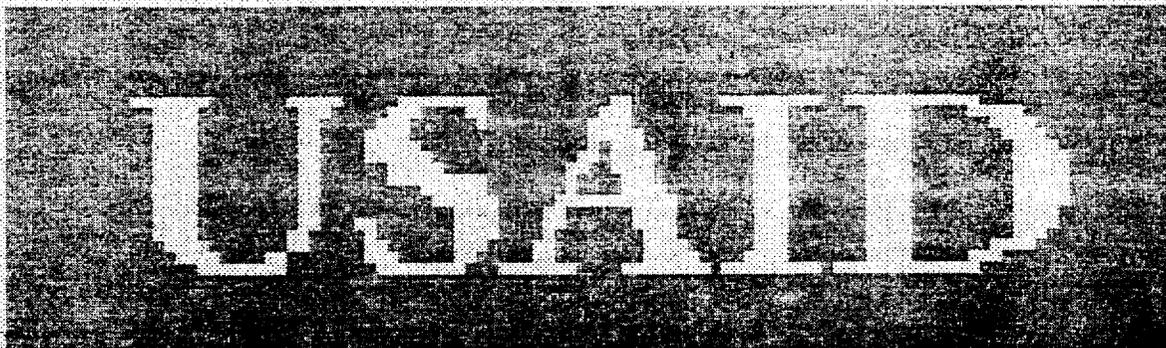


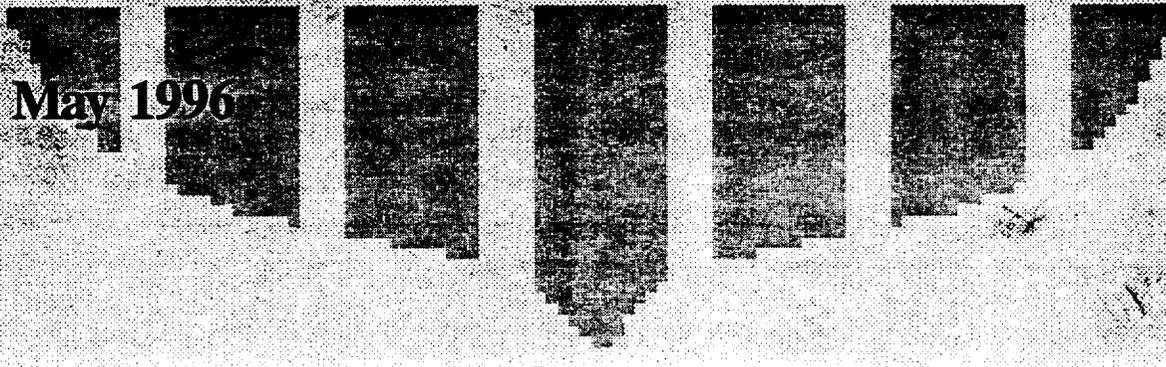
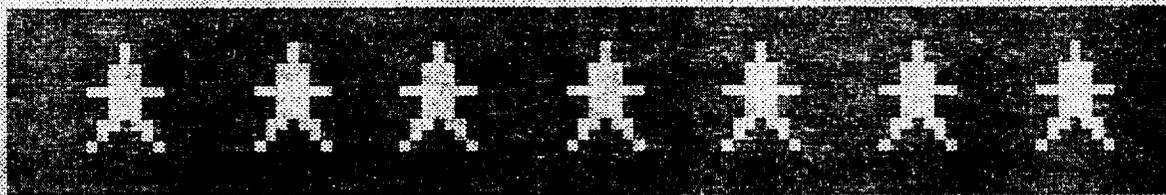
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# USAID/Paraguay



FY 1997-2000



May 1996

## AMBASSADOR'S STATEMENT

Paraguay will remain a fragile democracy for some time. Old ways die hard. The recent coup attempt was testimony to this fact. Personal political and economic interests are still barely distinguishable in a small country that has had one party rule for such a long period. With the new freedom to organize and protest social problems have taken on new urgency. There is a profound scarcity of expertise to address many of these problems.

The USAID program is at the core of the USG efforts to strengthen Paraguay's emerging democracy. It is our main instrument for helping Paraguay modernize and stay on course. With a small and focused USG investment, we have had a major impact on judicial and electoral reform and are about to start a new innovative program in civil-military relations. We have seen results in administrative reform, which is important to making local governments effective and responsive to the needs of its citizens. Family planning assistance is critical to bring social demands into balance with resources, and without outside support, protecting the environment will almost inevitably end up at the bottom of local priorities.

The U.S. is still viewed as the lead country for advice and direction. The USAID program gives us the ability to influence the creation of important programs and influence how other donors spend their resources. Directly and indirectly we get a tremendous amount of mileage and can make a real difference in the future course of events here. Dollar for impact I doubt there is a more valuable program in the hemisphere.

USAID's Strategic Plan for FY 1997-2000 is focused and realistic and concentrates on the top priority of our agenda - support for democracy. The funding requested represents a wise investment in support of our national interests.



Robert E. Service  
Ambassador

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## LIST OF ACRONYMS

ADS	Automated Directives System
CEAL	Centro de Estudios y Asistencia Legislativa, Universidad Católica de Valparaíso, Chile
CEPEP	Centro Paraguayo de Estudios de la Población
CFR	Code of Federal Regulations
CIRD	Centro de Información y Recursos para el Desarrollo
CP	Congressional Presentation
CYP	Couple Years of Protection
DA	Development Assistance
DHS	Demographic Health Survey
EIA	Environmental Initiative for the Americas
EP3	Environmental Pollution Prevention Program
FP	Family Planning
FSN	Foreign Service National
G	USAID's Global Bureau
GDP	Gross Domestic Product
GOP	Government of Paraguay
GTZ	German bilateral aid program
HHC	Housing and Health Committee of Paraguayan Congress
IDB	InterAmerican Development Bank
ICASS	International Cooperative Administrative Support Services
IFES	International Foundation for Electoral Systems
IQC	Indefinite Quantity Contract
IR	Intermediate Result
IPPF	International Planned Parenthood Federation
IUD	Intra Uterine Device
JBC	Joint Budget Committee of Paraguayan Congress
LAC	USAID's Bureau for Latin America and the Caribbean
LAC CEO	LAC's Chief Environmental Officer
LAC/RSD/E	LAC's Division of Rural and Sustainable Development, Environment Office
LAC/SAM	LAC Bureau's South America and Mexico Division
MMR	Maternal Mortality Rate
MOH	Ministry of Health
MOU	Memorandum of Understanding
NAD	New Activity Description
NGO	Non-Governmental Organization
NPI	New Partnerships Initiative
OAS	Organization of American States
OE	Operating Expense
OMB	Office of Management Budget
OYB	Operating Year Budget
PAHO	Pan American Health Organization

<b>PASA</b>	<b>Participating Agency Service Agreement</b>
<b>PHN</b>	<b>Global Center for Population Health and Nutrition</b>
<b>PVO</b>	<b>Private Voluntary Organization</b>
<b>R4</b>	<b>Results Review and Resource Request</b>
<b>RHS</b>	<b>Reproductive Health Survey</b>
<b>RHUDO</b>	<b>USAID's Regional Housing and Urban Development Office</b>
<b>SDP</b>	<b>Service Delivery Point</b>
<b>SENASA</b>	<b>Servicio Nacional de Saneamiento Ambiental</b>
<b>SINASIP</b>	<b>Master Plan for Protected Areas</b>
<b>SO</b>	<b>Strategic Objective</b>
<b>TBD</b>	<b>To Be Determined</b>
<b>TCNPSC</b>	<b>Third Country National Personal Services Contractor</b>
<b>TSJE</b>	<b>Tribunal Superior de Justicia Electoral</b>
<b>UNDP</b>	<b>United Nations Development Program</b>
<b>UNFPA</b>	<b>United Nations Fund for Population Activities</b>
<b>US</b>	<b>United States</b>
<b>USAID</b>	<b>United States Agency for International Development</b>
<b>USDH</b>	<b>US Direct Hire</b>
<b>USG</b>	<b>United States Government</b>
<b>USPSC</b>	<b>US Personal Services Contractor</b>

## **INTRODUCTION**

**USAID/Paraguay submits this document in response to Agency Strategic Planning and R4 requirements as defined in ADS Section 201, State 036070, the LAC document entitled "Supplemental R4 Budget Guidance", and the "Amplifications to the Agency R4 Guidance". The document presents USAID/Paraguay's Strategic Plan and resource request for the period FY 1997-2000, and Results Review for 1995. USAID/Paraguay will use its FY 1996 budget allowance to transition from the current program reported on in Annex 1, to the new program described in Section II.**

**This document demonstrates USAID/Paraguay's effective use of the Agency's reengineering process to transition from a broad ranging program of three strategic objectives (SO) and several additional peripheral activities to a highly focused, customer defined, results-oriented program with one SO in democracy and two special objectives in population and environment. These mutually reinforcing objectives directly support USG interests in Paraguay and the Agency's strategic framework.**

**The strategy described herein was developed with a high level of participation from USAID/Paraguay's customers and partners. The benefits of this participatory approach are already palpable. Customers and partners feel genuinely committed to the strategy and results; are eager to work with USAID/Paraguay to achieve the results; and in the case of several donors, are even investing resources toward these results. In these challenging times of "doing more with less", we believe our success with participation provides a model for many USAID missions who are struggling to manage their portfolios with fewer human and financial resources.**

**Paraguay's April 1996 coup attempt clearly revealed the fragility of this nascent democracy, and validates USAID/Paraguay's decision to focus and concentrate the bulk of its limited resources in this critical area. The USG's continued commitment to deepening democracy in Latin America, USAID's cutting edge democracy assistance in Paraguay to date, and the possibility of future threats to constitutional rule make it incumbent upon the Agency to maintain Paraguay as a high priority country for its goal of building sustainable democracies. To do otherwise risks a return to authoritarianism, a grave prospect not only for Paraguay (who recently initiated democracy after thirty four years of military dictatorship), but for many neighboring countries that are still consolidating their democracies as well.**

**In addition to democracy, USAID/Paraguay's program will achieve important results in population and the environment at relatively modest levels of investment. These results will help Paraguayans lower some of the highest population growth and maternal mortality rates in the region, and protect three of the world's most unique and threatened ecosystems. USAID/Paraguay's investments in all three areas have and will continue to help leverage other donor resources towards the achievement of the development results described herein.**

**While we are conscious of the great pressures on limited Agency resources, we urge USAID to continue to invest in this modest but critical program. This is clearly a country where prudent use of limited resources now can prevent more expensive action in the future.**

**SECTION I**

**ANALYSIS OF ASSISTANCE ENVIRONMENT**

**AND**

**RATIONALE FOR STRATEGY**

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**I. Analysis of Assistance  
Environment and Rationale for  
Strategy**

**A. U.S. Foreign Policy Interests**

The USG's overriding policy objective in Paraguay is to consolidate and strengthen democracy. Problems of environmental degradation and rapid population growth are also of concern in the context of U.S., regional and global interests. It is in the U.S. interest to assist Paraguay with its democratic transition as democracy helps preserve political and economic stability in the region. USAID/Paraguay's development assistance program directly supports USG foreign policy interests in Paraguay and the LAC region.

**B. Country Overview**

Paraguay is a young and emerging free market democracy of 4.6 million people facing formidable political, economic, environmental, and social challenges. The country has suffered a long history of war with its neighbors followed by subsequent extensive periods of isolation and authoritarian rule. A 1989 coup toppled General Alfredo Stroessner's thirty four year dictatorship, and paved the way for Paraguay's recent transition to free market democracy.

**1. Democratic Development**

Historically, political power in Paraguay has been under centralized authoritarian rule and a strong Presidential model. As a result, Paraguay suffers from a legacy of weak democratic institutions, values and practices under constant threat of the military, the country's strongest institution.

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**A CRISIS AVERTED**

*On Monday, April 22, 1996, Paraguay's four year old constitutional democracy was nearly derailed by army commander, General Lino Oviedo, who, in response to the President's decree to remove him from his command, threatened to send in his troops to overthrow the democratically elected government.*

*The swift and massive response of common citizens and the unconditional support of the international community thwarted the General's plans and saved the country from a potentially bloody return to a military dictatorship. Citizens took to the streets en masse to demonstrate their support for their nascent democracy and outrage at the General's attempt to grab power by force. In response, the General was forced to retire without any special privileges. Additionally, the immediate and total hemispheric and international condemnation of the coup attempt was critical to its quick undoing.*

*Most observers agree that the Paraguayan military still see themselves as the vanguard of the country's democracy for overthrowing the thirty four year old Stroessner dictatorship in 1989. This has emboldened the military to sometimes suggest and occasionally act as if they deserve extra-constitutional powers. This crisis underscores the fact that Paraguay's challenge is not so much how to return to democracy, but how to give birth to and nurture democracy in a country that has never experienced it.*

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This is changing. Since 1992, Paraguayans have lived under a multi-party constitutional democracy, with one national government which includes an executive, a legislative and a judicial branch; seventeen departmental governments; and 218 municipal governments. Paraguayans eighteen and over can vote for the president; national legislators; departmental governors and assemblies; and mayors and the municipal council<sup>1</sup>.

The Colorado Party and the military establishment were the basis of strong authoritarian governments that held political power for fifty years until the 1989 coup. The party is now trying to democratize and modernize itself. It won the 1993 presidential election but remains fragmented and is challenged not only by the opposition Liberal party, but by a new party, the National Encounter, which has developed a strong constituency in the urban middle class.

Since the downfall of the Stroessner regime, Paraguay has undergone dramatic political changes. The country held democratic elections in 1991 to elect municipal and departmental officials for the first time in history, and in 1993 to elect a President and an opposition-controlled Congress; approved a new Constitution (1992), and appointed a new Supreme Court (1995). Significant progress has been made in the area of human rights since the pattern of repression that characterized the Stroessner regime. Important steps were taken by the new government immediately after the coup. Political exiles were allowed to return; political parties were permitted to contest elections; media closed under the prior government were permitted to reopen; labor unions, long suppressed, enjoy newfound rights; and political prisoners were released.

Local and national officials hold five year terms. General and municipal elections are staggered and held approximately every two years (municipal elections will be held in 1996, general elections in 1998). The Electoral Tribunal is constitutionally empowered to manage the electoral process. The recent creation of the Electoral Tribunal is seen as a major step toward transparent electoral management and a new electoral law was promulgated in April 1996. However, the Electoral Tribunal is a new and relatively weak institution, currently faced with the formidable short term task of developing a new voter registry and managing the November 1996 municipal elections.

Decentralizing political power has been difficult for Paraguay. Given the country's legacy of highly centralized power and the very recent constitution of democratically elected departmental and municipal governments, sub-national government institutions are weak, inexperienced, and unprepared to assume their mandates.

As part of its transition to democracy, Paraguay is reforming its judicial system. The 1992 Constitution mandated the creation of a Council of Magistrates to implement the merit-based selection of a new judiciary. The Council was formed in late 1994 and has begun the

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<sup>1</sup> In subsequent sections of this document, departmental and municipal governments are referred to as "sub-national governments".

process of judicial reform. A new Supreme Court was confirmed in April 1995 and the Council is currently in the process of selecting 320 judges to replace judges appointed during the Stroessner era.

A recent encouraging sign of Paraguay's transition to democracy was the public's strong and well organized resistance to a potential coup in April 1996. Large scale popular demonstrations not only dissuaded a rebel General from overthrowing the democratically elected president; they also provided the President with the support to back out of an apparent face saving compromise that would have severely weakened his power. This decisive show of public support for democracy underscores the Paraguayan people's active commitment to and defense of democracy in the face of grave threats.

While progress has been made in Paraguay's democratic transition, there are still many obstacles and constraints. These include a continued centralization of power in a dominant executive; weak democratic institutions not yet capable of exercising the checks and balances necessary to make democracy more transparent and accountable; a shortage of qualified experienced professionals; and pervasive corruption. Very little regional or international exchange was permitted during the Stroessner dictatorship. The renovated judiciary, legislature, executive branch, local governments and the media all have important new roles but lack the experience or capacity to fully carry them out. The country has very little history of effectively working with local non-government organizations, and there is just recent recognition of the important role NGOs can play. And of course, public participation and involvement in decision-making until recently, was non-existent.

## **2. The Economy**

The end of the Stroessner regime also brought an end to Paraguay's economic isolationism. Throughout most of this decade and like many other countries in the region, the Government of Paraguay (GOP) has pursued stable economic policies and a restructuring of the economy aimed at lowering inflation, divesting state enterprises, attracting private investment, maintaining the value of the currency and opening to international trade, although progress has been slow. Estimated GDP for 1995 is about US \$8 billion; the average estimated annual GDP growth rate for the past three years is about 3.7% which barely outpaces the 3.2% population growth rate. Estimated 1995 per capita GDP of US \$1,800 masks an extreme disparity of wealth. The top 10% of the population receive 42% of national income, while the poorest 50% receive less than 16%.

In 1992, Paraguay joined Mercosur (Southern Cone Market). Membership in this 200 million person trading block has increased Paraguay's opportunities for trade with its neighbors and is beginning to stimulate competitiveness with local industries.

Paraguay's market economy is marked by a large, informal sector. The formal economy is primarily oriented towards services (less than half of GDP is derived from agriculture and industry), but 300,000 families (over 40 percent of the population) derive their income from

agriculture. A large subsistence sector exists both at the urban and rural level. An informal sector, marked by both re-export of imported consumer goods to neighboring countries as well as thousands of micro-enterprises and urban street vendors, coexists with the formal economy. Private estimates place the size of the informal sector at between US\$ 5-10 billion. The contraband trade distorts normal economic activity, and affects the natural resource base by extraction of raw materials such as wood and overuse of fisheries. It also complicates Paraguay's integration into the Mercosur, and contributes to a climate of corruption.

In addition to being a critical element for its democratic development, a stronger legal and regulatory framework backed by a more professional judiciary is also key to Paraguay's economic development. Efforts to modernize the judiciary are essential to attracting foreign investment and curbing corruption.

### 3. The Environment

Paraguay has one of the highest rates of deforestation in the world. Approximately 98% of official exports are agro-based, and decades of over-dependence on cotton and livestock have taken their toll on the environment. Clearing of forest for agriculture and livestock is a major threat to the survival of Paraguay's three unique ecosystems, the Chaco, Cerrado-Pantanal, and Atlantic forests.

Paraguay has lost over 70% of its forest cover in the last fifty years. Every year, ten percent of the remaining forest cover is lost, threatening the future of these three unique ecosystems. At this rate of destruction (Illustration 1), no forest will be remaining in as little as ten years. Currently, more than eighty-five percent of the forests in the Eastern Region have been eliminated or severely fragmented. Similar deforestation has rapidly spread to other areas, most recently to the Chaco, long considered South America's largest intact ecosystem after the Amazon.

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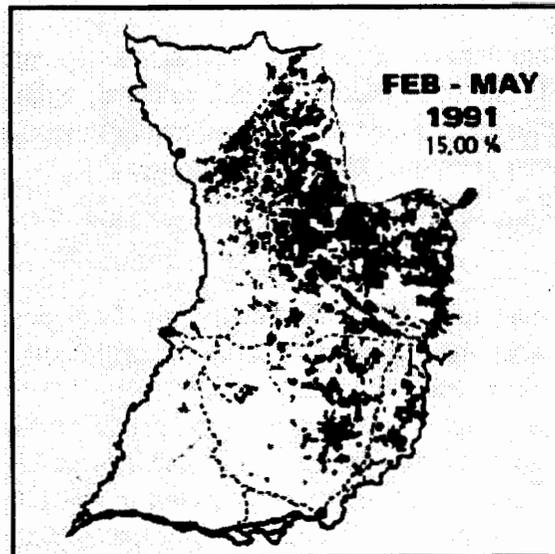
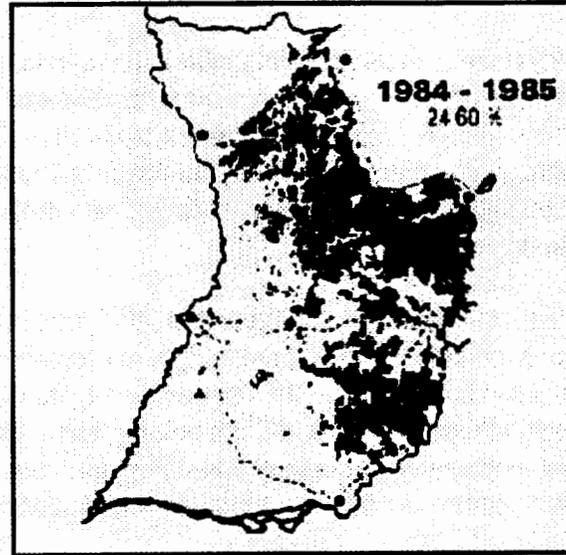
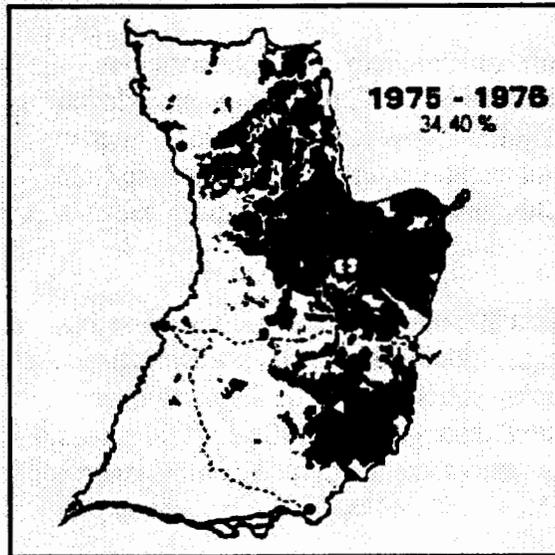
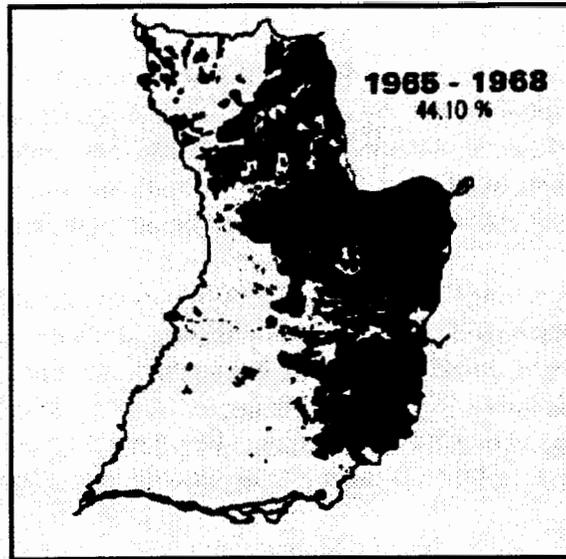
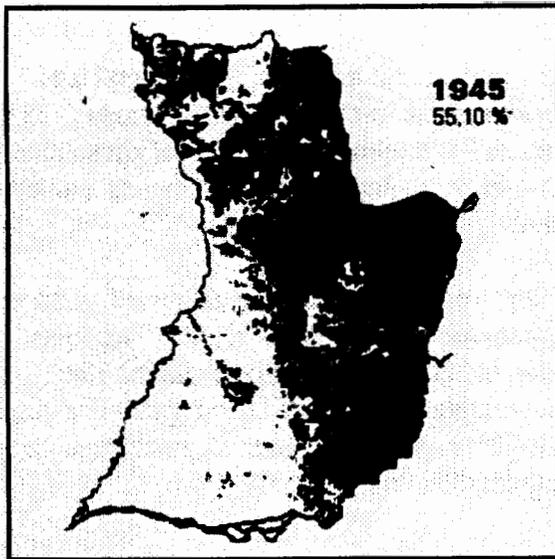
#### **WHAT PARAGUAYANS THINK ABOUT THE ENVIRONMENT.**

*In 1995 the first National Environmental Awareness Survey was carried out by a local NGO, the Moises Bertoni Foundation. It provides valuable baseline data on levels of environmental awareness among various segments of the population.*

*Results show that most Paraguayans still do not directly participate in trying to solve environmental problems within their communities. The great majority of respondents stated they expect the Central Government to deal with these problems. Over 90% of the population feel environmental laws are not complied with and 50% cannot name a National Park or Refuge. Paraguayans did identify deforestation as the most important environmental problem, followed by water and air pollution.*

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**Illustration 1: Deforestation in Paraguay**



**DEFORESTATION OF  
THE EASTERN REGION  
OF PARAGUAY OVER  
THE LAST 50 YEARS**

**= Forested Area**

Source: Ministry of Agriculture - German/GTZ

Conservation of Paraguay's unique natural resources and ecosystems are of regional and global importance and also critical to the country's long term sustainable development. The consequences of this rapid forest loss, namely increased soil erosion and loss of protective watersheds, are potentially disastrous for a country which depends so heavily on its natural resource base for its export income and employment.

