria y Comercio.
- Carmelo Aranda  Secretaría Técnica de Planificación.
- Fernando Masi  Ministerio de Hacienda.
- José Buttner  Ministerio de Hacienda.
- Nimia da Silva  Ministerio de Relaciones Exteriores.
- Rubén Ramírez Lezacano  Ministerio de Relaciones Exteriores.
- Federico Barrios  Secretaría de Acción Social.
- César García Alvarez  Comisión Europea.
- Joaquín G. Ducay  Comisión Europea.
- Juan Planas  Comisión Europea.
- Desiy Acevedo  Comisión Europea.
Annex 7

Données relatives à la coopération CE au Paraguay
(Source AIDCO)

<table>
<thead>
<tr>
<th>Pays</th>
<th>PARAGUAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Déléguée</td>
<td>URUGUAY</td>
</tr>
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SITUATION DES ENGAGEMENTS ET DES PAIEMENTS ET PORTFOLIO DES PROJETS

Exécution financière période 2000-2005

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005 (1)</th>
<th>Total</th>
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<tbody>
<tr>
<td>Engagements</td>
<td>1</td>
<td>1,3</td>
<td>1,4</td>
<td>1</td>
<td>13</td>
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<td>17,7</td>
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<tr>
<td>Paiements</td>
<td>5</td>
<td>8,3</td>
<td>10,4</td>
<td>5,1</td>
<td>3,6</td>
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Portfolio des projets en exécution et/ou démarrage (2):

<table>
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<tr>
<th>Lignes budgétaires</th>
<th>Titre ligne</th>
<th>Nombre projets</th>
<th>(M€)</th>
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<tbody>
<tr>
<td>Géographiques</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>190901</td>
<td>Coopération Fin. et Technique</td>
<td></td>
<td></td>
</tr>
<tr>
<td>190902</td>
<td>Coopération Economique</td>
<td></td>
<td></td>
</tr>
<tr>
<td>190903</td>
<td>Réfugiés</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>190904</td>
<td>Réhabilitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Géographiques</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>190204</td>
<td>Mines antipersonnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>190211</td>
<td>Lutte drogues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>190403</td>
<td>DDHH et Torture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>210201/210202</td>
<td>Sécurité Alimentaire</td>
<td></td>
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</tr>
<tr>
<td>210203</td>
<td>ONG</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>210205</td>
<td>Env. Forêts Tropicales</td>
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</tr>
<tr>
<td>210206</td>
<td>Genre</td>
<td></td>
<td></td>
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<tr>
<td>21020702/03/04</td>
<td>Santé (Maladies pauvreté, santé reproductive et SIDA)</td>
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<td>210213</td>
<td>Coop. Décentralisée</td>
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</tbody>
</table>

|                  | TOTAL | 17 |

(1) Projets engagés sur programmation 2005
(2) Projets en cours ou en phase de démarrage à l'exclusion des projets terminés (montants engagés)
### HISTÓRICO DE LA COOPERACIÓN DE LA CE CON EL PARAGUAY

Periodo comprendido desde el año 1991 a junio del 2005 (fuente DCE PY)

<table>
<thead>
<tr>
<th>Cooperación por Sectores</th>
<th>Euros</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desarrollo Rural/Social</td>
<td>69.958.402</td>
<td>74,73</td>
</tr>
<tr>
<td>Industria</td>
<td>6.228.503</td>
<td>6,65</td>
</tr>
<tr>
<td>Viviendas</td>
<td>1.508.000</td>
<td>1,61</td>
</tr>
<tr>
<td>Elecciones</td>
<td>355.000</td>
<td>0,38</td>
</tr>
<tr>
<td>Turismo</td>
<td>338.000</td>
<td>0,36</td>
</tr>
<tr>
<td>Integración Regional</td>
<td>455.000</td>
<td>0,49</td>
</tr>
<tr>
<td>Educación</td>
<td>2.375.860</td>
<td>2,54</td>
</tr>
<tr>
<td>Modernización del Estado</td>
<td>7.746.922</td>
<td>8,27</td>
</tr>
<tr>
<td>Ayuda Humanitaria</td>
<td>2.354.000</td>
<td>2,51</td>
</tr>
<tr>
<td>Medio Ambiente</td>
<td>1.921.319</td>
<td>2,05</td>
</tr>
<tr>
<td>Lucha contra las Drogas</td>
<td>288.000</td>
<td>0,31</td>
</tr>
<tr>
<td>Ciencia y Tecnología</td>
<td>90.000</td>
<td>0,10</td>
</tr>
</tbody>
</table>