While the GOP has developed an impressive legal and regulatory framework aimed at more sustainable land use and reduced deforestation, implementation has been slow. The legal framework is based on Paraguay's seminal document for biodiversity conservation, the National System for Protected Areas (SINASIP), developed with USAID/Paraguay assistance and formally incorporated into Paraguayan Law. Political obstacles, lack of resources and weak GOP ministries have slowed SINASIP implementation.

#### **4. Health Status**

Thirty four years of dictatorship have taken their toll on Paraguay's health status, as demonstrated by alarming social indicators. The country's 3.2% population growth rate is one of the highest in the region and only 42% of eligible couples have access to modern family planning methods. This high growth rate puts pressure on Paraguay's shrinking natural resource base and requires increasingly higher levels of GDP growth to increase per capita incomes.

Maternal mortality, estimated at 300 deaths per 100,000 live births, is the second largest in the hemisphere and almost triple the regional average. The previous lack of investment in health and education and opposition to family planning left Paraguay far behind other countries in the region in providing basic quality services to its population. This situation is exacerbated by Paraguay's 4.4% urban growth rate, one of the highest in South America. The country is now undertaking major reforms in the social sectors including education, health, and family planning.

Investment in social services was not a priority of the Stroessner dictatorship and as a result, Paraguay has some of the lowest social indicators in the hemisphere. Highly skewed income distribution and disturbing social indicators underscore Paraguay's very pressing development needs and show Paraguay for what it truly is, a lesser, not more developed country.

#### **C. Host Country and Other Donors**

The United States is one of the largest bilateral donors after Japan, Germany, the European Union and Spain. Other major contributors include the InterAmerican Development Bank (IDB), the World Bank and the United Nations Development Program (UNDP). USAID/Paraguay has and will continue to use the reengineering experience of greater partner participation to successfully leverage other donor resources in all three of its strategic areas. For example, using USAID/Paraguay-financed studies, the IDB has designed complementary projects to help modernize the judicial and legislative branches. The IDB is also providing

funding to municipalities to update their urban cadasters and increase their property tax revenue. The European Union is providing support to the legislative branch and the OAS is working collaboratively with USAID/Paraguay in the area of election assistance. Within the past few months the Japanese Embassy has initiated productive discussion on their interest in developing joint projects with USAID/Paraguay under the U.S./Japan Common Agenda Framework. They expressed interest in joint support for elections and possibly environmental activities. Japan is by far the largest bilateral donor in Paraguay. Being able to leverage some of their resources for high priority programs could have a major impact.

The GOP National Family Planning and Reproductive Health Council includes members from the public and private sectors and donor community. The council is active in organizing and coordinating all population and family planning activities. The United Nations Population Fund (UNFPA) and USAID/Paraguay are the largest population donors and the World Bank and the IDB are developing health sector loans to provide equipment and training to improve quality of public sector health services. The International Planned Parenthood Federation (IPPF) also provides support to its local affiliate. Through joint strategic planning, the UNFPA and USAID have developed a joint program of support.

In the area of environment, the GOP has steadily increased funding for its Directorship of National Parks and Wildlife over the past few years and will continue to expand as the issue of environmental degradation continues to command attention nationally and internationally. Other donors include the Germans, and to a lesser degree Japan. Importantly, the World Bank and IDB emphasize environmental mitigation in their loan packages and have directly provided loans for resource management. USAID/Paraguay coordinates closely with these international financial institutions for maximum positive environmental impact.

#### **D. How Customers Influenced the Strategic Plan**

USAID/Paraguay solicited customer and partner input from the very beginning and in a number of ways during the strategic planning process. Given the Mission's limited program, operational and staff resources and reflecting the difficult choice of having to focus the program on only one or two important areas, it was decided to enlist customers and partners in an active partnership from the very outset. This included conducting a customer/partner survey to determine priority needs in the democracy area and holding many individual and joint consultations with USAID/W, USAID-funded contractors/grantees and local Paraguayan government and non-government representatives.

But most important, it included working with eighty customers and partners in a week-long strategic planning workshop in March 1996 to determine the highest priorities and then elaborate strategic plan objectives and results frameworks for the democracy, environment and population objectives.

This Participatory Planning Approach was important for several reasons. First, decisions on USAID/Paraguay priorities needed to be firmly rooted in the political and social realities of

Paraguay, be directed at problems most critical for the country's democratic development and reflect the best judgments of those most concerned and familiar with development needs. Second, a partnership approach offered a practical way for the Mission, with only one U.S. direct hire staff member, to marshal the technical and analytic expertise required to design and prepare the four year Strategic Plan. And finally, such an approach offered an important opportunity for USAID/Paraguay to work within the "spirit of reengineering", embracing the Agency's core values of customers, empowerment, participation, and teamwork, and developing productive relationships. In other words, it was an important opportunity to focus on results, develop a sound strategy and establish close working partnerships with government counterparts, NGOs, and donors which would continue long after the workshop was over.

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***PARTNER/CUSTOMER RESPONSES TO PARTICIPATORY STRATEGIC PLANNING***

***USAID-funded Contractor, "I want to tell you how much I enjoyed the opportunity to participate in USAID/Paraguay's strategic planning process... it was the first time I sat around the same table with USAID and host country counterparts to work on a USAID strategy. I felt my opinion counted".***

***Government official, "We can really make an impact with this type of planning".***

***Local NGO, "This kind of exercise turns the participants into owners of the strategic objective. Congratulations!".***

The week long strategic planning workshop began with an intensive four hour review of Agency Reengineering concepts given by USAID/W experts. Participants included USAID/Paraguay, USAID Contractors and Grantees, and GOP and local NGO counterparts. This provided the background for working in teams. For many it was the first exposure to these new concepts.

Participants broke out into five working groups which included: environment, population, elections, rule of law/congressional strengthening, and local government. These areas had been identified through previous consultations with stakeholders, partners and customers and through a number of assessments and a review of the current program. High level and active participation included a cross section of leaders such as Supreme Court Justices, the Attorney General, the Governor of Central Department, a Senator from the Paraguayan Congress, senior city planners from the Municipality of Asuncion, the UNDP and other donor representatives, and many directors of local private organizations and NGOs. The breakdown of participants included: a) 27% government officials; b) 24% from the private sector/local NGOs; c) 23% USAID personnel; d) 20% USAID-funded contractors; and e) 6% other donor representatives.

Jointly, the groups reviewed development constraints, set priorities, and developed preliminary strategic objectives and results frameworks. It was the first time many

government and NGOs working on the same issues discussed common problems and strategies. Discussions were frank, rich and free-ranging with participants quickly moving beyond narrow institutional concerns to larger issues in development, the identification of priorities and common issues.

When asked to comment on the participatory process 83% said working in teams helped them to better understand the technical problems and future needs in the sector. There was a strong consensus that this participatory approach represented a new and valuable way of doing business. As one participant commented, "This approach makes us owners of the strategic plan because we have been fully incorporated in the results." Participants saw as particularly important the openness and transparency of the process; that "everything was on the table" and that USAID/Paraguay did not have a preconceived list of activities for the group to endorse. Many commented that USAID/Paraguay's objectives and the strategy were being framed and written first in Spanish, which was a subtle but very important point.

At the end of the week each team reported their results frameworks back to the entire group. It was incredible to see common issues and themes for all objectives, such as the need for citizen participation and trust, the need for government responsiveness, the need to enhance the role of NGOs in national programs, and the need to push through important legal reforms to enable strong programs to move forward.

From the workshop evaluation, 80% of the participants said they felt their comments and suggestions were fully incorporated into the Strategic Plan. Over 90% of the participants stated they would consider working with USAID/Paraguay on future team exercises and felt that the process contributed to better consideration of key problems, a shared vision and more productive ways of working together in the future.

The products of this participatory planning workshop exceeded everyone's expectations. Due to this successful reengineered strategic planning approach, USAID/Paraguay has decided to work directly with customers and partners as active and important members of our Results Package Teams and within the parameters of procurement integrity limitations.

USG foreign policy interests, the assistance environment, and the high degree of partner and customer input as described above, clearly point USAID/Paraguay toward a mutually reinforced strategy focused on strengthening democracy, with limited assistance in the key sustainable development areas of population and the environment. This strategy is presented in the next section.

## **SECTION II**

### **USAID/PARAGUAY'S PROPOSED STRATEGIC PLAN**

## **II. USAID/Paraguay Proposed Strategic Plan**

Given USG foreign policy priorities for Paraguay, and factoring in the assistance environment as described above, USAID/Paraguay in close collaboration with its partners and customers, has decided upon one strategic objective in democracy and two special objectives in the areas of environment and population. These are:

- \* **Strategic Objective: Improved Responsiveness and Accountability of Key Democratic Institutions.**
- \* **Special Objective 1: Improved Management of Expanded Private Protected Areas System.**
- \* **Special Objective 2: Increased Use of Voluntary Family Planning Services.**

Given the critical need to assist Paraguay to consolidate its fragile democracy as well as USAID/Paraguay's comparative advantage and experience in designing and delivering state of the art democracy assistance, the Mission's strategy is to focus the bulk of its efforts in support of a democracy strategic objective, to the extent permitted by Agency funding directives. Concurrently, USAID/Paraguay will assist the GOP to address major sustainable development problems in the environment and population.

Given available funds for the program described herein, it is expected that over the long term, the strategic and special objectives will be mutually reinforcing. Better natural resource management can contribute to higher rural wages and lower rates of urban migration, two factors which contribute to stable democracy. Likewise, lower population growth can be a factor in higher per capita incomes which also contribute to stable democracy.

To the extent which limited funding permits, USAID/Paraguay will implement a mutually reinforcing strategy in selected regions of Paraguay, financing interventions which strengthen the ability of sub-national governments to better respond to increased citizen participation and to manage decentralized public services. USAID/Paraguay activities will allow selected sub-national governments and their citizens to transparently identify, plan, and implement programs which respond to citizen needs, with a particular focus on family planning and environment.

Additional environment funds would allow USAID/Paraguay to pursue an even tighter, more comprehensive and integrated strategy, working with sub-national governments and their citizens to build local governance models around activities that promote sustainable land use to slow deforestation, improve urban environmental problems, and supporting activities which lead to smaller, healthier families. These models could then be replicated by other donors. Model or pilot areas would be selected in accordance with various criteria including their governance, environmental, and family planning needs; political and community leaders'

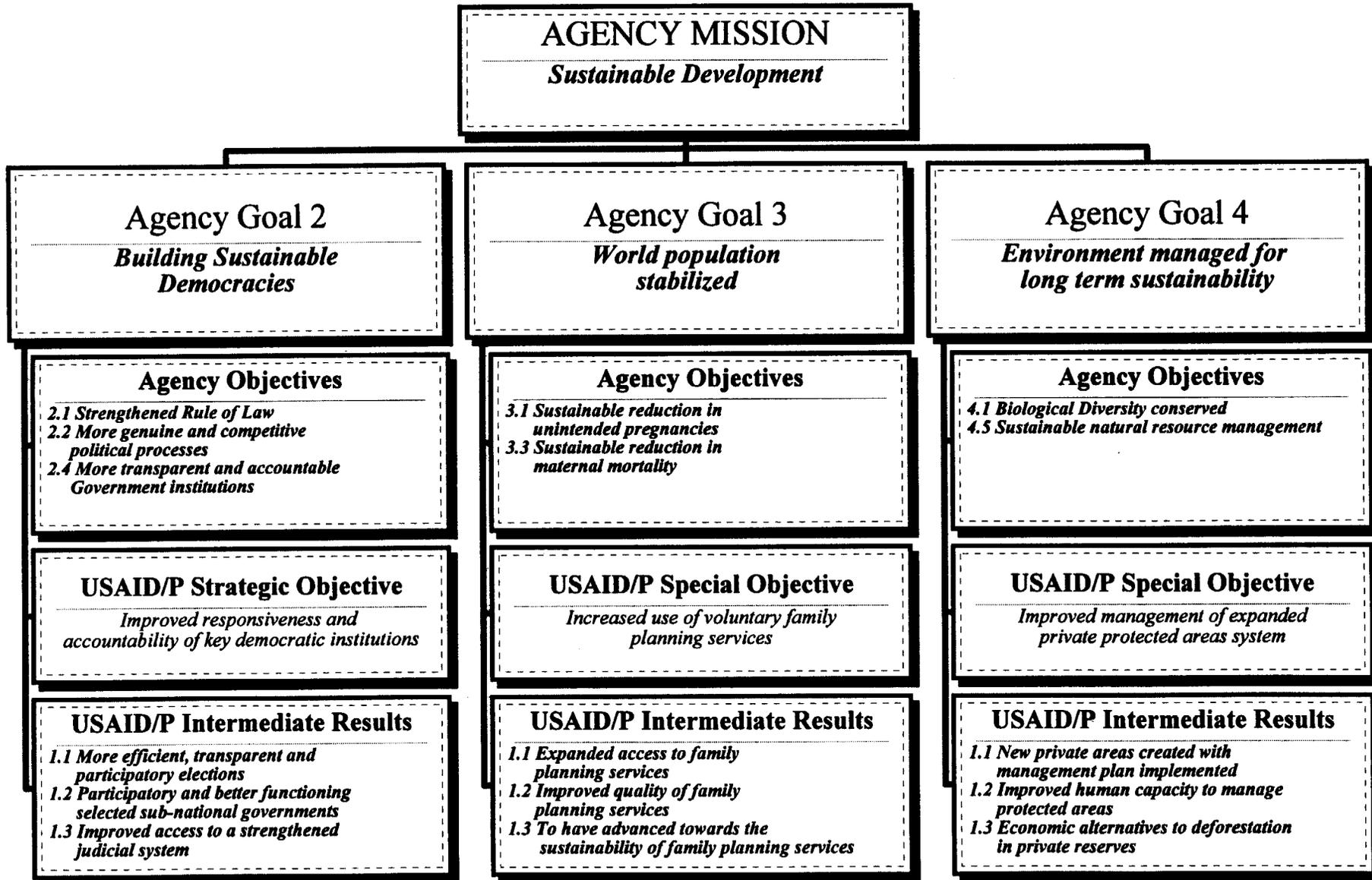
degree of interest in such a strategy; and whether an area is representative of other regions of Paraguay.

This strategy is a ground breaking outcome of the Mission's participatory planning exercise. It has proven to be a compelling one that has generated interest among other donors, including the World Bank, who has expressed serious interest in implementing its rural health program in USAID/Paraguay model areas. The strategy is not implementable at current resource levels. Attached as Annex 2 is an expanded version of the environment special objective results framework that USAID/Paraguay would achieve given additional environment resources. These higher resources requirements are presented in Section III, "Resource Requirements".

**A. Linkage to Agency Goals and Objectives**

Illustration 2 shows the manner in which USAID/Paraguay's strategic framework directly supports the Agency Mission, goals, and objectives.

**Illustration 2: Linkage of USAID/Paraguay Strategy to Agency Goals and Objectives**



*Capi'imí yepe imbareté oñemomaso porâramo.  
"The feeble stalk of grass becomes strong when bound together"  
or, the weak become strong when everyone works together.  
Guaraní Proverb*

## **B. Democracy Strategic Objective**

### **1. Statement of the Strategic Objective and Time Frame:**

**Strategic Objective:** Improved Responsiveness and Accountability of Key Democratic Institutions.

**Time Frame:** FY 1997 - FY 2000

### **2. Problem Analysis:**

Paraguay's transition to democracy has been uneven and incomplete. To consolidate this transition, a system of government that responds to citizens' needs and is accountable for its actions is essential. Although independent since 1811, Paraguay has had virtually no democratic experience. Key practices such as participation in the selection of leaders and policies, the establishment of civil and political liberties, and conducting independent and fair elections are foreign concepts that have only recently been introduced. A successful transition to democracy will depend on the new democratic system's ability to meet citizens' needs while being accountable for its actions.

A major step to consolidating Paraguay's democracy was the adoption of a new Constitution in 1992. Unlike the previous Constitution, the 1992 Constitution establishes a balance of power between the three branches of government and introduces key civic and political rights, including providing for full gender equality. The Constitution strengthened judicial independence which has initiated reforms in the Supreme Court and the Attorney General's office, while committing Paraguay to a more modern accusatorial and oral system for judicial proceedings. Changes begun under the Constitution have started Paraguay on a process of decentralization. Municipalities now have broader responsibilities and powers and an intermediate level of government, the departmental governorships, have been created to work with municipalities in meeting their citizens' needs. For the first time in the country's history, mayors and governors are now directly elected.

Despite the advances initiated under the 1992 Constitution, major improvements are required in the electoral system to address the lack of a reliable voter registry, institutional weakness of the new election tribunal, and a general lack of credibility in the election process itself. A pre-electoral assessment by the International Foundation for Electoral Systems (IFES) concluded that the Electoral Tribunal is in dire need of technical assistance to register voters, inform them of new electoral procedures, supervise the work of new local and regional tribunals and councils, and conduct municipal elections in November 1996. More effective outreach is also needed to ensure participation by both women and men in rural and urban areas to achieve full participation in the electoral process.

Paraguay's system of government is evolving from one that is highly centralized to a more decentralized system. Despite initial advances instituted by the 1992 Constitution, sub-national governments still lack adequate human resources, modern administrative systems, and have limited citizen participation. Their ability to respond to citizens' needs is severely limited. Furthermore, although their ability to raise revenue at the local level has improved, legal and technical constraints still hamper their ability to determine, generate, and manage their own resources.

To fully implement many new provisions under the 1992 Constitution, key laws and procedural reforms will have to be adopted and improvements made in the institutional capacity of the justice system. Elimination of gender bias in all these areas is essential to operationalize the equal rights provision of the 1992 Constitution. Following years of dictatorship, the judicial system suffers from a poor public image and a lack of public confidence. Assistance is needed to replace outdated and obsolete criminal codes and laws, train recently appointed judges and professional staff, and improve access to justice, while reducing corruption and improving efficiency.

The new Constitution has provided Paraguay with a sound foundation for democratic development. Paraguay's challenge is to put the policies, institutions and citizen practices in place to build a sustainable democracy upon this foundation.

### **3. Results Framework Description**

#### **a. The Development Hypothesis and Strategy**

The development hypothesis for the democracy strategic objective and results framework shown in Illustration 3 is:

"If (1) elections become more efficient, transparent, and participatory; (2) selected sub-national governments become more participatory and better functioning; and (3) access to a strengthened judicial system is improved, then the responsiveness and accountability of democratic institutions will improve."

It is envisioned that the four-year strategy will incorporate a "top down-bottom up" approach

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#### ***The Colorado Internal Party Elections - A Step Forward in Paraguay's Democratic Transition***

*The Colorado Vote on Sunday April 28, 1996 was an important step forward in Paraguay's democratic transition. It marked what may be the first freely contested and fairly counted (fraud has not been alleged) internal election in the party's history. It also demonstrated President Wasmosy's readiness to respect the will of the voting public, even though that amounts to a challenge to his preferred candidate and policies, and may complicate GOP's decision-making in the future.*

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### Illustration 3: Democracy Results Framework



to achieving the SO. At the "top" and in the three areas noted in the development hypothesis, USAID/Paraguay will manage for results aimed at implementing the policies and/or strengthening the institutions required to take Paraguay from "formal democracy" to real democracy. At the "bottom", USAID will manage for results aimed at educating and motivating citizens to better understand and exercise their constitutional democratic rights and responsibilities. Increasing citizen participation and confidence is fundamental to USAID/Paraguay's approach and is contained throughout the strategy. The strategy's customers are the citizens of Paraguay, with special emphasis on selected democratic institutions, NGOs, and citizens' groups which represent the needs of women and men.

b. The Intermediate Results

**Intermediate Result 1.1: More Efficient, Transparent, and Participatory Elections:**

Fair and open elections are an essential, first order element of representative democracy. For national and sub-national democratic institutions to be more responsive and accountable, elections must become increasingly participatory and transparent.

USAID/Paraguay has provided targeted short-term assistance to the Electoral Tribunal, conducted an assessment of its needs, and organized a donor conference to coordinate assistance for this institution. Previously USAID provided computer equipment to complete an initial voter registry for the 1991 municipal elections and financed international observer teams, civic education campaigns, and training for election monitors at polling sites. Building on this past experience, USAID/Paraguay's democracy strategy will focus on the institutional strengthening of the Election Tribunal in order that administrative and electoral procedures and timetables are established and that regular and fair elections are conducted in accordance with electoral laws. Complementing the activity by focussing on Paraguay's citizens, USAID/Paraguay will promote more effective electoral programs by NGOs and civic organizations, and work to improve voter education and motivation programs that reach young and adult women and men throughout the country. A major outcome will not only be that people vote, but that they have confidence in the electoral process.

**Intermediate Result 1.2: Participatory and Better Functioning Sub-National Governments:**

Better functioning sub-national governments are key to improving the responsiveness and accountability of democratic institutions. In order to create participatory government at the sub-national level and to improve its ability to meet citizens' needs, USAID/Paraguay's democracy strategy emphasizes a clearer definition of the roles of the different levels of government within a decentralizing system. It will increase the ability of selected sub-national governments to determine, generate and manage their resources and improve their capacity to provide specific services to their customers. Concurrently, USAID/Paraguay's strategy will focus on creating and institutionalizing mechanisms that increase citizen participation in local and regional decision-making.

USAID/Paraguay's democratic strategy recognizes that local and regional governments are the basic building blocks of democracy. It is at this level where citizens' relations with

government are defined as they turn first to local officials to solve their community problems.

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***FIRST-EVER BUDGET HEARING HELD***

*In September 1995 the Municipality of Asuncion held the first-ever open budget hearings in Paraguay's history.*

*Approximately 300 people attended and over 100 participants took advantage of the hearings to express their opinions and present community projects. Many of these ideas were incorporated into the budget.*

*This first experiment of "public participation" was a resounding success. Immediately following the hearing several other municipalities organized similar activities recognizing the importance of public participation and acceptance of their program. Open hearings have been expanded to include other topics, such as environmental problems.*

As Paraguay begins to decentralize, responsibilities of the central government are being transferred to the newly elected governors and mayors. If the transition to democracy is to be sustained, sub-national governments must be able to meet their citizens' demands.

Lessons-learned in the restructuring of the budgetary and financial management systems of the Asuncion municipal government and assistance provided to fifteen other municipalities have been incorporated into USAID/Paraguay's four year strategy. Additionally, USAID/Paraguay plans to further participatory planning activities which were initiated last year between municipalities and community groups with the intermediation of a local NGO. These planning exercises have resulted in local environmental action plans with citizens and their local governments carrying co-responsibility for the activities and their outcomes. Other issues such as health and local water services will also be included in

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local participation planning.

One model for local governance dealing with environmental issues will be to finance environmental pollution prevention activities under the auspices of the Global Environment Pollution (EP3) program. This activity is uniting municipal governments, private sector industries, and affected community groups to work towards reducing the pollution emitted by several types of industries through the introduction of cost saving procedures and equipment which will allow the industries to save money and lower pollution levels. The end result will be the incorporation of permanent "participatory approaches" which can better address local community concerns.

Efforts to improve the functioning of sub-national governments build upon the groundwork established by USAID's Regional Democracy and Local Government Program. The program has been very successful in establishing a national level policy dialogue on decentralization, especially in the health sector, and in promoting a legal framework which facilitates decentralized services. As a result, several local and regional health committees have been formed and have begun working directly with local health centers to plan and prioritize their budgets and health care services. The Ministry of Health (MOH) is committed to

decentralizing basic health services and encouraging community participation in decisions regarding the services they need and use.

**Intermediate Result 1.3: Improved Access to a Strengthened Judicial System:**

An efficient, accessible, and fair conflict resolution process is an integral part of a responsive and accountable democracy, and is essential for public confidence in the democratic system. USAID/Paraguay's approach to achieving this result draws directly from lessons-learned through the recent Judicial Reform Project, which enhanced judicial planning and case tracking capacity, designed a merit system for the appointment of judges, drafted new codes, and assessed the system's administrative needs.

Accordingly, USAID/Paraguay's strategy will focus on the adoption and execution of priority legal reforms such as the Penal Code, the Criminal Procedures Code, and the Judicial Framework Law, including the elimination of gender bias. In addition, efforts will be made to intensify institutional strengthening directed at the two public sector institutions critical for improving citizens' access to justice, the Attorney General and the courts. Special emphasis will be placed on programs that ensure that women and men are better informed of their civil and legal rights. Finally, USAID/Paraguay's strategy will work to develop and test mechanisms for alternative dispute resolution that will involve citizens in the process of improving access to justice by helping to relieve the court system of cases that could be better handled through mediation.

**c. Critical Assumptions:**

Achieving USAID/Paraguay's democracy objective is dependent on several critical assumptions, namely:

- \* that the military respects constitutional civilian rule<sup>2</sup>;
- \* that the GOP will continue to support democratic reform, specifically in the areas of justice, sub-national governance, and elections;
- \* that political will exists in the institutions of the Attorney General and the courts, local and regional governments, and the Election Tribunal for increased responsiveness and accountability, and;

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<sup>2</sup> During FY 1996 as the Mission is transitioning from the current program to the new strategy as described herein, USAID/Paraguay will implement activities that help control or manage this critical assumption. These activities include seminars implemented by American University in such areas as the military's role in a democracy, professionalization of the military, and military respect for constitutional civilian rule. Given funds availability and SO Team ratification of these activities, USAID/Paraguay will continue these activities through the period of the Strategic Plan, FY 1997-2000.

- \* that citizens respond to increased opportunities to participate in decision making.

#### 4. Commitment and Capacity of Other Development Partners

In close coordination with other donor programs, USAID/Paraguay's four year strategy builds on the plans of its partners and customers to achieve a more democratic system of government. Paraguayans are committed to reform as demonstrated by their willingness to take on and work through the many difficult issues associated with constitutional reform, direct popular elections, open municipal hearings and the decentralization of selected services, such as health care. Additionally, the GOP judiciary budget has increased in recent years, aimed at guaranteeing the financial autonomy necessary to carry out proposed sectorial reforms. The Paraguayan people's recent strong stand against a coup attempt is testimony to the public's commitment to staying the democracy course.

In developing its four year strategy, USAID/Paraguay has taken every opportunity to meet with its customers and development partners, including other donors, so that its activities complement those of other actors and achieve maximum impact. Accordingly, USAID/Paraguay's strategy will complement, rather than duplicate, programs of other donors, specifically those of the IDB in justice and municipal development and of the OAS in election assistance.

The IDB program in municipal strengthening will focus on updating urban cadasters which will allow municipalities to improve their revenue raising abilities. The focus of USAID/Paraguay efforts will be on how to administer, budget and account for those funds as well as encourage the inclusion of communities in the decision-making process for utilizing municipal resources, especially in priority areas such as the environment, water resources and health services.

USAID/Paraguay leveraging efforts have and will continue to help focus other donor resources on resolving key constraints to consolidating democracy. At the request of Paraguay's Electoral Tribunal, USAID/Paraguay financed a \$25,000 electoral assessment to help this newly constituted electoral institution prepare for the rapidly approaching November 1996 municipal elections. USAID/Paraguay then financed a subsequent \$75,000 donor

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***LEVERAGING JUDICIAL REFORM : USAID leadership in supporting Paraguay's transition to democracy has set the pace for the donor community. Modest USAID investments have been critical in helping the GOP to manage the democratic transition and to leverage substantial donor resources toward the sector. Since 1990, USAID/Paraguay has invested less than \$1 million in rule of law programs. Our exemplary work with the judiciary and a June 1995 \$85,000 judicial sector assessment have helped guide design of the \$13 million judicial component of the IDB's Modernization of the State loan, expected to be approved shortly. This represents an impressive leveraging ratio of about \$13 IDB dollars for every USAID dollar.***

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conference in December 1995 to disseminate the findings of the assessment and generate donor support. Following the conference, approximately \$800,000 was pledged by other donors, including the OAS, Japan and Switzerland. This represents about a one to eight leveraging ratio of USAID to other donor dollars.

Regarding legislative assistance, USAID/Paraguay has been successful at leveraging other donor support, and will probably transition out of the sector to focus on a smaller more focused set of democracy issues. The Mission has worked with the European Union and the IDB in the development of their respective legislative strengthening programs.

## **5. Illustrative Approaches**

Intermediate Result Number 1, USAID/Paraguay will fund a technical assistance program designed to strengthen the institutional capacity of the newly formed Election Tribunal. Assistance will focus on improving the tribunal's administrative systems, implementing a staff training program, and improving relevant regulations and laws. USAID/Paraguay will also fund an NGO technical assistance program that will strengthen NGOs and civic groups, including groups focused on women and youth, while improving NGO coordination through the establishment of forums and a network. In addition, assistance will be provided to the Electoral Tribunal, NGOs, and civic organizations to carry out voter education and motivation programs and campaigns to reach all segments of the population.

Intermediate Result Number 2, USAID/Paraguay will finance activities designed to support participatory and better functioning sub-national governments including a national policy dialog on decentralization. As the GOP further defines its decentralization strategy, USAID/Paraguay will provide assistance for the decentralized provision of selected services on a pilot basis. This will be immediately supported by assisting the MOH to implement a basic health services pilot project. Major activities will include training of local government officials, community leaders and representatives, and MOH personnel in the pilot areas. The pilot activity will test the quality and efficiency of services and user satisfaction with the health care received.

USAID/Paraguay will implement a program of targeted technical assistance and institutional program support to associations, networks, and other organizations supporting sub-national governments. Assistance to the newly formed Network of Municipal Women will be stressed under this activity<sup>3</sup>. Sub-national governments will also receive technical assistance and training to improve their administrative and financial systems as well as in conducting

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<sup>3</sup> The Network brings together women serving as mayors and members of municipal councils. Because women are under represented, comprising only 6% of mayors and less than 10% of municipal councils, it is important to build the skills of women officials and ensure that they become role models to encourage more women to seek office. It is also important to build a mechanism to help ensure that women's needs and interests are considered by local governments.

participatory strategic planning activities with their citizens, in particular in the joint community-local government development and implementation of local environment action plans. Special emphasis will be placed on increased involvement by women. Municipalities will also participate as an intermediary between private sector industries and community groups in pollution prevention activities.

USAID/Paraguay believes it is important to make funds available for specific technical assistance needs of the municipalities it supports. Therefore, we will create a limited demand driven assistance fund to respond to specific assistance requests from municipal governments.

**Intermediate Result Number 3:** Activities will include a comprehensive institutional strengthening program targeted at the Attorney General's Office and the courts in order to improve their management systems. Building on its experience in designing a training program for the Supreme Court, USAID/Paraguay will work to establish a training system for these two institutions to increase their efficiency and improve the quality of justice. Complementing this effort, USAID/Paraguay will provide assistance to improve the functioning of and access to public defenders and prosecutors. In addition, we will continue to support legal reform and will address the need to eliminate gender bias in priority codes. Technical assistance will be provided to the Attorney General and courts to provide public education and outreach programs so that citizens are better informed on their civil and political rights. Working with the Paraguay Institute of Mediation and the Supreme Court working group on mediation, USAID/Paraguay will promote a pilot alternative dispute resolution mechanism designed to increase the efficiency of and access to justice for both women and men.

Given USAID/Paraguay's limited staff size, we are considering several options for implementing our democracy SO and results. One option is to finance the technical assistance required to implement democracy activities through field support to Global's Democracy Center. Local program costs could be channeled through local NGOs. In examining this option we will pay special attention to the costs of such an implementation mode. In the event that we choose to pursue this option, we will enter into a memorandum of understanding (MOU)-type agreement with the Global Bureau to ensure that the products financed directly support our results.

## **6. Sustainability:**

Because Paraguay is not returning to democracy, but rather creating it for the first time, the implications of not realizing sustainability include a return to harsh authoritarian rule. This became dramatically clear during the near coup of April 1996. Consequently, USAID/Paraguay has spent much effort assuring that sustainability is designed into its democracy strategy at every level. To assure a sustainable democratic system, the reforms spelled out in the 1992 Constitution must be carried out in the judicial, sub-national government, and elections areas. Several key democratic institutions must move beyond a paper existence; they must be formed, staffed, and strengthened. Sustainable change can only be achieved if

these new or reformed democratic institutions are responsive and accountable to Paraguayan citizens. By pursuing an integrated strategy strengthening democratic institutions and policies at the top and citizen practices at the bottom, we hope to support a sustainable consolidation of Paraguay's nascent democracy.

## **7. Alleviation of Poverty**

Strong democratic institutions and practices are vital to reducing poverty in Paraguay. A free and open society provides individuals with increased opportunities for improving their lives. The existence of lawful governance is crucial for successful economic and social development because an effective judicial system provides the legal framework that promotes investments, creates jobs, and alleviates poverty. Participation by both women and men in the decision making process assures increased equity, more efficient public investment in areas that matter to people, and an acceptable distribution of resources and benefits. In addition, USAID/Paraguay's strategy focuses on strengthening local and regional governments with the understanding that they are better able to meet the needs (i.e. potable water, health care) of their citizens. By strengthening NGOs and civil society organizations, USAID/Paraguay is assuring that their increased participation in decision making will increase services to those groups that traditionally were neglected in the past.

## **8. Judging - Illustrative Performance Indicators and Measures:**

Matrix 1 provides illustrative indicators by which USAID/Paraguay will measure progress in achieving the democracy SO and corresponding intermediate results. These illustrative indicators have been developed and are being refined in close collaboration with our development partners and customers. Indicators for lower level results will be developed as part of the results package exercise to be undertaken later this year.

USAID/Paraguay will contract an expert in survey design, in coordination with a local NGO with experience in this area, to carry out a democracy survey measuring citizen satisfaction and opinions in relation to government's ability to meet their needs. All data will be disaggregated by gender. Special emphasis will be placed on the intermediate results supporting USAID/Paraguay's democracy SO.

In the area of strengthened sub-national governments, the survey will be divided into three blocks: (1) citizen participation in government; (2) satisfaction with government; and (3) legitimacy of sub-national government. Previous studies have shown that the area of satisfaction seems to have the most direct and important linkages to building a stable democracy. In regards to the judiciary, the core items of this portion of the survey are seen as part of the systems that support political stability. Fairness and trust in the system will be measured as well as the belief in the degree to which the citizen's basic human rights are protected by the system. Under elections, the survey will measure trust and confidence in the electoral system as well as participation in elections. Important voting factors and perceived fairness of the elections will also be investigated.

The Mission expects this survey to be initiated in June, 1996 and to be completed, including all data analysis, within four to six months. This data will then serve as the baseline data for future measurements of the indicators outlined in Matrix 1. Working in coordination with an experienced local NGO, this information will also be made available to decision makers in the distinct branches of government.

**MATRIX 1 - Democracy Indicators - Draft**

<b><u>Strategic Objective/Result</u></b>	<b><u>Indicator</u></b>	<b><u>Baseline (1996)</u></b>	<b><u>Target</u></b>	<b><u>Means of Verification</u></b>
<b>SO: Improved responsiveness and accountability of key democratic institutions</b>	% of citizens (M/F) who express confidence in government's ability to address their needs	TBD	TBD (2000)	Democracy Surveys
<b>IR1: More effective, transparent &amp; participatory elections</b>	<p>1. Electoral system deemed fair by political leaders, NGOs, &amp; representative citizens groups.</p> <p>2. Elections are held on preestablished dates &amp; results are published w/i agreed to timetable.</p> <p>3. % of voter participation (M/F)</p>	<p>1. Yes</p> <p>2. Yes</p> <p>3. TBD</p>	<p>1. Yes (2000)</p> <p>2. Yes (2000)</p> <p>3. TBD (1996 municipal and 1998 general)</p>	<p>1. Democracy Survey</p> <p>2. Election Tribunal Reports</p> <p>3. Election Tribunal Reports</p>
<b>IR2: Participatory &amp; better functioning selected sub-national governments</b>	<p>1. No. of local &amp; regional public hearings &amp; town meetings held in selected sub-nat'l governments</p> <p>2. % of citizens (M/F) who perceive their sub-nat'l governments to be functioning effectively</p>	<p>1. TBD</p> <p>2. TBD</p>	<p>1. TBD (1997) TBD (1998) TBD (1999)</p> <p>2. TBD (1999)</p>	<p>1. Sub-national government reports</p> <p>2. Democracy Surveys</p>
<b>IR3: Improved access to strengthened judicial system</b>	% of citizens (M/F) satisfied w/impartiality of justice system	TBD (1996)	TBD (2000)	Democracy Surveys

*Cuantomá i seca, okápotá.  
"The dryer it gets, the sooner it will rain".  
Guaraní Proverb*

## **C. Special Objective in Environment**

### **1. Statement of the Special Objective and Timeframe**

**Special Objective No. 1:** Improved Management of Expanded Private Protected Areas System.

**Time frame:** FY 1997-1998.

### **2. Problem Analysis**

Paraguay has one of highest rates of deforestation in the world, an estimated at 1.1% of its surface area is lost annually or about 5,000 square kilometers. Every year, ten percent of the remaining forest cover is lost, threatening the future of three unique ecosystems, the Chaco, Cerrado-Pantanal, and Mid-Atlantic forests. At this rate of destruction, no forest will be remaining ten years from now.

Currently, more than eighty-five percent of the forests in the country's eastern region have been eliminated or severely fragmented. Similar deforestation trends have rapidly spread to other areas, most recently to the Chaco, long considered South America's largest intact ecosystem after the Amazon. Paraguay is the "doorway" to the Amazon and Pantanal wetlands in Bolivia and Brazil. If Paraguay's ecosystems are destroyed, and if uncontrolled development follows, this will greatly affect the destruction rate of these, up to now, relatively protected neighboring ecosystems.

Ever increasingly, landless peasants have begun to claim private forested landholdings deemed unproductive because they are not in agricultural use. To avoid losing their property, many private holders are clear-cutting forests to establish grazing pasture or agricultural fields.

The resulting erosion, loss of soil productivity and number of jobs lost in the wood industry from deforestation are causing impoverishment in the rural sector. Poor rural inhabitants are migrating to the cities at an extremely high rate despite the inability of cities to accommodate them. These environmental problems aggravate poverty, complicate the transition to democracy and have different impacts on indigenous and non-indigenous women and men. It is important to clearly understand these problems to be able to develop economical, social and environmentally sustainable solutions for them.

It is imperative that Paraguay develop and implement sustainable land use models and preserve the last remnants of these important and unique ecosystems.

### 3. Results Framework Description

#### a. The Development Hypothesis and Strategy

The development hypothesis for the environment special objective shown in illustration 4 is:

"If (1) new private protected areas are created and corresponding management plans implemented; (2) the capacity to manage private protected areas improves; and (3) economic alternatives to deforestation are developed on private reserves, then the management of an expanded private protected areas system will improve."

To achieve the improved management of an expanded private protected areas system, USAID/Paraguay will fund activities that help create new protected areas and develop management plans for these areas; build local capacity to better manage these resources; and develop economic alternatives to deforestation for the owners, users and/or managers of these areas. This strategy reflects and builds upon USAID/Paraguay's current activities, funded through a cooperative agreement with Paraguay's Moises Bertoni Foundation.

This strategy also takes into account the Mission's successful experience in contributing to development of the GOP's Master Plan for Protected Areas (SINASIP), a part of which can be seen in Illustration 5. The SINASIP has been incorporated into Paraguayan law (No. 352/94 on Protected Wild Areas). All new investments in this sector must follow the guidelines set forth in the SINASIP. Given Agency funding limitations and USAID/W directions, USAID/Paraguay will continue pursuing results utilizing the Mission's current cooperative agreement, and will plan close out of the program in FY 1998.

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#### **GOLONDRINA NATURE RESERVE: INNOVATIVE PARTNERSHIP FOR SUSTAINABLE FOREST MANAGEMENT**

*The Golondrina Private Nature Reserve protects one of the last tracts of Interior Atlantic Forest in a region of Paraguay which has been decimated by large-scale soybean farming and ranching. The company that owns the reserve, has decided to preserve 15,000 forest hectares of the 24,000 that it owns.*

*In January 1995, thanks to the USAID/Paraguay's Private Reserves Program implemented by the Moises Bertoni Foundation, the management plan for this reserve was completed and is being implemented. This plan integrates Golondrina's interests with those of the neighboring indigenous Mbyá Guaraní and local farm workers into one integrated forest management plan. Any intensive land use, such as soybean farming, is done with the latest soil protection techniques and biological pest controls. The forest reserve also conserves important fauna including one of Paraguay's legendary forest symbols, the endangered Bell Bird or Pajaro Campana, called ara'póng in Guaraní, for the sound it makes.*

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## Illustration 4: Environment Results Framework

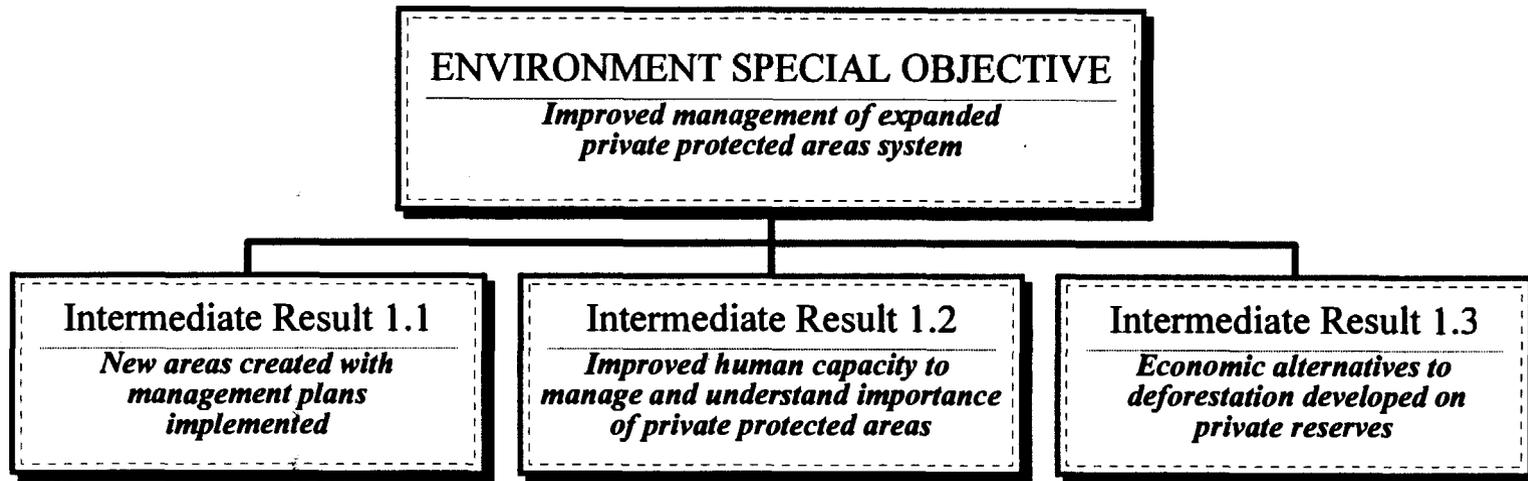
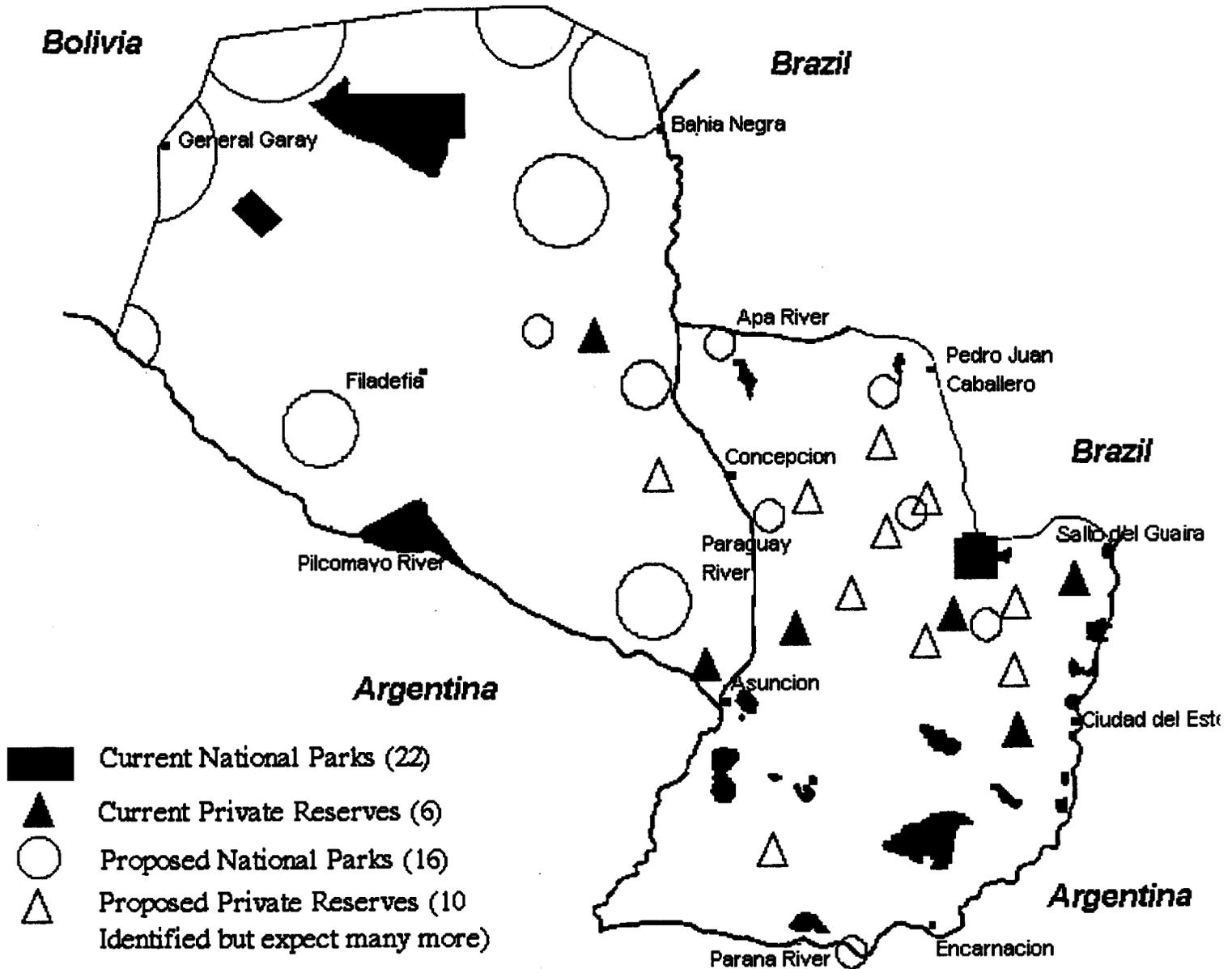


Illustration 5: Map of Master Plan for Protected Areas (SINASIP)

## PARAGUAY Master Plan for Protected Areas (SINASIP)



Should an additional \$3-\$3.5 million become available for the period FY 1997-2000, USAID/Paraguay is prepared to carry out an expanded environment special objective, which would lead to an integrated portfolio strategy aimed at building models based on the participation of local governments and the sustainable land needs in targeted districts. The results framework for a proposed expanded environment special objective which supports this more integrated, higher impact strategy is included as Annex 2. The expanded special objective would place greater emphasis on catalyzing local citizen participation in developing and implementing sustainable land use models in target areas. In addition, these expanded activities would broaden USAID/Paraguay's focus beyond the currently planned private sector support to include the strengthening of the public sector's capabilities to manage natural resource use in a participatory fashion effectively implement the SINASIP.