**Total**  
| 93.619.006 | 100,00 |

**Cooperación de la CE en Paraguay (1991- Jun2005)**

- **Desarrollo Rural/Social**: 74%
- **Modernización del Estado**: 8%
- **Industria**: 7%
- **Medio Ambiente**: 2%
- **Educación**: 3%
- **Otros**: 6%
- **Ayuda Humanitaria**: 2.51%
Perfil Básico del Paraguay

**Nombre oficial**
República del Paraguay

**Geografía**
Superficie: 406,752 km² (90% el tamaño de Suecia).
Ciudades: **Capital**: Asunción (513,399 habitantes). **Otras ciudades principales**: Ciudad del Este, Encarnación, San Lorenzo, Capitá, Fernando de la Mora.
Relieve: Al este del río Paraguay: praderas, colinas boscosas, selvas tropicales; al oeste del río Paraguay (Chaco): planicie baja, plana y pantanosa.
Clima: Templado al este del río Paraguay, semiárido al oeste.

**Población:**
Nacionalidad: Paraguayo
Tasa de crecimiento demográfico anual: 2.3% (proyectada 1999-2015, PNUD).
Grupos étnicos: Mestizos de ascendencia española e indígena, 95%.
Religiones: Católica Romana, 90%; menonitas y otras religiones protestantes.
Lenguas: español, guaraní.

**Cultura**
Eduación: **Años obligatorios**: 6. **Asistencia**: 86.6%. **Alfabetizados**: 91.6%.
Salud: **Mortalidad infantil**: 27/1.000. **Esperanza de vida**: 68 años para los varones; 72 años para las mujeres.

**Gobierno**
Tipo: República constitucional
Independencia: mayo de 1811
Constitución: junio de 1992
Poderes: **Ejecutivo**: Presidente; **Legislativo**: Senado y Cámara de Diputados; **Judicial**: Corte Suprema de Justicia.
Circunscripciones administrativas: 17 departamentos, una ciudad capital.
Partidos políticos: Asociación Nacional Republicana (Colorado), Partido Liberal Radical Auténtico, Encuentro Nacional, País Solidario y numerosos partidos pequeños que no están representados en el Congreso.
Sufragio: universal y obligatorio desde los 18 años hasta los 75 años.

**Economía** (datos de 2002 del Banco Central)
Producto interno bruto (PIB): US$5.600 millones
Tasa de crecimiento anual: -2,2%
PIB por habitante: US$940
Recursos naturales: sitios hidroeléctricos, bosques.
Agricultura (27% del PIB) **Productos**: soja, algodón, carne, cereales, caña de azúcar.
Tierra cultivable: 9 millones de hectáreas, de las cuales un 30% se halla en producción.
Industria (14% del PIB) **Tipos**: azúcar, cemento, textiles, bebidas, productos de madera.