USAID/Paraguay recognizes that any strategy aimed at achieving more sustainable land use and at decreasing deforestation must address the problem of a chronically weak public sector. While USAID/Paraguay planned to work with both the public and private sector under the environment special objective, limited funding has made this approach impossible.

Given limited funding and the fact that 95% of Paraguay's land is privately owned, USAID/Paraguay's emphasis on private reserve management is appropriate.

USAID/Paraguay will work within the currently given time frame and financial constraints to continue developing successful examples of sustainable private reserve management that can be replicated by the GOP, the private sector, and even other donors including the IDB, the German GTZ, and the Government of Japan. While it is expected that USAID/Paraguay activities contribute to a higher result of slowing down the current rate of deforestation and conserving biodiversity, USAID/Paraguay will not be able to measure these factors as they are beyond our immediate scope and impact.

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**PRIVATE NATURE RESERVES.**  
**A SUSTAINABLE ALTERNATIVE FOR**  
**PARAGUAY.**

*Paraguay has practically no public lands left. Land reforms, sales, concessions, and colonizations have left over 95% of the land in private hands. This situation makes creation of new national parks a difficult and costly task. Paraguay will now have to spend hundreds of millions of dollars over the next 10 years in order to consolidate its protected areas system. This system, called the National System of Protected Areas (SINASIP), when implemented will offer protection of approximately 10% of Paraguay's surface area under an integrated system of protected areas (presently only 4% is protected).*

*Social problems are exacerbating deforestation and indigenous groups intimately linked with forest ecosystems are becoming more marginalized. One of the ways to achieve protection in the short-term is to create Private Nature Reserves. The SINASIP provides for the incorporation of reserves that will protect biodiversity and permit sustainable economic activities on private property.*

*USAID has also been providing technical and legal assistance to develop the regulatory framework of the Protected Areas Law that will provide clear guidance for landholders and incentives for being part of the SINASIP.*

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## b. The Intermediate Results

**Intermediate Result 1.1: New private reserves created with management plans implemented**  
Improved management of expanded private reserves requires the active involvement and commitment of communities and landowners within and around the reserves. USAID/Paraguay will continue to support the development of approximately six new private reserves per year, each of which will include the development of a comprehensive management plan. These plans contain such information as: a) an inventory of physical and biological resources; b) an analysis of sustainable income generating activities; c) guidelines for protection of the reserves; and d) a long-term financial plan. Educational programs will be provided for communities and private landowners to raise awareness about the economic and social benefits of creating protected areas and managing them sustainably

Local groups, including NGOs and indigenous groups such as the Ache, including both women and men in all relevant groups, will be equipped with the skills necessary to participate in preparing and implementing management plans for protected areas. Local communities are critical to sustainable reserve management because they are the closest to and the most frequent users of the private reserves.

**Intermediate Result 1.2: Improved human capacity to manage and understand importance of private protected areas**

Creating models of sustainable management and conservation for privately owned properties is an important component to long term conservation throughout Paraguay and an integral part of the SINASIP. Specific activities to improve skills to better manage these private reserves include: a) training private land owners and guards in private reserve management; b) increasing awareness by local communities on the importance of private reserves and their potential use of these protected areas; and c) a public education campaign to increase awareness and support for biodiversity conservation. This intermediate result will seek to create the capacity in landowners, local NGO's, and public sector oversight officials to better manage private protected areas.

**Intermediate Result 1.3: Economic alternatives to deforestation developed on private reserves**

Although most private reserve owners have a strong conservation ethic, they also express the need to be able to recuperate the costs of maintaining their land under protection. Many of these owners already have good ideas about what is the best use for their land but require technical assistance to be assured these are sustainable options. Options for economic alternatives will be included in the management plans and may include such activities as, eco-tourism, sustainable use of non-timber forest products (i.e. pharmaceuticals, orchids, etc), and ranching of indigenous animals. Community held land and indigenous groups also require assistance for their special needs in developing sustainable alternatives on common property.

### c. Critical Assumptions

USAID/Paraguay has identified three critical assumptions for accomplishment of this special objective:

- \* that the GOP will continue to support the establishment of the SINASIP legally and financially within its limitations;
- \* that the GOP will support the implementation of private reserves program as set forth in law 352/94 on Protected Areas; and
- \* that based on USAID/Paraguay-financed models, that other donors will invest their resources in support of sustainable land use.

#### 4. Commitment and Capacity of Other Development Partners

Development partners, including other donors and NGOs, are highly committed to assisting Paraguay in its sustainable land use efforts. USAID/Paraguay has taken the lead in coordinating donors' environmental efforts. In close collaboration with the European Union, the IDB, the Japanese Government, and the German/GTZ, USAID/Paraguay has helped to develop a joint donor strategy for sustainable land use and decreasing deforestation. Other donors are planning their interventions based on USAID/Paraguay investments in participatory forest management plans, human resource development, and NGO strengthening through the year 2000. If USAID/Paraguay closes out its environment program now, we risk seriously disrupting other donors' environment plans, and potentially losing funds from the Government of Japan under a joint venture currently under discussion as part of the U.S.-Japan Common Agenda framework. This would be devastating for Paraguay since it has only begun to seriously deal with deforestation issues.

Over the past seven years, the GOP has supported better natural resource management by consistently increasing budgetary resources for this purpose. USAID/Paraguay is also assisting, through the Environmental Initiative for the Americas (EIA) funded Environmental Trade and Legislation Project, with the preparation of the regulations for the National Protected Areas Law, that will formally recognize and protect Private Nature Reserves and incorporate them into the SINASIP.

The IDB is contemplating a US \$4.5 million loan for strengthening the Vice-Ministry of Natural Resources of the Ministry of Agriculture. The European Union plans to support expansion and improved management of the parks system in the Chaco Region. USAID had been planning to prepare the terrain for this significant investment (approximately US \$5 million) by producing the implementation and management plans for these areas and building public/private sector capacity so that the funds can be effectively channeled once they are ready for disbursement over the course of the next five years. The Moises Bertoni

Foundation will be working on the private sector side of this initiative through its efforts with a local NGO. Planned partners include The Nature Conservancy, Moises Bertoni Foundation, GOP agencies, NGOs, local communities, indigenous groups, and private protected area managers.

## **5. Illustrative Approaches**

USAID plans to pursue the following types of approaches to achieve its Special Objective:

To facilitate the creation of new protected areas and the development and implementation of corresponding management plans, the Private Reserves Program will identify new areas and consolidate previously identified areas, incorporating them into the private reserves system and officially including them in the SINASIP. The priorities for creation of new reserves are for those located in highly pressured ecosystems throughout the country. Owners and communities will enroll in the Private Reserves Program on their own initiative as well as through searches carried out by the Moises Bertoni private reserves team.

Protected area management plans will be key to achieving the special objective. Management plans combine several important components: high quality, accurate biological and socio-economic information; owner or community participation in their formulation and sensitivity to local needs; identification of economic benefits; and the incorporation of financial information into the management plan as one basis for determining priorities and long-term funding requirements and investment returns. USAID/Paraguay will finance activities that help owners develop and implement these plans, which will include input from all stakeholders including women, and will incorporate gender-differentiated uses and benefits of the reserve.

To improve human capacity to manage private protected areas, USAID/Paraguay will finance targeted training for reserve owners, guards and users. Activities will be aimed at increasing the level and quantity of trained personnel available for the implementation of the management plans. Training is required at all levels from field workers to protected areas supervisors and reserve owners.

The first step will be an analysis of training requirements, followed by the design of appropriate training programs for each level of staff. Training will then be carried out in a phased program and the results will be evaluated. Much of this training and communication will be done in coordination with the recently created Private Reserve Owners Association. Related activities will focus on training of national and local policy makers in order to increase their level of understanding and support of the national protected areas program.

Finally, alternatives to the traditional pattern of slash-and-burn agriculture will be developed to keep landowners and communities in the private reserves system. Presently the few successful examples are creating interest among reserve owners. Alternatives such as eco-tourism, sustainable palm heart harvesting, ranching of non-traditional species including

lizards, crocodiles, rheas, and capybara's, sustainable timber harvesting, yerba-mate tea harvesting, and other non-timber forest products are and will continue to be explored with USAID/Paraguay support.

USAID/Paraguay's week long strategy planning workshop brought together the most important organizations that influence the use and management of natural resources in Paraguay. These included the IDB, German/GTZ, the Vice-Ministry of Natural Resources of the Ministry of Agriculture, the Peace Corps and other local partners. The strategy that was developed by this group could be implemented with additional modest USAID support of \$1 million per year from FY 1997-2000. With this level of resources, USAID/Paraguay would influence the investment of millions of dollars of the planned projects of other donors over the next five to seven years.

Most significantly, USAID/Paraguay would be able to continue and broaden its support for NGOs, local communities, and indigenous groups. Although USAID/Paraguay has been able to consolidate a strong cadre of NGOs in and around the Capital, much more work has to be done to strengthen local NGOs in Paraguay's interior, particularly those near and around National Parks, and with indigenous communities such as the Ache and the Guarani, whose resources and habitat are highly threatened. All of the other major donors in Paraguay work primarily through bilateral programs with the GOP central government. These donors have been less effective at incorporating the significant experience and perspective that local groups and NGO's have for the solution of environmental problems. Moreover, USAID/Paraguay has, and could continue to, effectively strengthen the public sector through its programs with NGO's, thereby assuring transparency and participation when working with the government.

## **6. Sustainability**

The limited resources initially anticipated require that sustainability be built into this special objective. Working with the Paraguayan private sector better assures that the resources will continue to be available to support conservation. Landowners will only buy into a system that clearly shows them the benefits of sustainable land use. There are also other economic incentives such as a decreased property tax burden, which encourages landowners to put and keep land under the private reserves program. Introducing proven alternative income generating activities is another economic incentive. This program builds the human resource capacity of all of the various actors in management of this system; it builds permanent mechanisms for participation by local groups to ensure that they will continue to have a voice in managing the system; and provides for economic, social, and other incentives to continue protecting biodiversity.

## **7. Poverty Alleviation**

Poverty alleviation is a major issue being addressed under this special objective. The present pattern of deforestation and subsequent cash cropping has contributed directly to an impoverished rural population. Private reserve owners must also ensure that their lands are productive and providing income to the communities around their holdings. These populations, particularly indigenous groups, still basically subsist to a great extent because of the resources provided to them by the last remaining forests on these private lands. Protected areas (which allow compatible uses of resources within and around them) will continue to support these populations as new economic alternatives are developed. Building the capacity of local groups to better manage their lands will also contribute to the development of these economic alternatives while creating a better understanding of the links between protected areas and poverty alleviation, ensuring the needs of both women and men are considered.

## **8. Judging - Illustrative Performance Indicators and Measures**

Matrix 2 provides illustrative indicators by which USAID/Paraguay will measure progress in achieving the environment special objective and corresponding intermediate results. These illustrative indicators have been developed and refined in close collaboration with USAID/Paraguay's development partners and customers. Indicators for lower level intermediate results will be developed and/or validated as part of the results package exercise to be undertaken later this year.

**MATRIX 2 - Environment Indicators - Draft**

<b>Strategic Objective/Result</b>	<b>Indicator</b>	<b>Baseline (1996)</b>	<b>Target</b>	<b>Means of Verification</b>
<b>Special Obj:</b> Improved management of expanded private protected areas system	# of reserves using management plans, guards and investments in sustainable activities	2	6	Moises Bertoni Foundation
<b>IR1:</b> New areas created with management plans implemented	# of areas created	12	24	Moises Bertoni Foundation
<b>IR2:</b> Improved human capacity to manage and understand importance of private protected areas	# of guards trained and hired on private reserves	TBD	TBD	Moises Bertoni Foundation
<b>IR3:</b> Economic alternatives to deforestation developed on private reserves	# of economic alternatives studied and implemented on private reserves	4	TBD	Moises Bertoni Foundation

*Michí la estero ha hetá la cha'há.  
"The pond is small and the birds are too many".  
Guaraní Proverb*

## **D. Special Objective in Population**

### **1. Statement of the Special Objective and Timeframe**

**Special Objective:** Increased Use of Voluntary Family Planning Services.

**Time Frame:** FY 1997-2000

### **2. Problem Analysis**

Paraguay has a high annual population growth rate (3.2%), and an extremely high maternal mortality rate (MMR). For 1992, the World Health Organization estimated the national MMR at over 300 deaths per 100,000 live births, compared to an average MMR for Latin America of 110 deaths per 100,000 live births. Paraguayan hospitals also report high numbers of maternal deaths and complications from illegal abortions. A major factor contributing to these reproductive health problems is the lack of access to quality family planning services.

During the Stroessner regime, pro-natalist policies and the opposition of the Catholic Church resulted in limited availability of family planning services. While USAID has funded population and family planning activities in Paraguay since 1968, during much of that time its activities have consisted of limited support to the private family planning association, the Paraguayan Center for Population Studies (CEPEP). Following Paraguay's transition to democracy, the political climate for family planning changed dramatically. The new Constitution states the right of all citizens to determine the size of their families, and in 1994 the GOP made reproductive health and family planning a priority.

Preliminary results of the USAID/Paraguay-supported 1995-1996 Reproductive Health Survey indicate that, despite increases in contraceptive use over the 1990-95 period, certain groups, such as young adults and couples living in rural and marginal areas, still experience unmet need for family planning services. Unmet need is defined as women of fertile age, who are at risk of an unwanted pregnancy.

The unmet need in Paraguay is estimated at 17% of all women aged 15-49. The survey results show a very high demand for permanent family planning methods. Of the women who do not want any more children, although 28% are interested in a permanent method, 40% of this group say that they have not been able to receive this service, due to lack of information on permanent methods or non-availability of the service.

As can be seen in Illustration 6, major providers of family planning services are commercial pharmacies, public sector providers (particularly the MOH), and other private sector providers, including CEPEP. According to the 1995 survey, 47% of modern contraceptive users obtained their methods from pharmacies; 15% from private physicians; 25% from the public sector, and 6% from CEPEP.

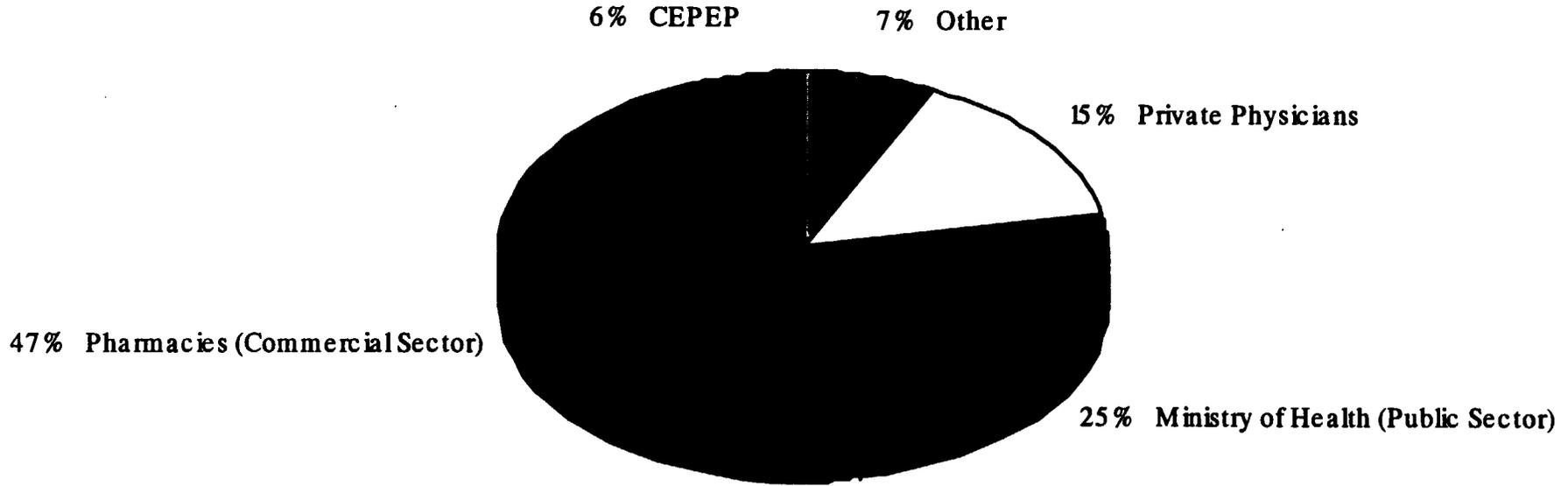
Many of the women at risk of an unwanted pregnancy live in rural areas, long distances from pharmacies or health facilities. The MOH network of health posts are accessible to many women in these areas, but these facilities have not been adequately supplied, equipped or staffed. Lack of a reliable supply of contraceptives has consistently hampered the MOH's ability to increase contraceptive use at its facilities. While there is a network of community distributors to provide contraceptives to underserved areas, supported by CEPEP, their coverage is limited and they also have experienced contraceptive shortages. In urban and peri-urban areas, services may be available, but are not reaching some segments of the population. Adolescents are particularly vulnerable since they often lack adequate information, education and income to obtain the services they need.

Quality of family planning services is also a crucial issue in increasing use, particularly in public sector service provision. MOH facilities often lack a full range of modern methods, including permanent and long-term methods. Lack of managerial and technical skills is also an issue in determining service quality. In-service is considered to be a critical need for MOH providers, particularly training in IUD insertion and other services not easily obtained from pharmacies. There is also a lack of administrative and management skills among health professionals. The MOH's problems in assuring an adequate supply of contraceptives to its service points has affected quality as well as access since the facilities are unable to offer a full range of methods to their clients in a reliable manner.

Sustainability of family planning services is also a major issue in increasing and maintaining levels of family planning use. The MOH provides preventive health care services free of charge to everyone, regardless of income or ability to pay. The MOH depends on the UNFPA for contraceptive supplies, and at present has no line item in its budget for contraceptive supplies. CEPEP charges nominal fees for family planning and primary care services, but needs to continue exploring avenues to increase its cost recovery and prospects for sustainability.

This strategy's ultimate customers include men and women of reproductive age, particularly the target groups of adolescents and those living in rural and marginal urban areas of Paraguay. Customers also include the GOP's MOH which will receive technical assistance and training to improve and expand its services. The IPPF affiliate CEPEP may be considered both an intermediate customer and a partner in achieving the strategic objective.

**Illustration 6**  
**Major Providers of Family Planning Services**



Source: 1995 Reproductive Health Survey

### **3. The Results Framework**

#### **a. The Development Hypothesis and Strategy**

The development hypothesis for the population special objective shown in Illustration 7 is:

"If (1) access to family planning services expands; (2) quality of family planning services improves; and (3) family planning services become more sustainable, then use of voluntary family planning services will increase.

This special objective is in accordance with the USAID/Paraguay population strategy approved by LAC in December 1994. The Mission has chosen to make population a special objective because of the limited time-frame planned for its accomplishment and because other donors are providing major assistance in this sector. USAID/Paraguay will provide limited assistance in the three areas shown in the development hypothesis while leveraging other donor funds towards the continued achievement of these and/or similar results. As a result of their participation on the Mission's strategic planning workshop, the UNFPA has already committed itself to working as joint partners to provide additional funds for the results presented in the population results framework.

#### **b. The Intermediate Results**

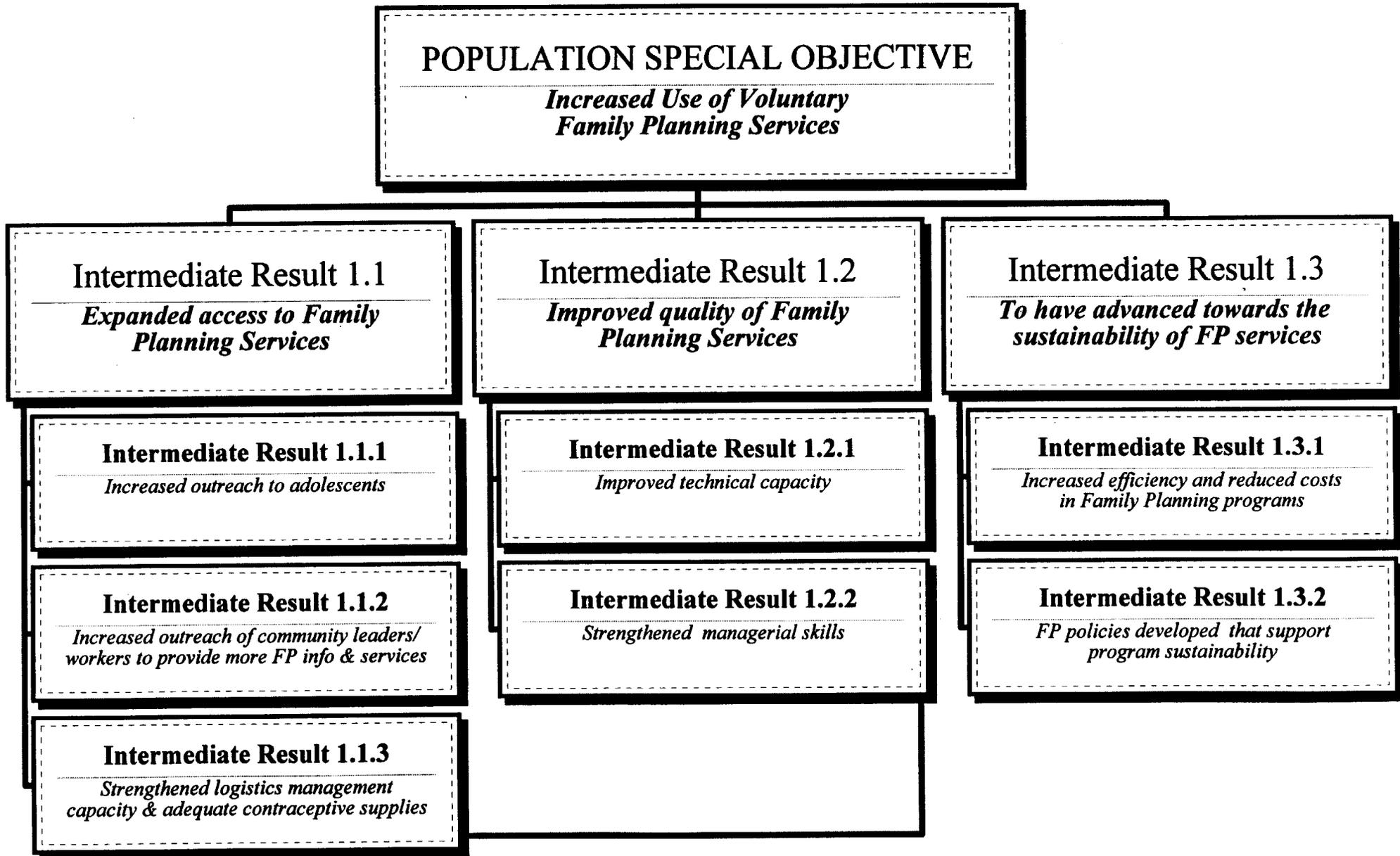
##### **Intermediate Result 1.1: Expanded access to family planning services.**

USAID/Paraguay's strategy for increasing contraceptive use aims to expand access primarily by offering family planning services through existing facilities which do not currently provide them, rather than by establishing new facilities. According to USAID/Paraguay's Population Strategy, the highest priority for satisfying unmet need is to provide adequate contraceptive supplies, support a network of community distributors, and ensure that the MOH's rural facilities are adequately equipped and staffed. In order to accomplish this, USAID/Paraguay and its partners will strengthen the technical capacity and managerial skills of service providers for these facilities and of community distributors. USAID/Paraguay will also support development of more effective logistics management systems to ensure that family planning stocks are available in adequate quantities and reach underserved areas. The Mission also plans to increase outreach of services to adolescents, one of the key underserved populations, in order to provide them with better access to family planning information and promote responsible sexual behavior.

##### **Intermediate Result 1.2: Improved quality of family planning services.**

USAID/Paraguay defines quality of family planning services as the provision of a range of modern family planning methods, including long-term and permanent methods, by providers with adequate technical and managerial skills. A number of the elements of USAID/Paraguay's program which support expansion of access to family planning will also work to improve the quality of services. Ensuring that trained technical and managerial staff are in place will clearly improve the quality of family planning services as well as access. Staff

## Illustration 7: Population Results Framework



training in provision of a full range of methods, including IUDs and other long-term methods, is essential to improving quality. Improvement of the logistical system and maintenance of commodity supplies will also improve quality of services by ensuring that a variety of methods will be consistently available to users. One important measure of the success of quality services are that users are knowledgeable about all methods, have easy access to services and feel services are responsive to their needs.

Intermediate Result 1.3. To have advanced toward the sustainability of family planning services.

Full sustainability at a national level of family planning services is a long-term goal which cannot be achieved within the four year time-frame of this special objective, given the nascent status of family planning services in Paraguay and only recent Government's commitment to family planning. Therefore, the third intermediate result supporting this objective is stated as "To have advanced toward the sustainability of family planning services." In order to achieve this result, the Mission plans to support activities aimed at increasing efficiency and reducing costs of family planning programs, and to carry out a policy dialog directed toward development of GOP policies that support sustainability of the family planning program, such as establishment of a budget line item for contraceptive supplies and placing on Family Planning services within MOH facilities. Long-term sustainability of the national family planning program can only be realized through the full commitment of the Ministry of Health.

c. Critical Assumptions:

USAID/Paraguay has identified two critical assumptions that will directly affect success in attaining the special objective:

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***USAID/Paraguay's Leadership in Family Planning***

***During USAID/Paraguay's Strategic Planning workshop donors such as UNFPA, UNICEF, IPPF, and the IDB actively participated. The outcome was that the Results Framework designed by the group represented priority family planning needs of the MOH, the NGO sector and these donors.***

***As a result of this active engagement, USAID/Paraguay was asked by the MOH to take the lead in coordinating all donor efforts in family planning. While donors will actively participate in USAID/Paraguay's Results Package Team, the UNFPA also informed USAID/Paraguay that it will be designing a new program in 1996 which will support the jointly developed results framework and represents \$4 million dollars of family planning resources. UNFPA also asked USAID/Paraguay to participate in its new program design. This will assure that planned activities lead to the achievement of the same results. USAID/Paraguay's technical leadership is helping leverage other donors resources toward key family planning results.***

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- \* The commercial sector will continue to provide affordable family planning services to the majority of users. The strategy calls for expanding services primarily through MOH facilities and to a lesser extent through services provided by CEPEP and other NGOs. The trend over the past eight years shows that the commercial sector has consistently provided services to a large segment of the population. To ensure that the overall universe of family planning users expands, the commercial sector must continue to provide affordable services to its portion of the market.
- \* The GOP will continue to support family planning, and service provision is a major element of the Ministry of Health program. In recent years, the President and other GOP officials have openly supported the family planning program at international fora and national events.

#### **4. Other Development Partners**

The UNFPA is the other major international donor in the population sector. It provides program support to the public sector, including most of the contraceptive supplies used by the MOH. Hence, it is a major contributor to intermediate result 1.1. To a small degree, the Pan American Health Organization (PAHO) and UNICEF also provide technical assistance to primary health care programs including reproductive health and family planning.

The International Planned Parenthood Federation (IPPF) provides funding to its local affiliate CEPEP, for both administrative and programmatic costs. CEPEP will contribute to accomplishing all three principal intermediate results of expanding access, improving quality, and advancing toward sustainability. Both donors have a long history of assistance to Paraguay and are expected to continue support for the duration of the USAID Strategic Plan. There are plans under way for participation of the World Bank and IDB in strengthening reproductive health, which would include family planning.

As discussed earlier, GOP commitment to family planning is fairly recent, but it is expected to be a major partner in accomplishing this objective. Public sector facilities are currently estimated to supply 25% of users, the largest percentage of users after private pharmacies. The primary vehicle for expanding family planning services and improving quality will be through MOH facilities and service providers.

#### **5. Illustrative Approaches**

Assistance for updates in contraceptive technology among the MOH clinical staff will be provided, as well as training in improved management skills, training-of-trainers, quality of family planning services, (such as patient counselling), and improving access and sustainability of programs. Technical assistance will also be provided to improve policy dialog with both the public and private sectors. In addition, interventions will be targeted to adolescents of both sexes, through schools and media outreach to assure these groups are informed about reproduction and family planning. The implementation of this special

objective requires a wide range of technical assistance, which is not locally available. This includes expertise in adolescent programs, contraceptive logistics management, training of family planning services personnel, support for setting up services offering permanent methods, management expertise and information, education and communication. It is for this reason that USAID/Paraguay determined that the best approach to implement the program would be through access to a selected number of cooperating agencies, and propose to transfer funds to Global PHN to implement the entire program. A disadvantage in this may be the higher cost associated with the Global transfer. There would also need to be the assurance that cooperating agencies commit to providing needed services within a predetermined time frame to assure timely achievement of intermediate results.

#### **6. How sustainability will be achieved**

As mentioned in IR 3.1 above, full sustainability at a national level of family planning services is a long-term goal which cannot be achieved within the four year time-frame of this special objective, given the nascent status of family planning services in Paraguay and only recent Government's commitment to family planning. USAID/Paraguay's activities will be addressed at increasing efficiency and reducing costs of family planning programs, and to conduct policy dialogue directed toward development of GOP policies that support sustainability of the family planning program, such as establishment of a budget line item for contraceptive supplies and the priority positioning of family planning services within MOH facilities. Long-term sustainability of the national family planning program can only occur through the full commitment of the Ministry of Health and the GOP.

#### **7. Poverty Alleviation**

Smaller families allow for a better distribution of limited resources among members of poor families and thereby a greater opportunity for a better education and improved nutritional status. Among benefits of family planning, improved spacing of birth intervals of at least two years and the reduction in numbers of early pregnancies allow for healthier mothers as well as greater chances for child survival.

#### **8. Judging - Illustrative Performance Indicators and Measures**

Matrix 3 provides illustrative indicators by which USAID/Paraguay will measure progress in achieving the population special objective and corresponding intermediate results. These illustrative indicators have been developed and are being refined in close collaboration with our development partners and customers. Indicators for lower level results will be developed and/or validated as part of the results package exercise to be undertaken in the later part of 1996.

**MATRIX 3 - Population Indicators - Draft**

<i>Special Objective/Result</i>	<i>Indicator</i>	<i>Baseline (1996)</i>	<i>Target</i>	<i>Means of Verification</i>
<b>Special Obj:</b> Increased use of voluntary family planning services.	<p>1. % of women, married or in union, using a modern contraceptive method, disaggregated by urban or rural area and by adolescent or adult.</p> <p>2. Couple-years of contraceptive protection. *</p>	<p>1. 42%</p> <p>2. MOH CEPEP 68,000 50,000</p>	<p>1. 1999 - 48% 2001 - 50%</p> <p>2. MOH CEPEP '97 75,000 50,000 '98 82,000 52,000 '99 91,000 54,000 '00 100,000 56,000 '01 110,000 58,000</p>	<p>1. Natl Rep Health Survey</p> <p>2. MOH, CEPEP annual reports</p>
<b>IR1:</b> Expanded access to family planning services	<p>1. % of rural/marginal urban women less than 1 hour from an FP service delivery point</p> <p>2. # of MOH FP service delivery points in rural &amp; marginal urban areas (M/F)</p> <p>3. Adolescents (M/F) more informed about FP</p>	<p>1. TBD</p> <p>2. TBD</p> <p>3. TBD</p>	<p>1. TBD</p> <p>2. TBD</p> <p>3. TBD</p>	<p>Natl Rep Health Survey MOH Statistics</p>
<b>IR2:</b> Improved quality of family planning services	<p>1. # of FP service delivery points offering IUD</p> <p>2. # of FP service delivery points w/contraceptive stocks for minimum 3 methods</p>	<p>1. TBD</p> <p>2. TBD</p>	<p>1. TBD</p> <p>2. TBD</p>	<p>Natl Rep Health Survey MOH Statistics</p>
<b>IR3:</b> To have advanced towards the sustainability of family planning services	<p>1. % of MOH budget for FP</p> <p>2. % of total CEPEP budget provided by USAID</p>	<p>1. TBD</p> <p>2. TBD</p>	<p>1. TBD</p> <p>2. TBD</p>	<p>1. MOH records</p> <p>2. CEPEP records</p>

\* The sources for this indicator will be the annual reports on contraceptive supply distribution prepared by the MOH and by CEPEP. This is a proxy indicator, since the data include only those family planning acceptors who receive their methods through the MOH and CEPEP, and does not include those who get methods from other sources, such as the commercial sector or other private providers. This indicator is being used in order to provide inter-survey information on program progress.

**SECTION III**

**RESOURCE REQUIREMENTS**

*Cuantomá ivai, iporambotá.  
"The worse things get, the sooner they will improve".*

*Guaraní proverb*

### **III. Resource Requirements**

#### **A. Introduction**

This section presents the program and operating expense (OE) resources required to achieve USAID/Paraguay results, for the period FY 1997-2000<sup>4</sup>. While FY 1997 base levels were communicated to USAID/Paraguay in late April, the Mission did not know until two weeks before the plan was due that these much lower figures would have to be used as base figures for the Strategic Plan. These levels are not sufficient to implement the strategy described herein. Therefore, rather than rewriting the strategy, USAID/Paraguay has chosen to present the following three budget scenarios: (1) Low option, which is FY 1997 OMB Passback and a 10% reduction for out years; (2) High option (which are levels USAID/Paraguay needs to achieve the results described in Section II and a 10% reduction); and (3) High plus Environment option (high option plus additional funding required for a full environment program through FY 2000). The high plus Environment option is presented only in the Resource Request Summary Table. The results framework for this scenario can be found in Annex 2.

Funds availability is a critical assumption for results achievement and proper program planning. The fact that 100% of the portfolio is funded from the Development Assistance (DA) account, and that the one SO is funded with 100% unrestricted DA funds, makes it harder to assure sufficient funds are available to support USAID/Paraguay's highest priority SO.

It is also very difficult to enthusiastically pursue new reengineering principles and participatory planning based on major budget uncertainties. While budget cutting is an Agency reality and there is a need to plan a program around an ever-decreasing budget, it makes it even more difficult when the number, type and phase out of strategic and special objectives is also predetermined by USAID/W before the strategic planning process begins.

USAID/Paraguay is experimenting with ways to manage for results with a small in-country staff and plans to use Global Bureau field support to fund most international technical assistance needs, especially for population results and selected democracy results. This will help shift some portfolio management responsibilities to Global. Because field support is costly, funding under the Low Budget Option is insufficient, especially in population, to achieve results.

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<sup>4</sup> The FY 1996 allowance will be used to transition from the current program to the new, results-oriented customer/partner-defined program.

Funding for this Strategic Plan is fully consistent with the Agency's sustainable development framework and reflects careful collaborative targeting of limited resources within proposed strategic and special areas. USAID/Paraguay has and will continue to invest modest resources in a model development assistance program that leverages other donor resources toward results identified by Paraguayan customers.

**B. Program Resources**

The Resource Request Summary Table presents the total strategy funding, by objective under three scenarios for the period FY 1997-2000. The Low Option shows the total program amount (\$14.4 million) using FY 1997 OMB passback base figures provided to USAID/Paraguay by LAC; the High Option shows the \$31 million required to achieve the results described in Section II; and the High plus Environment Option shows the same \$31 million plus \$3.8 in additional environment money (\$34.8 million total).

<b>RESOURCE REQUEST SUMMARY TABLE            FUNDING REQUIREMENTS BY OBJECTIVE            FOR THE PERIOD FY 1997-2000*</b> (\$ Millions)			
<b><u>OBJECTIVE</u></b>	<b><u>LOW</u> <i>(Based on FY 1997 OMB Passback)</i></b>	<b><u>HIGH</u> <i>(REQUIRED FOR STRATEGY)</i></b>	<b><u>HIGH PLUS EXPANDED ENVIRONMENT SO</u></b>
<b>Strategic:</b> Improved responsiveness & accountability of key democratic institutions	9.2	18.3	18.3
<b>Special 1:</b> Improved management of an expanded private protected areas system*	.8	1.2	5.0
<b>Special 2:</b> Increased use of voluntary family planning services	4.4	11.5	11.5
<b>TOTAL</b>	<b>\$14.4</b>	<b>\$31.0</b>	<b>\$34.8</b>

\* Special objective 1 will be funded from FY 1997-1998 only, unless additional funds are available through FY 2000.

Under the \$14.4 million Low Option, we would have to "go back to the drawing board" with our expanded SO teams and radically redesign our strategy as these resources provide us with less than half of what we need to achieve our current objectives. The significant increases between the two scenarios occur under the population objective (\$7.1 million increase) and the democracy objective (\$9.1 million increase). Under either scenario, the environment objective is essentially a consolidation of successes to date followed by closeout. Achievement of the population objective requires a high degree of funding as much

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implementation will be carried out through field support to Global. Field support can require up to a 40-50% pay-out for contractor "loaded costs" or overhead and fees.

Under the Low minus 10% Option, our "top down/bottom up" strategy would become a top down strategy as we would continue working with democratic institutions while cutting support for citizen activities. We would eliminate alternative dispute resolution, citizen education, and public defense activities. We would probably continue with an in-service judicial training school and related activities. We would also cut back NGO strengthening, civic education, and election observations under our electoral result. Under the sub-national government result, we would eliminate our decentralization policy and municipal network support, and work with fewer sub-national governments. However a 10% cut from Low Option would not drastically change this approach since 10% of an already low figure does not represent a drastic reduction in real terms.

Under both the Low (\$14.4 million) and High (\$31 million) Options, we would consolidate our environment successes to date in the area of private reserve management, and close the program down by FY 1998. By doing that however, we would miss a major opportunity to integrate our three objectives in a high impact portfolio that builds replicable participatory local governance models principally around sustainable land use and family planning needs. We would also risk undoing a carefully planned joint donor strategy to address Paraguay's deforestation crisis as this joint strategy depends on USAID/Paraguay's continued involvement in the sector, at a level of about \$4 million for the period FY 1997-2000. It is for this reason that we have included a third option of approximately \$1 million per year through FY 2000 for environment activities in the Resource Requirements summary table. This is the High plus Environment Option.

The more integrated portfolio would create synergies between the three objectives to maximize democracy, environment and population impacts. Activities would be implemented in regions where need, local leaders' willingness to collaborate, and potential for replication to other parts of Paraguay are highest. These local models are of great interest to our expanded SO teams and other donors, and hold great promise as a means of leveraging other resources towards the customer defined results described herein.

### **C. Program Budget Tables**

**TABLE 1**  
**ALL RESOURCES TABLE - LOW OPTION**  
(\$000s)

<b>Funding Category</b>	<b>FY 96</b>	<b>FY 97</b>	<b>FY 98</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 00</b>
		<b>Base</b>	<b>Base</b>	<b>Base-10%</b>	<b>Base</b>	<b>Base-10%</b>	<b>Base</b>	<b>Base-10%</b>
<b>Development Assistance/ SEED/FSA/ESF/IDA</b>								
Population/Health Of which: Field Support	1,400 1,400	1,000 1,000	1,000 1,000	1,000 1,000	1,200 1,200	1,000 1,000	1,200 1,200	1,000 1,000
Environment Of which: Field Support	300 0	400 0	400 0	400 0	0 0	0 0	0 0	0 0
Democracy Of which: Field Support	1,700 1,250	2,200 1,750	2,200 1,850	1,840 1,450	2,400 1,850	2,240 1,450	2,400 1,850	2,240 1,450
<b>Grand Total</b>	<b>3,400*</b>	<b>3,600**</b>	<b>3,600</b>	<b>3,240</b>	<b>3,600</b>	<b>3,240</b>	<b>3,600</b>	<b>3,240</b>

\* Actual FY 1996 Levels

\*\* OMB FY 1997 Passback

**TABLE 1**  
**ALL RESOURCES TABLE - HIGH OPTION REQUIRED FOR STRATEGY ACHIEVEMENT**  
**(\$000s)**

Funding Category	FY 96	FY 97	FY 98	FY 98	FY 99	FY 99	FY 00	FY 00
		Base	Base	Base-10%	Base	Base-10%	Base	Base-10%
<b>Development Assistance/ SEED/FSA/ESF/IDA</b>								
Population/Health Of which: Field Support	1,400 1,400	3,000 3,000						
Environment Of which: Field Support	300 0	600 0	600 0	600 0	0 0	0 0	0 0	0 0
Democracy Of which: Field Support	1,700 1,250	4,400 1,750	4,400 1,850	3,600 1,850	5,000 1,850	4,200 1,850	5,000 1,850	4,200 1,850
<b>Grand Total</b>	<b>3,400*</b>	<b>8,000</b>	<b>8,000</b>	<b>7,200</b>	<b>8,000</b>	<b>7,200</b>	<b>8,000</b>	<b>7,200</b>

\* Actual FY 1996 levels

**TABLE 2**  
**FUNDING SCENARIO BY OBJECTIVE - LOW OPTION**  
(\$000s)

OBJECTIVE	FY 96	FY 97	FY 98		FY 99		FY 00	
		Base ***	Base	Base-10%	Base	Base-10%	Base	Base-10%
Strategic Objective #1: Improved Responsiveness and Accountability of Key Democratic Institutions								
Development Assistance/SEED/FSA ****	1,700	2,200	2,200	1,840	2,400	2,240	2,400	2,240
Special Objective #1: Improved Management of Expanded Private Protected Area System								
Development Assistance/SEED/FSA ****	300	400	400	400	0	0	0	0
Special Objective #2: Increased Use of Voluntary Family Planning Services								
Development Assistance/SEED/FSA ****	1,400	1,000	1,000	1,000	1,200	1,000	1,200	1,000
<b>Total Development Assistance/SEED/FSA ****</b>	<b>3,400**</b>	<b>3,600</b>	<b>3,600</b>	<b>3,240</b>	<b>3,600</b>	<b>3,240</b>	<b>3,600</b>	<b>3,240</b>

\* Use all funding spigots, including DA, SEED, FSA, ESF, PL480, IDA, HG, MSED and ECA.

\*\* Actual FY 1996 levels

\*\*\* Base is FY 1997 OMB passback

\*\*\*\* Please disaggregate by funding category

**TABLE 2**  
**FUNDING SCENARIO BY OBJECTIVE - HIGH OPTION REQUIRED FOR STRATEGY ACHIEVEMENT**  
(\$000s)

OBJECTIVE	FY 96	FY 97	FY 98		FY 99		FY 00	
			Base	Base-10%	Base	Base-10%	Base	Base-10%
Strategic Objective #1: Improved Responsiveness and Accountability of Key Democratic Institutions								
Development Assistance/SEED/FSA ****	1,700	4,400	4,400	3,600	5,000	4,200	5,000	4,200
Special Objective #1: Improved Management of Expanded Private Protected Area System								
Development Assistance/SEED/FSA ****	300	600	600	600	0	0	0	0
Special Objective #2: Increased Use of Voluntary Family Planning Services								
Development Assistance/SEED/FSA ****	1,400	3,000	3,000	3,000	3,000	3,000	3,000	3,000
<b>Total Development Assistance/SEED/FSA****</b>	<b>3,400**</b>	<b>8,000</b>	<b>8,000</b>	<b>7,200</b>	<b>8,000</b>	<b>7,200</b>	<b>8,000</b>	<b>7,200</b>

\* Use all funding spigots, including DA, SEED, FSA, ESF, PL480, IDA, HG, MSED and ECA.  
\*\* The FY 1996 level is actual  
\*\*\*\* Please disaggregate by funding category

**TABLE 3 GLOBAL FIELD SUPPORT**

Mission:	Field Support: Activity Number & Title	Priority	Duration	Estimated Funding (\$000s)							
				FY96		FY97					
				Obligated by ****:		FY97 Base Obligated by ****:		FY98 Obligated by ****:		FY99 Obligated by ****:	
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit
Democracy	000-0000 G/DG IQC Mechanism TBD	High	5 years	400		400		400		400	
Democracy	000-0000 G/DG IQC Mechanism TBD	High	4 years	150		150		150		150	
Democracy	IFES	High	5 years	700		900		1,000		1,000	
Democracy	936-5974-13 Partnerships for Health Reform - PHR	Medium	3 years	0		200		200		200	
Democracy	936-5559-00 EP3-Project (Pollution Prevention)	Medium	3 years	0		100		100		100	
Population	936-3038 Family Planning Logistics Mgt. (CDC)	High	5 years	0		50		50		50	
Population	936-3038 Family Planning Logistics Mgt. (JSD)	High	5 years	250		100		100		100	
Population	936-3055 Family Planning Mgt. Develop. (MSH)	High	5 years	500		400		400		400	
Population	936-3057 Central Contraceptive Procurement	High	5 years	0		0		0		0	
Population	936-3060 Evaluation Project	High	5 years	30		0		0		0	
Population	936-3065 Transition Project	High	5 years	100		0		0		0	
Population	936-3068 Contraception (AVSC)	High	5 years	200		150		150		150	
Population	936-3073 Young Adults Project	High	5 years	220		150		150		150	
Population	936-3078 Policy Project	High	5 years	0		50		50		50	
Population	936-3079 Family Health International (FHI)	High	5 years	100		100		100		100	
	<b>Grand Total</b>			<b>2,650</b>		<b>2,750</b>		<b>2,450</b>		<b>2,450</b>	

\* For Priorities use high, medium-high, medium, medium-low, low

\*\* The FY96 level is from operating bureau allocations based on 75 per cent of the FY96 CP request level, except for PL480 programs for which appropriations have been enacted.