**Principales proveedores**: Brasil (32%), Argentina (20%).

La población del Paraguay está distribuida de manera desigual en el país. La gran mayoría de la población vive en la región oriental, en su mayor parte en un radio de 160 kilómetros de Asunción, la capital y la ciudad más grande. En el Chaco, que constituye aproximadamente el 60% del territorio, vive menos del 2% de la población. Desde los puntos de vista ético, cultural y social, el Paraguay tiene una de las poblaciones más homogéneas de América del Sur. Aproximadamente el 95% de la población es de ascendencia mestiza de español y guaraní. Poco queda de la cultura guaraní original, salvo el idioma, que lo entiende el 90% de la población. Aproximadamente 75% de los paraguayos habla español. El guaraní y el español son idiomas oficiales. Entre los que se han asentado en el Paraguay figuran alemanes, japoneses, coreanos, chinos, árabes, brasileños y argentinos.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>@lis:</td>
<td>Alliance for the Information Society</td>
</tr>
<tr>
<td>AA:</td>
<td>Association Agreement</td>
</tr>
<tr>
<td>AIDS:</td>
<td>Acquired immune deficiency syndrome</td>
</tr>
<tr>
<td>ALBan:</td>
<td>European Union Programme of High Level Scholarships for Latin America</td>
</tr>
<tr>
<td>ALFA:</td>
<td>Latin America Academic Training</td>
</tr>
<tr>
<td>ALINVEST:</td>
<td>Programme for business meetings on economic cooperation</td>
</tr>
<tr>
<td>BL:</td>
<td>Budget Line</td>
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<tr>
<td>CAP:</td>
<td>Common Agricultural Policy</td>
</tr>
<tr>
<td>CBD:</td>
<td>Convention on Biological Diversity</td>
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<tr>
<td>CSP:</td>
<td>Country Strategy Paper</td>
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<td>DCI:</td>
<td>Development Cooperation Instrument of EC</td>
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<tr>
<td>DIPLANP:</td>
<td>Directorate of the Strategy Plan to Fight Poverty, Exclusion and Inequality/Dirección del Plan de la Estrategia de Lucha contra la Pobreza, la Exclusión y la Desigualdad</td>
</tr>
<tr>
<td>Ec. Coop.:</td>
<td>Economic Cooperation</td>
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<tr>
<td>EC:</td>
<td>European Commission</td>
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<tr>
<td>ENPAB:</td>
<td>National Strategy and Action Plan for Biodiversity Conservation in Paraguay</td>
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<tr>
<td>ENREPD:</td>
<td>National Strategy for Reducing Poverty and Inequality / Estrategia Nacional de Reducción de la Pobreza y la Desigualdad</td>
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<tr>
<td>ESI:</td>
<td>Environmental Sustainability Indicator</td>
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<td>EU:</td>
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<td>EuropeAid:</td>
<td>European Cooperation Office</td>
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<tr>
<td>FA:</td>
<td>Financing Agreement</td>
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<tr>
<td>FAO:</td>
<td>United Nations Food And Agriculture Organisation</td>
</tr>
<tr>
<td>FD:</td>
<td>Financing Decision</td>
</tr>
<tr>
<td>FODA:</td>
<td>Fortalezas, Oportunidades, Debilidades y Amenazas (Strengths, Opportunities, Weaknesses and Threats)</td>
</tr>
<tr>
<td>GDI:</td>
<td>Gender-related Development Index</td>
</tr>
<tr>
<td>GDP:</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GEF:</td>
<td>Global Environment Facility</td>
</tr>
<tr>
<td>HDI:</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>HIV:</td>
<td>Human Immunodeficiency Virus</td>
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<tr>
<td>IDB:</td>
<td>Inter-American Development Bank</td>
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<tr>
<td>IMF:</td>
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<td>LA:</td>
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<tr>
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<td>Non-Governmental Organisation</td>
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<td>NIP:</td>
<td>National Indicative Programme</td>
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<tr>
<td>OAS:</td>
<td>Organisation of American States</td>
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</table>
ODA: Official Development Assistance
OECD/DAC: OECD Development Assistance Committee
OECD: Organisation for Economic Cooperation and Development
PAHO: Pan-American Health Organisation
PAMAP: Action Plan for the Modernisation of the Public Administration
PPPs: Purchasing Power Parities
R&D/R+D: Research and Development
RSP: Regional Strategy Paper
SANCO: European Commission Directorate General for Health and Consumer Protection
SISNAM: National System for the Environment
SMEs: Small and Medium-Sized Enterprises
STD: Sexually Transmitted Diseases
TFC: Technical and Financial Cooperation
TSP: Technical Secretariat for Planning
UNAIDS: Joint United Nations Programme on HIV/AIDS
UNDP: United Nations Development Programme
UNFPA: United Nations Population Fund
URBAL: Urban development programme
UTMAP: Technical Unit of the Presidential Council for the Modernisation of the Public Administration
WB: World Bank
WCO: World Customs Organisation
WTO: World Trade Organisation