\*\*\* Base is defined as operating bureau allocations from the FY97 OMB request level.

\*\*\*\* If the funding source is unknown, show all the funding as Obligated by Global Bureau.

## **D. Operating Expenses and Staff Requirements**

### **Program Management Requirements: Operating Expenses (OE) and Staffing**

USAID/Paraguay has undergone changes in office operations and personnel planning during the course of FY 1995 and FY 1996 which have had a significant impact on OE planning. In late FY 1995 the Mission received approval to increase staff by up to five positions including two US Direct Hire and three Foreign Service Nationals. After years of occupying cramped and disjointed quarters on the Embassy compound, and with no additional space available, it became imperative that USAID independently rent office space off the Embassy compound. A suitable building was identified, a lease agreement was signed, and security modifications were undertaken in late FY 1995. This allowed the Mission to complete the move in December 1995.

With the budget uncertainties and implementation of the Agency-wide hiring freeze earlier this year, USAID/Paraguay has been unable to fill the approved positions and one of the previously approved US Direct Hire positions has since been withdrawn. Selection is nearly complete for the other direct hire position. The remaining FSN positions will be filled when the hiring freeze is lifted or by requesting a waiver be granted to precede with the planned employment.

**FY 1996 - 738,000 (OYB):** While considerable OE budgetary savings are expected from the respective position cancellation and hiring postponements, virtually all of these savings have been or will be used to cover unbudgeted expenses including those associated with: conducting a strategic planning exercise with approximately eighty participants -- a significant portion of whose expenses were funded with Mission OE; providing funding for regional support travel normally covered out of the USAID/Bolivia budget, but which is unable to fully support region travel needs this year; and costs associated with the security upgrade and computer network installation for the new office building.

This budget does not include funding for FY 1996 FAAS expenses, estimated at \$58,914. USAID/Paraguay assumes that since the FY 1995 FAAS cost was funded by Washington, a comparable amount will be passed to the Mission for FY 1996 as an additional to the OE budget if the field is expected to pay FAAS costs directly under the new ICASS system.

**FY 1997 - \$723,200 (OYB):** Since the FY 1996 estimated budget includes many one time costs associated with the office move, strategic plan, and post assignment which, when excluded from the FY 1997 budget, it will allow the Mission to accommodate the expected increase in salary and support costs relating to approved staffing additions and anticipated inflation of five to seven percent. This will require some reduction in discretionary spending such as NXP and travel, but could be accommodated with little inconvenience in the short term, by postponing needed expenditures to future years, if only the out years could be increased accordingly.

USAID/Paraguay is in the process of reviewing all services currently being provided under current FAAS agreement with the Embassy in anticipation of performing in-house or transferring to the regional support staff in Bolivia as many functions as possible. The current plan is for the Mission to undertake much of the property and equipment maintenance services presently provided under FAAS -- in some cases using existing personnel and in others procuring services on the local market. With the advent this year of full-time email communications along with individual access, coupled with a decrease in USAID/Bolivia's MDC servicing demands, due to the closure of Chile, USAID/Bolivia has agreed to undertake all voucher examination and processing not previously transferred as well as provide additional procurement assistance as necessary.

Like the FY 1996 budget the FY 1997 budget also excludes an estimate for FAAS/ICASS costs. ICASS planning with participating agencies at post has only recently been initiated and is still in the very early stages of development. However based on the planned withdrawal from Embassy provided services as conceptualized above, we anticipate being able to achieve savings sufficient to, at the very least, offset any increase in costs due to revised calculation methods anticipated for ICASS as opposed to FASS.

**FY 1998, FY 1999 and FY 2000 - \$710,000 \$694,600 and \$678,000 (OYB) Respectively:** Although the budget presented in Resource Requirements Table 8 reflects the budget planning levels mandated for this exercise, such levels cannot possibly be achieved without severely impacting Mission development activities. In reality, after considering inflation related increases of from 5 to 7% in non-discretionary spending, and elimination of all but minimal levels of discretionary expenditures, our projections indicated shortfalls of approximately \$90,000 and \$165,000 respectively.

In FY 1998 the shortfall is made up by deleting one position and by postponing a 13th month salary bonus to employees, earned during the course of the year and normally paid from funds from the corresponding year. In FY 1999 the short fall is achieved by deletion of two additional positions, an option which has limited benefit since involuntary termination of employees would make them eligible for termination benefits equal to one month's salary for each year of creditable service. Thus termination of an employee with more than twelve years of service would actually cost more than one year's salary in termination benefits.

**Staffing: Staffing Assessment Position Reclassification.** Donor leveraging requires having the technically competent staff to provide leadership and direction in the particular sector. The Mission has no democracy expert or population officer.

**USAID REPRESENTATIVE**

*Barbara Kennedy*

(US-DH)

Secretary/Receptionist  
Corina Cazenave  
(FSN-DH)

**PROGRAM AND ADMINISTRATIVE SUPPORT**

Development Program Specialist  
Mauro A. Sanabria  
(FSN-PSC)

Budget Analyst  
Silvia C. de Vera  
(FSN-PSC)

Personnel-Travel Assistant  
Yolanda Elinan  
(US-PIT)

Administrative Assistant  
Vacant  
(FSN-PSC)

GSO Assistant  
Victor Giménez  
(FSN-PSC)

Maintenance/Choffeur  
Vacant  
(FSN-PSC)

Janitress  
Elvira Irigoitia  
Purchase Order

*USAID/Paraguay Organization Chart*

**ENVIRONMENT TEAM**

\* Project/Program Officer (Team Leader)  
Vacant  
(US-DH)

Environmental Specialist  
Frank V. Fragano  
(US-PSC)

\*\* Financial Analyst  
Marco A. Ferreira  
(FSN-PSC)

**DEMOCRACY TEAM**

\* Project/Program Officer (Team Leader)  
Vacant  
(US-DH)

Democracy Specialist  
Vacant  
(US-PSC)

\*\* Financial Analyst  
Marco A. Ferreira  
(FSN-PSC)

Development Assistance Specialist  
Julio C. Basuaido (AOJ)  
(FSN-DH)

Development Assistance Specialist  
Oscar E. Carvalho (Election)  
(FSN-DH)

Development Assistance Specialist  
Local Government  
(FSN-PSC)

**POPULATION TEAM**

\* Project/Program Officer (Team Leader)  
Vacant  
(US-DH)

Population Specialist  
Vacant  
(US-PSC)

\*\* Financial Analyst  
Marco A. Ferreira  
(FSN-PSC)

Project Management Assistant  
Enrique F. Villalba  
(FSN-PSC)

\* Encumbered by the same US-DH

\*\* Same individual will work on all three Teams

**TABLE 4**  
**OE FUNDING AND STAFFING**  
**(\$000)**

<b>OE/TRUST FUNDED LEVELS</b> <b>By Major Function Code:</b>	<b>FY 96</b>	<b>FY 97</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>
U100 U.S. Direct Hire	44.1	24	24	59	33.0
U200 F.N. Direct Hire	189.2	153.3	185.6	198.6	130.3
U300 Contract Personnel	251.5	295.7	275.1	208.5	301.5
U400 Housing	68.9	71	69.5	70	66.5
U500 Office Operations	166.3	164	148.2	151.1	129.7
U600 NXP Procurement	18	15.2	7.5	7.5	17.0
<b>Total Mission Funded OE/TF Costs</b>	<b>738</b>	<b>723.2</b>	<b>710</b>	<b>694.6</b>	<b>678.0</b>
<b>Of which TF Funded</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Mission Staffing Requirements</b>															
	<b>FY 96</b>					<b>FY 97</b>					<b>FY 98</b>				
	<b>USDH*</b>	<b>USPSC**</b>	<b>TCNPSC**</b>	<b>FSN</b>	<b>Other</b>	<b>USDH*</b>	<b>USPSC**</b>	<b>TCNPSC**</b>	<b>FSN</b>	<b>Other</b>	<b>USDH</b>	<b>USPSC</b>	<b>TCNPS C</b>	<b>FSN</b>	<b>Other</b>
<b>Total Authorized Positions</b>	2	2		11		2	2		11		2	2		11	
<b>of which Program funded</b>		1					1					1			

<b>Mission Staffing Requirements</b>															
	<b>FY 99</b>					<b>FY 00</b>									
	<b>USDH*</b>	<b>USPSC**</b>	<b>TCNPSC**</b>	<b>FSN</b>	<b>Other</b>	<b>USDH*</b>	<b>USPSC**</b>	<b>TCNPSC**</b>	<b>FSN</b>	<b>Other</b>	<b>USDH*</b>	<b>USPSC*</b>	<b>TCNPS C**</b>	<b>FSN</b>	<b>Other</b>
<b>Total Authorized Positions</b>	2	2		10		2	2		10						
<b>of which Program funded</b>		1					1								

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**OE Funding and Mission Requirements  
(\$000)**

Funding Source	FY 96					FY 97					FY 98				
	US		FN		Total	US		FN		Total	US		FN		Total
	USDH	PSC	FNDH	PSC		USDH	PSC	FNDH	PSC		USDH	PSC	FNDH	PSC	
Operating Expenses	2	1	3	8	14	2	1	3	8	14	2	1	3	8	14
Trust Funds					0					0					0
Subtotal	2	1	3	8	14	2	1	3	8	14	2	1	3	8	14
Program Funds		1			1		1			1		1			1
Total	2	2	3	8	15	2	2	3	8	15	2	2	3	8	15

Funding Source	FY 99					FY 00					FY 01				
	US		FN		Total	US		FN		Total	US		FN		Total
	USDH	PSC	FNDH	PSC		USDH	PSC	FNDH	PSC		USDH	PSC	FNDH	PSC	
Operating Expenses	2	1	3	7	13	2	1	3	7	13					0
Trust Funds					0					0					0
Subtotal	2	1	3	7	13	2	1	3	7	13	0	0	0	0	0
Program Funds		1			1		1			1					0
Total	2	2	3	7	14	2	2	3	7	14	0	0	0	0	0

FNDH and FN PSC includes both host country and third country nationals

Org. Title USAID/PARAGUAY  
 Org. No. 526  
 OC

Overseas Mission Budgets											
FY 96			FY 97			FY 98					
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total			
11.1	Personnel compensation, full-time permanent		Do not enter data on this line			Do not enter data on this line					
11.1	Base Pay & pymt. for annual leave balances - FNDH		1892		1892	1533		1533	185.6		185.6
	Subtotal OC 11.1		1892	0.0	1892	1533	0.0	1533	185.6	0.0	185.6
11.3	Personnel comp. - other than full-time permanent		Do not enter data on this line			Do not enter data on this line					
11.3	Base Pay & pymt. for annual leave balances - FNDH		0.0		0.0	0.0		0.0			0.0
	Subtotal OC 11.3		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.5	Other personnel compensation		Do not enter data on this line			Do not enter data on this line					
11.5	USDH		0.0		0.0	0.0		0.0			0.0
11.5	FNDH				0.0			0.0			0.0
	Subtotal OC 11.5		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.8	Special personal services payments		Do not enter data on this line			Do not enter data on this line					
11.8	USPSC Salaries		15.0		15.0	30.0		30.0	18.7		18.7
11.8	FN PSC Salaries		236.5		236.5	265.7		265.7	256.4		256.4
11.8	IPA/Details-In/PASAs/RSSAs Salaries				0.0			0.0			0.0
	Subtotal OC 11.8		251.5	0.0	251.5	295.7	0.0	295.7	275.1	0.0	275.1
12.1	Personnel benefits		Do not enter data on this line			Do not enter data on this line					
12.1	USDH benefits		Do not enter data on this line			Do not enter data on this line					
12.1	Educational Allowances		15.5		15.5	10.0		10.0	10.0		10.0
12.1	Cost of Living Allowances				0.0			0.0			0.0
12.1	Home Service Transfer Allowances				0.0			0.0			0.0
12.1	Quarters Allowances				0.0			0.0			0.0
12.1	Other Misc. USDH Benefits				0.0			0.0			0.0
12.1	FNDH Benefits		Do not enter data on this line			Do not enter data on this line					
12.1	Payments to the FSN Separation Fund - FNDH				0.0			0.0			0.0
12.1	Other FNDH Benefits				0.0			0.0			0.0
12.1	US PSC Benefits				0.0			0.0			0.0
12.1	FN PSC Benefits		Do not enter data on this line			Do not enter data on this line					
12.1	Payments to the FSN Separation Fund - FN PSC				0.0			0.0			0.0
12.1	Other FN PSC Benefits				0.0			0.0			0.0
12.1	IPA/Detail-In/PASA/RSSA Benefits				0.0			0.0			0.0
	Subtotal OC 12.1		15.5	0.0	15.5	10.0	0.0	10.0	10.0	0.0	10.0
13.0	Benefits for former personnel		Do not enter data on this line			Do not enter data on this line					
13.0	FNDH		Do not enter data on this line			Do not enter data on this line					
13.0	Severance Payments for FNDH				0.0			0.0			0.0

Org. Title **USAID/PARAGUAY**  
 Org. No. **526**  
 O C

13.0 Other Benefits for Former Personnel - FNDH  
 13.0 FN PSCs  
 13.0 Severance Payments for FN PSCs  
 13.0 Other Benefits for Former Personnel - FN PSCs

**Subtotal O C 13.0**

**21.0 Travel and transportation of persons**

21.0 **Training Travel**  
 21.0 **Mandatory/Statutory Travel**  
 21.0 Post Assignment Travel - to field  
 21.0 Assignment to Washington Travel  
 21.0 Home Leave Travel  
 21.0 R & R Travel  
 21.0 Education Travel  
 21.0 Evacuation Travel  
 21.0 Retirement Travel  
 21.0 Pre-Employment Invitational Travel  
 21.0 Other Mandatory/Statutory Travel  
 21.0 **Operational Travel**  
 21.0 Site Visits - Headquarters Personnel  
 21.0 Site Visits - Mission Personnel  
 21.0 Conferences/Seminars/Meetings/Retreats  
 21.0 Assessment Travel  
 21.0 Impact Evaluation Travel  
 21.0 Disaster Travel (to respond to specific disasters)  
 21.0 Recruitment Travel  
 21.0 Other Operational Travel

**Subtotal O C 21.0**

**22.0 Transportation of things**

22.0 Post assignment freight  
 22.0 Home Leave Freight  
 22.0 Retirement Freight  
 22.0 Transportation/Freight for Office Furniture/Equip.  
 22.0 Transportation/Freight for Res. Furniture/Equip.

**Subtotal O C 22.0**

**23.2 Rental payments to others**

23.2 Rental Payments to Others - Office Space  
 23.2 Rental Payments to Others - Warehouse Space  
 23.2 Rental Payments to Others - Residences

Overseas Mission Budgets									
FY 96			FY 97			FY 98			
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	
		0.0			0.0			0.0	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
		0.0			0.0			0.0	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
7.0		7.0	7.0		7.0	3.5		3.5	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
5.0		5.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0	6.0		6.0	6.0		6.0	
3.6		3.6	4.0		4.0	4.0		4.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
15.0		15.0	14.5		14.5	5.0		5.0	
12.0		12.0	12.0		12.0	5.0		5.0	
5.5		5.5	5.5		5.5	5.5		5.5	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
48.1	0.0	48.1	49.0	0.0	49.0	29.0	0.0	29.0	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
20.0		20.0			0.0			0.0	
		0.0	4.0		4.0	4.0		4.0	
		0.0			0.0			0.0	
1.5		1.5	1.0		1.0	1.0		1.0	
3.5		3.5	2.0		2.0	1.5		1.5	
25.0	0.0	25.0	7.0	0.0	7.0	6.5	0.0	6.5	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
36.0		36.0	36.0		36.0	36.0		36.0	
		0.0			0.0			0.0	
50.0		50.0	51.5		51.5	52.0		52.0	

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23.2 Rental Payments to Others - Residences

**Subtotal OC 23.2**

23.3 **Communications, utilities, and miscellaneous charges**

23.3 Office Utilities

23.3 Residential Utilities

23.3 Telephone Costs

23.3 ADP Software Leases

23.3 ADP Hardware Lease

23.3 Commercial Time Sharing

23.3 Postal Fees (Other than APO Mail)

23.3 Other Mail Service Costs

23.3 Courier Services

**Subtotal OC 23.3**

24.0 **Printing and Reproduction**

**Subtotal OC 24.0**

25.1 **Advisory and assistance services**

25.1 Studies, Analyses, & Evaluations

25.1 Management & Professional Support Services

25.1 Engineering & Technical Services

**Subtotal OC 25.1**

25.2 **Other services**

25.2 Office Security Guards

25.2 Residential Security Guard Services

25.2 Official Residential Expenses

25.2 Representation Allowances

25.2 Non-Federal Audits

25.2 Grievances/Investigations

25.2 Insurance and Vehicle Registration Fees

25.2 Vehicle Rental

25.2 Manpower Contracts

25.2 Records Declassification & Other Records Services

25.2 Recruiting activities

25.2 Penalty Interest Payments

25.2 Other Miscellaneous Services

25.2 Staff training contracts

25.2 ADP related contracts

Overseas Mission Budgets									
FY 96			FY 97			FY 98			
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	
50.0		50.0	51.5		51.5	52.0		52.0	
<b>50.0</b>	<b>0.0</b>	<b>50.0</b>	<b>51.5</b>	<b>0.0</b>	<b>51.5</b>	<b>52.0</b>	<b>0.0</b>	<b>52.0</b>	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
6.0		6.0	6.6		6.6	6.0		6.0	
6.0		6.0	6.6		6.6	6.6		6.6	
26.3		26.3	26.3		26.3	25.2		25.2	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
<b>38.3</b>	<b>0.0</b>	<b>38.3</b>	<b>39.5</b>	<b>0.0</b>	<b>39.5</b>	<b>37.8</b>	<b>0.0</b>	<b>37.8</b>	
		0.0			0.0			0.0	
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			
30.0		30.0	32.1		32.1	34.3		34.3	
4.0		4.0	4.0		4.0	4.0		4.0	
1.2		1.2	1.2		1.2	1.2		1.2	
0.7		0.7	0.7		0.7	0.7		0.7	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	
10.7		10.7	6.0		6.0	3.0		3.0	
		0.0			0.0			0.0	
		0.0			0.0			0.0	

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 OC

	Overseas Mission Budgets								
	FY 96			FY 97			FY 98		
	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
<b>Subtotal OC 25.2</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.3 <b>Purchase of goods and services from Government accounts</b>	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3 FAAS/ICASS	0.0		0.0			0.0			0.0
25.3 All Other Services from Other Gov't. accounts	0.0		0.0			0.0			0.0
<b>Subtotal OC 25.3</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.4 <b>Operation and maintenance of facilities</b>	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4 Office building Maintenance	3.0		3.0	3.0		3.0	6.5		6.5
25.4 Residential Building Maintenance	7.0		7.0	7.0		7.0	5.0		5.0
<b>Subtotal OC 25.4</b>	10.0	0.0	10.0	10.0	0.0	10.0	11.5	0.0	11.5
25.7 <b>Operation/maintenance of equipment &amp; storage of goods</b>	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7 ADP and telephone operation and maintenance costs			0.0			0.0			0.0
25.7 Storage Services			0.0			0.0			0.0
25.7 Office Furniture/Equip. Repair and Maintenance	3.3		3.3	3.3		3.3	5.2		5.2
25.7 Vehicle Repair and Maintenance			0.0			0.0			0.0
25.7 Residential Furniture/Equip. Repair and Maintenance			0.0			0.0			0.0
<b>Subtotal OC 25.7</b>	3.3	0.0	3.3	3.3	0.0	3.3	5.2	0.0	5.2
25.8 <b>Subsistence and support of persons (by contract or Gov't.)</b>			0.0			0.0			0.0
<b>Subtotal OC 25.8</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26.0 <b>Supplies and materials</b>	10.0		10.0	10.7		10.7	12.0		12.0
<b>Subtotal OC 26.0</b>	10.0	0.0	10.0	10.7	0.0	10.7	12.0	0.0	12.0
31.0 <b>Equipment</b>	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0 Purchase of Residential Furniture/Equip.			0.0			0.0			0.0
31.0 Purchase of Office Furniture/Equip.	7.5		7.5	5.0		5.0	2.0		2.0
31.0 Purchase of Vehicles			0.0			0.0			0.0
31.0 Purchase of Printing/Graphics Equipment			0.0			0.0			0.0
31.0 ADP Hardware purchases	7.0		7.0	8.2		8.2	4.0		4.0
<b>Subtotal OC 31.0</b>	14.5	0.0	14.5	13.2	0.0	13.2	6.0	0.0	6.0
32.0 <b>Lands and structures</b>	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0 Purchase of Land & Buildings (& construction of bldgs.)			0.0			0.0			0.0
32.0 Purchase of fixed equipment for buildings			0.0			0.0			0.0
32.0 Building Renovations/Alterations - Office			0.0			0.0			0.0
32.0 Building Renovations/Alterations - Residential			0.0			0.0			0.0

Org. Title USAID/PARAGUAY  
 Org. No. 526  
 OC

Overseas Mission Budgets								
FY 96			FY 97			FY 98		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		0.0			0.0			0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
738.0	0.0	738.0	723.2	0.0	723.2	710.0	0.0	710.0

Subtotal OC 32.0

42.0 Claims and indemnities

Subtotal OC 42.0

**TOTAL BUDGET**

**SECTION IV**

**ENVIRONMENTAL ISSUES**

## **IV. ENVIRONMENTAL ISSUES**

### **A. Tropical Forests and Biodiversity**

#### **1. Major Conservation Challenges Facing Paraguay**

Paraguay's biodiversity continues to be at great risk as the country has one of the highest deforestation rates in the world relative to its size and has lost over 70% of its forests in less than fifty years. This trend is having a devastating effect on the economy which depends on natural resources, primarily soil and timber, for export income. Only 4% of the country is officially under some form of environmental protection but Paraguay should protect at least 10% to assure conservation of the critically endangered ecosystems in its territory. No new public national parks have been included into the Protected Areas System this year.

Expansion of agriculture on marginally productive lands or soils that should remain forested continues with little regard for environmentally sound practices. Unless something is done, this expansion will have drastic long-term effects on the economy which relies on the natural resource sector for half the country's employment. Increased poverty in the rural sectors from declining soil productivity is already evident in mass migration of campesinos to the cities. Continued irrational land use has the potential to destabilize this nascent democracy, located in the heart of the Mercosur Common Market, as options for productive, sustained employment diminish.

The GOP has continued to delay needed reforms in the management of the Natural Resources Sector including strengthening of the National Parks Department, Forestry Service, and Land Use Planning technical units of the Ministry of Agriculture and Livestock's Vice-Ministry of Natural Resources and Environment. Several changes of key personnel in this Vice-Ministry including the Directors of these technical environmental units, also set back the implementation of several initiatives and projects.

#### **2. Progress During the Past Year**

Some positive developments have occurred over the last year. The legislature has continued to promulgate laws to protect the environment including the Environmental Crimes law that provides for significant fines and imprisonment to those committing environmental crimes. The Reforestation law of 1994 has also been implemented this past year with around 10,000 hectares planted.

The issue of the Parana-Paraguay River Waterway (or Hidrovia) continued to be an important one. Public discussion of the project has begun and agreements reached on not intervening in the most sensitive areas of the Pantanal wetlands.

Donor coordination in the environment has improved, involving USAID, IDB, GTZ, and Japan consulting and planning in an integrated way. The preparation of a National Strategy

for the Protection of Natural Resources and Environment funded by the GTZ with the Ministry of Agriculture, continues with active public participation and it is expected that the final official policy paper will be available this year.

Local NGOs such as Alter Vida, Fundacion Moises Bertoni, and Sobrevivencia successfully continue their work in environmental protection and biodiversity conservation. These three groups have joined to form the local World Conservation Union coordinating committee which gives it backing and an important degree of leverage in decisions that affect natural resources and the environment. They have been active in advancing policy statements and are members of the coordinating council on National Parks that guides the work of the National Parks Department.

### **3. Recommended Follow-up**

USAID/Paraguay has been instructed by LAC to close its environment program by FY 1998, which includes finalizing present commitments with our local partners. However, USAID/Paraguay financed activities hold significant potential to sustainably stem deforestation on lands held privately, by building the necessary capacity to support hundreds of thousands of hectares of private nature reserves.

Public reserves will continue to be under the pressures outlined above and it is hoped that several other donor countries such as Japan, Germany, and the European Union will assist with significant commitments, in trying to fill the gap left by the lack of U.S. assistance in this sector. USAID/Paraguay has been working with these donors to develop a joint plan of action to address deforestation. USAID/Paraguay early departure from the sector risks the undoing of this carefully planned joint donor action. The U.S. based PVO, the Nature Conservancy will also remain a supporter of Paraguay conservation initiatives with U.S. private and public sector funding. USAID may continue to be a participant in the policy dialog regarding the use and management of natural resources and conservation of biodiversity through its involvement with local governments and dealings with the GOP in its other programs.

### **B. 22 CFR 216 Issues and Schedule**

The LAC Chief Environmental Officer issued a Conditional Negative Determination for the Private Nature Reserves Program, requiring that environmental guidelines be developed for two Program components. The guidelines must be approved by the LAC CEO prior to expending funds for those components. With the assistance of LAC/RSD/E, USAID/Paraguay will design guidelines for development of sustainable management plans and for construction activities.

There are no other issues related to implementation of 22 CFR 216.

## Notional Lists of Activities

USAID/Paraguay will submit IEEs or Requests for Categorical Exclusions for results packages under its democracy and environment objectives. Activities under these results packages are not yet designed, however, we do not expect any activities to require environmental assessments.

Population and family planning activities received a categorical exclusion. These activities, which are implemented through field support to G, will continue under the Population special objective and will not require additional environmental review.

**SECTION V**

**NEW PARTNERSHIPS INITIATIVE**

## **V. New Partnerships Initiative**

USAID/Paraguay is well positioned to accommodate and is complying fully with the Agency's New Partnerships Initiative (NPI) announced by Vice President Gore on March 12, 1995 and communicated to Missions in late June. We have long recognized the importance of strengthening NGOs in fortifying civil society and assisting Paraguay in its democratic transition.

Whereas the Agency reported that 27% of development assistance funding worldwide is channeled through PVOs/NGOs (including cooperating agencies), USAID/Paraguay reports that between 75% and 80% of its development assistance is channeled through PVOs/NGOs. This well above the Agency NPI goal of 40%.

USAID/Paraguay has been a strong advocate for a healthy and active NGO sector, making this a major crosscutting theme of Mission strategy. This has been particularly important in Paraguay where there is a holdover belief from the days of dictatorship that NGOs are generally adversarial and obstructionist. USAID/Paraguay efforts help get GOP and NGO officials around the same table to develop workable solutions to common problems. This helps establish NGOs as legitimate and committed development actors and partners.

USAID/Paraguay finances the creation and strengthening of NGO and local government networks under its democracy and environment objectives. Our funding is and will continue to facilitate associations of municipal governments that allow mayors and council members to better lobby for common interests before the national government and learn from shared experiences. USAID/Paraguay helped create the Information and Resources Center for Development (CIRD) which provides important legislative training assistance to congress. In the environment area, we have helped Alter Vida and the Moises Berton Foundation (FMB), join the World Conservation Union which helps bring together government, private and not-for-profit environmental interests in solving national and international conservation issues. The FMB, starting with a \$15,000 strengthening grant in 1988, has directly fostered development of new local NGOs such as the Chaco Foundation, Association of Owners of Private Reserves, an NGO Training Institute and Environmental Lawyers Association.

USAID/Paraguay also assists local NGOs with their institutional strengthening needs. Our grants to FMB and Alter Vida help these organizations strengthen their management capacity, and in the case of the former, work with local landowners to form grass roots conservation associations. Our assistance to CEPEP will help this organization provide sustainable family planning services to low income Paraguayans and to advocate for sound family policies.

In sum, we see NGOs as key civil society organizations essential to results achievement under our three objectives. We have and will continue to work through and strengthen NGOs as they are important to our program and to Paraguay's democratic and social development.

**SECTION VI**

**CRISIS PREVENTION**

## **VI. Crisis Prevention**

### **A. State Failure**

As demonstrated by the April 1996 coup attempt, state failure is a distinct possibility in Paraguay. A return to military dictatorship would be a devastating development not only for Paraguay, who recently emerged from a thirty four year dictatorship, but for the entire region, where democracy has come so far during the past decade. One only has to look at the USG's recent experience in Haiti for a sense of the exorbitant costs involved in managing a political crisis in the hemisphere.

Under its democracy SO, USAID/Paraguay will manage for the consolidation of Paraguayan democracy through activities that strengthen key civilian democratic institutions and practices, and given funds availability, that strengthen civil-military relations. Based on partner/customer participation in our strategic planning exercise, we will focus our democracy interventions on strengthening electoral, sub-national government, and judicial institutions, while concomitantly strengthening citizens' democratic values and practices.

We expect to provide technical assistance, training and limited commodities to those institutions charged with ensuring fair and open elections; carrying out transparent, effective and citizen-responsive local public administration and investment; and providing a fair and efficient conflict resolution process. Civic education and related activities will help Paraguayans better channel their demands to and utilize these strengthened institutions. It is expected that citizen-responsive and accountable key democratic institutions will help consolidate Paraguayan democracy.

In FY 1996 as we transition from our former program to our new strategy, we also expect to finance seminars, through American University, that address the role of the military in a democracy, professionalization of the military, military respect for civilian rule, and public opinion on democracy and the military. Given funds availability and the probable ratification of our democracy SO team, we would continue these and similar activities into the years covered by our strategy, FY 1997-2000.

USAID/Paraguay has and must continue to be a leader in supporting Paraguayan democracy. To do otherwise risks a return to military dictatorship and a more expensive USG response to address a crisis of hemispheric proportions.

### **B. Environmental Degradation**

Paraguay's high deforestation rates coupled with high population growth contribute to the destabilizing forces of joblessness, poverty, and urban migration. Deforestation leads to job loss in the forestry and wood sector which currently employs between 50,000 and 100,000 people; a significant number in a country with only 4.6 million inhabitants. Given Paraguay's small and stagnant industrial base, it is not feasible to expect that the economy

will absorb these unemployed forest sector workers plus the 60,000 additional Paraguayans entering the work force each year. Paraguay will continue to rely on its poorly managed natural resource base for the foreseeable future to generate exports and jobs.

With no economic alternatives in their areas, campesinos are migrating to cities leading to annual urban growth rates of 4.4% and many of the dormitory cities of Asunción are growing much faster. At this rate, populations of key Paraguayan cities will double in less than ten years. The social and political consequences of these growth rates are alarming and destabilizing.

Under its environment SO, USAID/Paraguay will manage for sustainable land use through activities that lead to improved management of private reserves. We will help create protected areas; develop management models for these areas; improve human capacity to manage these areas; and identify sustainable economic alternatives for owners and users of these areas. Sustainable management of private reserves increases the probability that rural dwellers can continue to earn a living in their communities with the resources available to them.

While USAID/Paraguay's work in this area is important, much more is required. Interventions to strengthen the public sector's ability to implement the GOP's relatively impressive policy framework as defined in the SINASIP is critical as is further work in environmental education and participatory models for land management. Given currently available funds however, USAID/Paraguay is severely limited in the impact it can have. Without additional funding, USAID/Paraguay stands to lose the momentum it has gained in creating sustainable land use models and in coordinating the development of a joint donor effort to address the deforestation crisis.

We stand ready to continue our leadership in this area but will need additional resources of about \$1 million per year from FY 1997-2000 to help Paraguay address its environmental degradation crisis.

**SECTION VII**

**MISSION CONCERNS OR ISSUES**

## **VII. Mission Concerns or Issues**

### **1. Overlap in Strategic Plan and R4 Budget Requirements**

The guidance for countries required to produce both an R4 and Strategic Plan should be modified in the area of resource requirements.

When having to prepare both a Strategic Plan and R4 at the same time, there is some redundancy in the sections on resources. The R4 requires tables for FY 1996-1998, yet the Strategic Plan requires the same information for the longer Strategic Plan period, which usually overlaps with the R4 table time period. The R4 guidance asks for a high and low budget scenario, and the Strategic Plan for a high, medium, and low budget options. Most important, if there are changes in the new strategy, it is difficult to fill out the Field Support Tables beyond FY 1996 because the exact data are not available and the results packages under the Strategic Plan cannot be prepared until the plan is approved.

### **2. Need for Regional Services**

USAID/Paraguay depends upon USAID/Bolivia for Controller, Contracting and Legal Services. Due to OE budget cuts, USAID/Bolivia informed the Mission that each individual could only make one short visit this year, unless the Mission paid for the travel. It is of little utility to have Regional Officers in the field unless there are funds to support travel. Likewise, if small Missions have to pick up the costs of regional travel, the Mission's operating expense budgets needs to be augmented.

It would be extremely useful for small programs like USAID/Paraguay to have access to technical staff (e.g. democracy, population, environmental experts) in the region. While there are reportedly regional technical staff located at RHUDO, USAID/Ecuador and USAID/Bolivia, it is not clear whether these individuals have regional responsibilities and travel budgets to work in other countries. As USAID/W reviews the need for regional services, these two issues need to be addressed.

### **3. Global Field Support-An Expensive Option**

USAID/Paraguay is considering less management intensive ways to run the program. One attractive option would be to transfer all funds to Global Field Support IQCs or Contracts. However upon careful review, this option appears to be very expensive. While exact guidance is not available, in consultation with Global PHN, it appears that with fixed fees and loaded costs, up to 50% of all monies transferred would go to cover the central costs for running the program. Therefore, this expensive option would only seem advisable if there would be a need for substantial and varied external technical assistance. There is a need for clear guidance on this. It may not be the best option for small budget programs like Paraguay.

#### 4. Management Contracts With Global

The current plan is for the Mission's entire population program to be implemented through Global transfers. The program start up has been slow and the Mission has not been able to get timely data on expenditures. There is an urgent need to develop some type of Memo of Understanding or agreement with G/PHN to assure that the cooperating agencies will carry out an agreed upon scope of work within a given time frame. The Mission is responsible for performance progress on the population program, yet there has been no specific work plan developed with the cooperating agencies or Global to assure that activities will be conducted within this time frame.

#### 5. Alternative Program Scenarios

While USAID/Paraguay has been put on a tentative list of closeout countries, for the purpose of this strategic planning exercise, this has not been factored into the plan. However, the Mission has analyzed ways to keep OE expenses down and is looking for less-management intensive ways to implement the program.

Due to the recent political events, should there be additional resources to support democracy, they could easily be incorporated into the Strategic Plan High Option budget scenario. For FY 1996, an additional budget request was prepared and submitted to LAC/SAM.

#### 6. The Agency's New Management System

It is not clear whether USAID/Paraguay will be connected to the New Management System currently being installed in larger Missions. If USAID/Paraguay will be connected, can we request support from USAID/Bolivia to assist in system installation? Who will pay for that support? If this is not the case, what software will the Mission use and how do we access the information on the larger system?

*Una vénte mbaracayá hoá tatápe.  
"The cat will only fall in the fire once"  
or, we learn from our mistakes.  
Guaraní Proverb.*

## ANNEX I

### USAID/PARAGUAY 1995 RESULTS REVIEW

- I. Introduction
- II. Factors Affecting Performance
- III. Overview of Progress for Each Strategic Objective

May 1996

5

## **I. Introduction**

In accordance with Agency R4 guidance, this Annex 1 provides USAID/Paraguay's Results Review for 1995. This review assesses USAID/Paraguay program performance for 1995 against indicators approved in the Action Plan for FY 1996-1997 in light of significant external factors affecting performance.

This year USAID/Paraguay is also submitting a Strategic Plan for FY 1997-2000. This new four-year plan contains the Mission's strategic objective in democracy and special objectives in environment and population. The FY 1996-1998 Resource Requirements section of the R4 is included in Section III of the Strategic Plan document.

During 1995, USAID/Paraguay supported three strategic objectives which responded to the Agency's sustainable development priorities. They were:

- Strengthened Democratic Institutions, Systems and Practices;
- More Sustainable Management of Natural Resources; and
- Increased Use of Voluntary Family Planning Services.

The environment and population strategic objectives are new programs and have just begun implementation. The Mission also financed cross-cutting activities in the areas of economic policy reform, participant training and low-income housing. USAID/Paraguay does not plan to fund these cross-cutting activities under the new FY 1997-2000 Strategic Plan and program.

## **II. Factors Affecting Program Performance**

### **A. Democracy**

Paraguay's relative youth and inexperience as a multi-party constitutional democracy is both a factor complicating performance and the very problem USAID/Paraguay is trying to assist the country to solve. Weak democratic institutions and practices, the constant threat of a return to military dictatorship and widespread corruption all affect progress and performance.

#### **1. Administration of Justice**

Progress in the justice area was somewhat of a double-edged sword. While USAID/Paraguay views the appointment of a new Supreme Court this year as a major step forward in consolidating democracy, it also resulted in delays in program implementation. USAID/Paraguay developed program priorities and activities with the previous interim Supreme Court Judges. In February 1995 when the new Supreme Court Judges were sworn in, the USAID project implementation committee and all activities were put on-hold until the new Court had a chance to review the program.

In the Court's review of the recently installed case management tracking system they identified a number of problems. The system was not producing reliable information, since computerized data on cases did not coincide with paper files on the same cases. Therefore in June 1995, the Court temporarily suspended the use of the system and decided to modify it using their own resources and UNDP expertise. USAID will work closely with UNDP to provide information on the system, along with offering technical assistance to make the case-tracking management system fully operational.

Even though the model for a Judicial Training School was completed in 1994, training has not yet begun. The new Court wanted time to review the USAID-developed plan and make any changes they felt necessary. For example, there is an issue over who will manage the school. The newly-created Magistrates Council, which has responsibility for merit-based selection of judges, wants the school under its jurisdiction even though the original design had the Supreme Court managing the program. The Magistrates Council will probably open the school, with the condition this will be a temporary arrangement. Another area under review is the type of personnel to be trained and the courses to be offered. The USAID-produced model includes training for judges in intensive courses ranging from one to six months. Current thinking is to expand the program and include additional judicial and court personnel. The Court will conduct an assessment in mid 1996 to determine training needs and will then make changes, and develop a plan to finalize the program and begin the training. USAID/Paraguay will be working very closely with the Supreme Court in making these changes. It is expected that the school will begin operation in late 1996.

Despite these delays, the Supreme Court has been an active partner/customer. In fact, one of the first actions of the new Court was to conduct an extensive internal assessment of the justice sector. In May 1995, a USAID-supported democracy assessment was carried out by a group of international experts. The assessment provided a frank yet balanced review of problems and needs in the justice area. The report was translated into Spanish and widely distributed. The Supreme Court used the assessment as a basis for its internal strategic planning exercise, which resulted in a list of problems and priorities and a written action plan. This is significant in a country not accustomed to written plans. By providing this important assessment report, USAID/Paraguay was able to influence the Supreme Court in its process of diagnosing problems and setting a priority agenda for future USAID and other donor supported assistance to the justice sector.

The Office of the Attorney General is making progress in modernizing the judicial sector, especially in criminal sector reform. One significant step forward was the establishment, under the new Constitution, of the Public Ministry (Office of the Attorney General) as an independent body with functional and budgetary independence. This year the Public Ministry finalized a draft organizational law, which is under review in Congress. This law, if approved, will legally establish the important new functions of the Public Ministry in making it the primary accusatorial body for the State and giving it substantial authority to investigate crimes. The draft penal code reform, finalized last year, is also in Congress and a revision of the criminal procedures code is being completed. The approval of this important package of

laws will establish an accusatorial and oral system as the primary mechanism for judicial proceedings. This monumental achievement would contribute to a more rapid judicial process and increase accountability by making trials open to the public.

A strong collaborative partnership is developing between USAID/Paraguay, the Supreme Court and the Attorney General's Office. When USAID recently held its week-long strategic planning workshop, members of the Court and Attorney General's Office actively participated. Working together with other donors/partners on the rule of law/Congressional strengthening team provided the opportunity to share points of view, identify problems and assure that mutually-agreed upon priorities were included in USAID's strategic objective framework. It also provided a forum to program the remaining activities under the current program. A rule of law working group was set up to oversee the USAID-supported program. For the first time, representatives from the Supreme Court, the Attorney General's Office and USAID/Paraguay are discussing issues within the context of the USAID program. The Mission feels confident this type of participation and partnership will help prevent some of the delays experienced in 1995 and facilitate results achievement over the next year.

## 2. Local Government

Decentralization is a topic that has been heavily debated this past year, but will take time before major advances can be made. A multi-sectorial and high level national commission on decentralization has been created which is chaired by the President of the House of Representatives. However political roadblocks and the desire to retain central control of programs and budgets have prevented much progress. USAID/Paraguay is working with the national commission by supporting a number of policy level seminars on various topics in order to establish a clearer understanding of decentralization, assist in the definition of needed legal reforms and develop an action plan for the next few years.

One idea is to move ahead with some "model programs" in decentralization. The Ministry of Health has been identified as a good candidate as they are taking the lead among government Ministries in transfer of responsibilities. Using the computerized budgeting system developed under USAID/Paraguay's health program, regional health authorities now develop their own health plans, including budget requirements. The Ministry of Health is the only ministry working closely with regional governments to transfer decision-making responsibility. The MOH has asked USAID/Paraguay for assistance in developing some pilot decentralized health programs to study various alternatives which can be applied to a larger government decentralization effort in the future.

In the area of local government, the Municipality of Asuncion continues to take the lead, with USAID/Paraguay support, to introduce principles of open government, public hearings and providing technical assistance on budgeting and planning to other municipalities. The city has organized 32 active neighborhood councils which have been instrumental in identifying and solving problems, planning neighborhood improvement projects and bringing issues to the attention of city officials for resolution. The lack of adequate financial and

human resources at the local level has slowed the process of replicating the successful financial and budgetary systems that USAID assisted the Municipality of Asuncion to develop in other municipalities.

### **3. Legislative Strengthening**

Congress continues to be hindered by poorly prepared staff, antiquated communication and information systems, and an inability to plan and prioritize its heavy workload. USAID/Paraguay assisted the Legislature realize some important achievements this year. This has included training and technical assistance to the Congress and in improving communication links with Congress and other important Ministries.

USAID has also encouraged other donors to invest in legislative strengthening. Both the European Union and IDB are developing important legislative assistance packages. The Europeans are providing equipment to upgrade internal communications within the Congress, while the IDB is providing technical assistance to help the Congress better organize priorities and improve information management. Coupled with these activities, USAID/Paraguay's training to Congressional staff and provision of important congressional resource materials are helping the Congress better carry out its legislative, oversight and representative functions. In addition, a recent competitive selection of Congressional staffers augurs well for a more professional Congress.

Because of the Mission's leveraging success in promoting other donor involvement in the sector, USAID/Paraguay will probably phase-out of its legislative strengthening assistance as it transitions into the management of its FY 1997-2000 Strategic Plan and program.

### **B. Environment**

Weak public-sector environmental institutions, high government turnover and limited Agency funding to support USAID/Paraguay's environmental strategic objective were key factors affecting performance this year.

The Ministry of Agriculture is the lead agency responsibility for natural resource management and implementation of the Master Plan for Protected Areas (SINASIP). While USAID actively participated in the design of this comprehensive plan a few years ago, little progress has been made on its implementation. This is primarily due to a large turnover of Ministry of Agriculture staff and lack of available budget resources.

Because of a heavy workload and lack of priority-setting, the Congress has been extremely slow to approve important multi-lateral loans which would provide major resources to implement the SINASIP. The approval of the European Union's \$20 million assistance package for environment has been stalled for months over issues concerning the Ministry of Agriculture's lack of progress on major internal restructuring.

Lack of USAID funding for environment has also been a problem which affected USAID/Paraguay's ability to plan and execute its environmental program. While LAC approved the Mission's expanded environmental program last year, only a small percentage of expected funds were available in FY 1995. Therefore, rather than working actively with the public sector to assist in the implementation of the overall SINASIP, the Mission refocused its efforts on a smaller but important part of the SINASIP, the private reserves program.

USAID is assisting a local environmental NGO in the development and management of an expanded network of private reserves. This is important as it will demonstrate to the Ministry of Agriculture the important role NGOs can play in natural resource management. USAID will also serve in an advisory capacity to the Ministry of Agriculture to continue leveraging in the design and implementation of other donor-supported environmental programs.

### **C. Population**

The population strategic objective was approved last year and the program has been functioning less than twelve months. Activities are exclusively implemented through Global PHN cooperating agencies and as monies were not transferred until late FY 1995, it has taken a little longer for the full program to get started. In fact, not until the Mission's recent strategic planning workshop did representatives from all cooperating agencies visit Paraguay to develop specific work plans and agreements with local partners. During this week-long session the strategic objective in population was carefully reviewed and slightly modified to more closely match the country's family planning priorities. Most important, a joint work plan was developed with host country officials, USAID/Paraguay and cooperating agency partners which will become a key component of the overall five year program. The program is expected to be fully operational by mid-1996.

The local family planning association, the Paraguayan Center for Population Studies (CEPEP) is a partner under the program. The center was recently audited by the International Planned Parenthood Association (IPPF) and a number of financial issues were raised. USAID/Paraguay is working closely with the IPPF to assure that audit recommendations are resolved so CEPEP will be able to be fully participate in the USAID program, along with other local NGOs.

### **D. Other**

There are some issues which have affected USAID/Paraguay program performance in 1995. They include:

Change in Mission Leadership - The new USAID Representative arrived in late 1995 and instead of focusing exclusively on the current program, more effort was placed on development of the new Strategic Plan for FY 1997-2000. This included carrying out

assessments in democracy and environment and an extensive review of the population program. It also involved planning a major strategic planning workshop with wide participation of 80 partners and customers to review current activities and plan for the new program. Therefore 1996 will be a transition year to complete current commitments and prepare for the new strategy and program which begins in FY 1997.

Performance Tracking System Never Developed - In last year's Action Plan, USAID/Paraguay reported a complete performance tracking system for all strategic objectives would be developed in 1995. This was never completed. It was also anticipated that a national survey would be conducted to measure citizen confidence in the legislative process, but this was not carried out. This makes it extremely difficult (if not impossible) to measure and quantify performance, if much of the baseline data and targets have not been established.

However this does not mean the program made no progress, it only means the performance data system was never fully developed. This is a major disadvantage when having to rank and grade program performance against established indicators and targets. To try to compensate for this deficit in 1995, USAID/Paraguay has attempted to provide quantifiable or "proxy" measures of performance along with additional qualitative descriptions of program accomplishments.

Donor Dialog Improved - There were many noteworthy developments in the area of donor dialog and coordination. In legislative strengthening, USAID worked closely with the European Union and IDB to jointly plan and reinforce efforts. The Ministry of Health asked USAID to take the lead in family planning donor coordination. The German/GTZ and IDB participated with USAID/Paraguay in a week-long strategic planning workshop to elaborate joint program support for the environment. There have been recent productive discussions with the Japanese Embassy on interest to develop joint programs in democracy and environment under the umbrella of the U.S./Japan Common Agenda.

### **III. Overview of Progress for each Strategic Objective**

#### **A. Democracy**

Agency Goal: Sustainable Democracies Built

Strategic Objective : Strengthened Democratic Institutions, Systems and Practices.

##### **1. Performance Progress**

This strategic objective includes judicial reform, strengthened citizen participation in legislative and local government, election support, and support for public sector financial management and accountability.

#### **a. Judicial Reform**

A major accomplishment this year was the selection and installation of the new Supreme Court Justices, Attorney General, and three Ministers to head the new Election Tribunal. These selections were carried out by the new Council of Magistrates, an independent nine member body established by the Constitution. For the first time in Paraguay's history, these positions were filled in accordance with merit-based criteria. The Council was busy for the remainder of 1995 selecting an additional 170 judges and other justice personnel. It is anticipated that the entire selection of all new justice personnel will be completed by the end of 1996.

Other important program highlights include: 1) conducting six seminars in alternative dispute resolutions for 1,200 judges, prosecutors, lawyers, professors, and university law students to become better acquainted with a number of dispute resolution options; 2) completing the penal code and Public Ministry organizational draft law which were sent to Congress for study and approval (the new penal code will replace the obsolete one which was enacted in 1914, while the Public Ministry law will incorporate the functions assigned to the Attorney General by the new Constitution); 3) continuing work on the reform of the criminal procedures code; 4) purchasing resource materials, computers and software for the Judicial Library, which is used by the judicial sector throughout the country; and 5) developing a Supreme Court action plan to identify problems, determine priorities and present projects and programs.

#### **b. Legislative Strengthening**

Paraguay has little experience in the modern functioning of a democratically-elected Congress. Both houses function on an ad hoc basis and need assistance to effectively carry out their legislative, oversight and representative mandates. This past year, USAID/Paraguay supported training/ technical exchange programs, set up important links to improve communication between Congress and other agencies, provided valuable critiques on important draft legislation and offered technical assistance/training on bill drafting to various Congressional committees.

USAID/Paraguay's Legislation 2000 program has been a major source of training/technical assistance to legislative staff. Highlights of the year include:

- training over 100 staff members in legislative management, legislative computer processing and research methods. Ten staff traveled to Chile on a study tour to observe the country's Congressional system;
- technical exchange and internships with Chile's Congress for four general secretaries and administrators;

- training 60 staff in economic development, decentralization and privatization;
- conducting a national workshop for approximately 30 Congressmen, NGO representatives and government personnel on health decentralization; and
- sponsoring seven regional workshops on budgeting for regional health authorities and municipalities, with approximately 250 local and regional health workers attending.

USAID-technical assistance established a computer link between the Joint Budget Committee (JBC) of the Congress, and the Ministry of Finance's national budget system. This now allows the JBC to have immediate access to budget information critical for Congressional Budget Hearings and general budget monitoring. Three JBC Senators and the Ministry of Finance Budget Director visited the United States to observe States' Legislatures and their budget process.

A second computer link was established between the House Health Committee (HHC) and state legislatures, municipal councils and the Ministry of Health. Now active local and state-level participation in development and monitoring of the national health budget is possible. This is major step forward in developing grass-roots citizen participation in transparent government-run programs.

#### c. Elections

Paraguay's 1992 Constitution provides for the creation of a new independent Election Tribunal and in early 1995 three Ministers were selected to direct the work of the new agency. The first major election, under the responsibility of this new group will be the November 1996 municipal elections. A new voter registration system was developed and registration is currently underway through June 1996. However, due to delay in holding the internal Colorado Party elections, bad weather, and an almost lack of public education/promotion campaigns, up until now, turnout has been lower than expected.

The Organization for American States (OAS) is providing badly needed technical assistance, but the Election Tribunal needs additional support in order to capably manage their first important election. In preparation for the Mission's strategic planning workshop, an election assessment was carried out to identify immediate and long term needs of the Election Tribunal and NGOs working in civic education. In December 1995, USAID/Paraguay sponsored a local donors conference to solicit support for the municipal elections. This conference produced approximately \$800,000 in donor pledges.

#### d. Local Government and Decentralization

USAID/Paraguay supports improved management of local government through increased citizen participation and strengthened financial management. This year with USAID support,

the Municipality of Asuncion completed the modernization of its budget and financial management system which resulted in a streamlining of its revenue collection. As a result, they were able to increase revenue collection markedly in 1995.

Probably the highlight of the year was the landmark budget hearings held by the Municipality of Asuncion. At this first-ever open hearing, over 300 participants from different socio-economic strata participated and 100 citizen-initiated proposals were presented. Because of the success of this budget hearing, other municipalities and states have successfully organized and carried out similar hearings and open town meetings.

The City of Asuncion also introduced new draft legislation on open government using the model of Florida's "Sunshine Laws". These laws will allow public access to municipal and county documents and meetings. Asuncion's Mayor, the City Council and local citizens are all anxious to pass these ordinances to ensure transparency in public administration and accountability of local elected officials and public servants. These laws are being drafted and should be passed sometime in 1996.

Many other municipal governments expressed interest in developing improved planning skills, especially in the area of fiscal management and accountability. USAID/Paraguay supported training of local government personnel from fifteen municipalities in financial management and budget modernization, using the Asuncion model.

USAID/Paraguay also supported some successful "participatory planning" workshops with local community groups and local government officials on a series of environmental issues. A open forum was held with eighteen municipalities in Paraguay's most heavily populated Central Department to discuss serious pollution problems of the department's Lake Ypacaraí. During heated and productive open discussions, local environmental NGOs, real estate developers and the municipalities were able to reach a consensus on how to decrease erosion and organize an active campaign to clean up the lake.

In the health sector, USAID/Paraguay completed its management strengthening program with the Ministry of Health this year. Highlights of program include:

- installing a centralized budget and planning system in 1991;
- introducing a financial information system which captures costs and expenditures;
- creating a computerized inventory system, which is functioning at the central level;
- conducting a personnel study;
- training of 200 hospital administrators and managers in a six module course

over a one year period; and

- carrying out a pilot quality assurance exercise in two hospitals.

**Based in part on the success of this program, the Ministry of Health is now better able to decentralize its program and services. Regional health commissions have been established and are managing an increased portion of resources transferred from the central ministry.**

## 2. Summary of Performance Data

**Table: Strategic Objective Performance**

<b>STRATEGIC OBJECTIVE NO. 1: Strengthened democratic institutions, systems and practices</b>				
<b>Indicator: Citizen confidence in the legislative process</b>				
<b>Unit: To be determined</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Mass media info 1995 National Survey</b>	<b>Baseline</b>	1994		45%
<b>Comments: The baseline democracy survey to document public confidence in the legislative process was not carried out as planned. It was decided to wait and determine if this survey would still be required within the context of the new Strategic Plan. In fact, an expanded democracy survey will be carried out in June 1996 which will measure citizen involvement and satisfaction in sub-national governments, access to justice, the election process, civil-military issues and the legislative process. These data will be used as a baseline for the new Strategic Plan.</b>	<b>Target</b>	1995	65%	Data not yet available
<b>Indicator: Criminal cases adjudicated that are pending over one year in Asunción courts</b>				
<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Departamento de Cómputos del Poder Judicial</b>	<b>Baseline</b>	1992		18.6%
<b>Comments: Even though the Supreme Court suspended use of the case tracking system in June 1995, unofficial national figures for last year indicate that of the 50,000 pending cases, 10,000 were reviewed using both the case-tracking system and a manual system. The case-tracking management system is under review and once modifications are made should be back on line in late 1996.</b>		1994	30%	20%
	<b>Target</b>	1995	35%	20%

<b>Program Outcome 1.1: Strengthened citizen participation in the decision-making process</b>				
<b>Indicator: Civic and public interest organizations that lobby Congress on sustainable development issues</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Press releases and NGO community bulletins</b>	<b>Baseline</b>	1994		5
<b>Comments: There are more than ten NGOs and public interest organizations involved in lobbying Congress on sustainable development issues. Organizations such as Alter Vida, the Moises Bertoni Foundation and Vida Silvestre are active in environmental issues. Other organizations include those who lobby for economic development (CEPPRO), agrarian reform (CPES, CDE, and CADEP), elections and civic education (Sumando, Decidamos, Women for Democracy) and drug awareness (Prever). USAID has only been indirectly involved in these efforts to date.</b>	<b>Target</b>	1995	8	10
<b>Indicator: Public planning meetings held by municipal governments within pilot areas</b>				
<b>Unit: Number of meetings</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Press releases</b>	<b>Baseline</b>	1993		3
<b>Comments: In addition to the extremely successful public budget hearing held by the Municipality of Asuncion, with over 300 in attendance, there were at least ten additional municipalities which also held public hearings on issues ranging from budgets to urban environmental issues. While exact counts were not closely monitored, we feel confident that many more public hearings and public planning meetings actually took place during the year than the number we can confirm and are reporting.</b>		1994	4	3
	<b>Target</b>	1995	5	11
<b>Indicator: Free and honest elections held</b>				
<b>Unit: Category: Yes/No</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b>	<b>Baseline</b>	1993		Yes
<b>Comments: No elections were scheduled for 1995 however the new Election Tribunal was established and began preparations for municipal elections. This has included design of a new voter registry (the last time the complete registry was developed was in 1920) and managing the new voter registration process, which is currently underway.</b>		1994	N/A	N/A
	<b>Target</b>	1995	N/A	N/A

<b>Program Outcome 1.2: Strengthened judicial systems to support timely and impartial prosecution of cases</b>				
<b>Indicator: Established case-tracking system throughout all Asunción courts</b>				
<b>Unit: Category - Jurisdictions</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Departamento de Cómputos del Poder Judicial</b>	<b>Baseline</b>	1992		None
<b>Comments: The case-tracking system was installed in the Asunción Criminal Court in early 1995. However, the newly appointed Supreme Court suspended its use in June 1995 until it has a chance to work out some mechanical difficulties with the system and make some modifications. It is expected that the system will be back on line in late 1996.</b>		1994	Criminal	None
	<b>Target</b>	1995	Criminal	Yes
<b>Indicator: System established for merit-based selection and promotion of professionals</b>				
<b>Unit: Number of Judges</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Departamento de Cómputos del Poder Judicial</b>	<b>Baseline</b>	1992		0
<b>Comments: The new Magistrates Council, an independent body to assure the merit-based selection of judges and judicial personnel, became fully operational this year. The council identified/recommended to Congress nine new Supreme Court Judges, the Attorney General and the three Ministerial level Directors of the new Election Tribunal. They are now completing selection of all remaining judges and judicial personnel which will be completed by the end of 1996.</b>		1994	320	0
	<b>Target</b>	1995	320	170
<b>Indicator: Pre-trial release for those entitled to prison exemption while they await trial within Asunción court system</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Departamento de Cómputos del Poder Judicial</b>	<b>Baseline</b>	1994		500
<b>Comments: Data unavailable because the Supreme Court suspended use of the case tracking system in June 1995. The data are expected to be available after the case tracking system is reinstalled in late 1996.</b>	<b>Target</b>	1995	1,000	Data Unavailable

<b>Program Outcome 1.3: Improved public sector financial management and accountability</b>				
<b>Indicator: Percent of the national budget audited by the Controller General</b>				
<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Office of the Controller General</b>	<b>Baseline</b>	1992		26%
<b>Comments: Data for 1994 and 1995 are Controller General estimates. Targets were not met due to insufficient qualified personnel and financial resources of the Controller General. USAID has not provided assistance to the Controller General's office since 1993, when we provided one year of technical assistance to train staff, and develop procedural manuals. In 1995, a new pro-active Controller General was appointed. This is an area under review for the new Strategic Plan.</b>		1994	60%	40%
	<b>Target</b>	1995	75%	45%
<b>Indicator: Unified budget system established within Ministry of Health</b>				
<b>Unit: Category: Yes/No</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Ministry of Health and USAID/Paraguay</b>	<b>Baseline</b>	1992		No
<b>Comments: The Ministry of Health completed installation of a new and unified budget in early 1995 within its central headquarters and the Regional Department of Cordillera. The system was also demonstrated to other Ministries.</b>		1994	Yes	No
	<b>Target</b>	1995	Yes	Yes
<b>Indicator: Selected states and municipalities with improved budget systems in operation</b>				
<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: USAID/Paraguay and local municipalities</b>	<b>Baseline</b>	1994		0
<b>Comments: While behind schedule, there has been a lot of progress in this area. USAID-funded consultants in budget, financial management and computer programming made eight separate visits to assist the Municipality of Asunción to upgrade its budgetary planning and financial management systems. These consultants also worked with three separate departments within the municipality and trained 30 employees in financial management and budgeting. Municipal department heads also received detailed assistance in the design and upgrading of their systems.</b>	<b>Target</b>	1995	5	1
<b>Based on this experience, training was initiated in an additional 15 municipalities on how to modernize their budgetary/financial systems. An investigatory/research meeting and training workshop was held for 50 city planners from these municipalities.</b>				
<b>Although only one municipality was actually able to install an improved budget system, an additional 15 are currently receiving training in this area.</b>				

### 3. Analysis of Data

During the Mission's strategic planning workshop with partners and customers the group reviewed findings from the recent USAID-funded Democracy Assessment and analyzed progress to date under current programs. It was determined by the team that USAID/Paraguay's democracy strategic objective and many intermediate/ program results and indicators needed to be revised or dropped completely.

Many indicators depend on the functioning of the case-tracking and management system which was installed, but put on hold until the problems in the system are resolved. Also, the current performance data table is an incomplete measure of program progress and accomplishments. Therefore, we included descriptive data to capture program accomplishments and performance. Rather than modify the performance data table, it was decided to concentrate efforts on the development of the new Strategic Plan.

### 4. USAID Donor Leveraging

In close coordination with other donor programs, USAID/Paraguay's current and future strategy builds on the plans of its partners and customers to achieve a more democratic system of government. Paraguayans are committed to reform as demonstrated by their willingness to take on and work through the many difficult issues associated with constitutional reform, direct popular elections, open municipal hearings and the decentralization of selected services, such as health care. Additionally, the GOP judiciary budget has substantially increased in recent years, aimed at guaranteeing the financial autonomy necessary to carry out proposed sectorial reforms. The Paraguayan people's recent strong stand against a coup attempt is testimony to the public's commitment to staying the democracy course.

The IDB program in municipal strengthening is focusing on updating urban cadasters which will allow municipalities to improve their revenue raising abilities. The focus of USAID/Paraguay efforts will be on how to administer, budget and account for those funds as well as encourage the inclusion of the community in the decision-making process for utilizing municipal resources.

USAID/Paraguay leveraging efforts have and will continue to help focus other donor resources on resolving key constraints to consolidating democracy. At the request of Paraguay's Electoral Tribunal, USAID/Paraguay financed a \$25,000 electoral assessment to help this newly constituted electoral institution prepare for the rapidly approaching November 1996 municipal elections. USAID/Paraguay then financed a subsequent \$75,000 donor conference in December 1995 to disseminate the findings of the assessment and generate donor support. Following the conference, approximately \$800,000 was promised by other donors, including the OAS, Japan and Switzerland. This represents about a one to eight leveraging ratio of USAID to other donor dollars.

Regarding legislative assistance, USAID/Paraguay has been so successful at leveraging other donor support that we will probably be able to transition out of the sector and begin focusing on other democracy issues. The Mission has worked with the European Union and the IDB in the development of their respective legislative strengthening programs.

#### 5. Summit of the Americas

The Mission's strategic objective in building democracy is directly supporting two of the Summit of the Americas initiatives, (1) strengthening democracy and (2) invigorating society and community participation. As outlined above, democracy strengthening activities are at the core of the USAID program in Paraguay. The Mission supported activities in the areas of judicial reform, legislative strengthening, facilitating the carrying out of free and fair elections, local government strengthening as well as encouraging the decentralization process all contribute directly to strengthening Paraguay's emerging democracy.

Through Mission sponsored activities such as, joint municipal and community urban planning and the introduction of new citizen participation mechanisms like public hearings, the role of civil society is invigorated and community participation increased. These initiatives give special consideration to traditionally marginalized groups, including women, youth and the poor. USAID/Paraguay's program promotes broad participation in public issues and is aimed at encouraging transparency and accountability at all levels of government. All of these activities are in direct correlation with the goals of the Summit of the Americas in enhancing democracy.

USAID/Paraguay's new strategic plan builds and expands upon these past experiences in strengthening democracy.

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***LEVERAGING JUDICIAL REFORM : USAID leadership in supporting Paraguay's transition to democracy has set the pace for the donor community. Modest USAID investments have been critical in helping the GOP to manage the democratic transition and to leverage substantial donor resources toward the sector. Since 1990, USAID/Paraguay has invested less than \$1 million in rule of law programs. Our exemplary work with the judiciary and a June 1995 \$85,000 judicial sector assessment have helped guide design of the \$13 million judicial component of the IDB's Modernization of the State loan, expected to be approved shortly. This represents an impressive leveraging ratio of about \$13 IDB dollars for every USAID dollar.***

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## **B. Environment**

**Agency Goal: Environment Managed for Long-Term Sustainability**

**Strategic Objective: More Sustainable Management of Natural Resources**

### **1. Performance Progress**

USAID/Paraguay is playing an important leadership role in building consensus and awareness of environmental problems, setting priorities for protection and sustainable development of protected areas, helping local landowners and communities implement sound land management practices, and increasing capacity for local governments to develop environmental plans in participation with their communities.

During 1995 USAID/Paraguay continued to support the implementation of Paraguay's National Protected Areas Plan (SINASIP). The plan calls for sustainable land use through a system of public and private reserves. While USAID/Paraguay expected to support both parts of the plan, due to Agency funding limitations, the Mission was forced to change its strategy and focus only on the creation and management of a private reserve system. However, work in development of a private reserve network is extremely important as over 95% of Paraguay's land is privately owned and any intervention to slow deforestation must be implemented collaboratively with the private sector.

#### **a. Environmental Education**

USAID supported the work of a local environmental NGO to build consensus and awareness of environmental problems. Major accomplishments this year included:

- conducting the first national environmental awareness survey;
- signing an agreement with the major television and radio stations to air radio and commercial spots developed by the NGO on various environmental topics; and
- providing technical assistance and environmental training to the Ministry of Education's largest teacher training center.

#### **b. Private Reserves Program**

Achievements in the USAID-funded Private Reserves Program included:

- preparing a management plan for three private reserves;
- developing an eco-tourism plan for a private reserve;

- supporting a tri-national conference for conservation of the Interior Atlantic Forest;
- working with a British PVO to conduct biodiversity studies in 14 protected areas; and
- sponsoring a major conference to update the Paraguayan list of endangered species, with over 40 scientists.

**c. Environmental Planning**

**This important new program coordinates activities between regional governments, local municipalities, and community groups in order to identify environmental problems and develop/implement environmental action plans. An innovative feature of this program is the participatory process used to encourage communities to work together to reach consensus on environmental problems and measures to solve them.**

**The local NGO implementing the program has already achieved some impressive results. They include:**

- signing an agreement with the Central Department to assist with overall environmental planning for Paraguay's most populated state;
- signing an agreement with the Congress to provide technical assistance on the development and review of draft environmental legislation as it relates to local governments;
- conducting a workshop with 14 municipalities of the Central Department to identify environmental problems within their jurisdictions; and
- working with young community volunteer groups and teaches to prepare manuals on local environmental problems and community participation.

## 2. Summary of Performance Data

**Table: Strategic Objective Performance**

<b>STRATEGIC OBJECTIVE NO. 2: More sustainable management of natural resources.</b>				
<b>Indicator: Percentage of target populations who adopt alternative economic activities</b>				
<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: USAID Paraguay</b>	<b>Baseline</b>	1994		TBD
<b>Comments: The USAID funded private reserves program, implemented through the local Moisés Bertoni Foundation has effectively promoted alternative economic activities in the buffer-zones of the two major national parks and two priority conservation areas of Paraguay. The activities include sustainable palm heart extraction and eco-tourism. Due to budget constraints the Mission was unable to identify and quantify target populations.</b>	<b>Progress</b>	1995	TBD	Data not yet available
<b>Indicator: Percentage of land as protected area</b>				
<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Paraguayan National Parks Department Moises Bertoni Foundation.</b>	<b>Baseline</b>	1993		4.4
<b>Comments: USAID/Paraguay had hoped to work in a broad range of public and private conservation initiatives. It has chosen however, to focus its limited funding on the private reserves. The major technical assistance required by the public sector is beyond USAID/Paraguay's ability to provide assistance given limited resources. This year 365,000 acres were evaluated for potential inclusion in the program and of this amount, approximately 197,000 acres or six new private reserves were incorporated into the Ministry of Agriculture's Plan for Protected Areas (SINASIP). It is expected that at least six new reserves will be created each year for the next three years.</b>	<b>Progress</b>	1995	5.0	4.6
<b>Indicator: Percentage of target population with access to waste disposal systems</b>				
<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: CORPOSANA/SENASA</b>	<b>Baseline</b>	1994		17-25%
<b>Comments: This indicator is based on the expectation that USAID/Paraguay would have a Housing Investment Guarantee (HG) program. The proposed program would have funded urban environmental infrastructure, including waste disposal systems. The HG was not approved for FY 1996 and therefore no achievement could be measured.</b>	<b>Progress</b>	1995	18-26%	
<b>Indicator: Number of target industries that have adopted pollution control technologies</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Environmental Pollution Prevention Program (EP3)</b>	<b>Baseline</b>	1994	0	0
<b>Comments: This program began in late 1995. It is off to a good start and has developed an excellent implementation plan. The program is targeting the top eight industrial sectors of Paraguay. The program has established an office in the local industrial association, completed a survey of the most polluting industries and carried out assessments in selected tanneries and slaughterhouses, two major industrial polluters. Most target industries should receive assistance by 1997.</b>	<b>Progress</b>	1995	8	1 (in process)

<b>Program Outcome 2.1: Strengthened institutional capacity for pollution control</b>				
<b>Indicator: Number of municipalities that have received new waste disposal technology</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Alter Vida</b>	<b>Baseline</b>	1994		0
<b>Comments:</b> Four municipalities in the Central Department received technical assistance on solid waste disposal for their communities. A local USAID-supported NGO, Alter Vida, also assisted the Central Department and the city of Asuncion in an evaluation of regional solid waste disposal facility. However the focus of the program has been redirected to supporting greater citizen participation in the identification and solution of urban environmental problems.	<b>Progress</b>	1995	9	4
<b>Indicator: Number of industrial facilities monitored by SENASA*</b>				
<b>* To be considered during the development of the new Strategic Plan.</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: EP3 Paraguay</b>	<b>Baseline</b>	1994		
<b>Comments:</b> The National Environmental Sanitation Service (SENASA) is the primary pollution control agency in government. The recently approved environmental crime law which, coupled with increasing citizen demands to stop pollution, have given SENASA increased incentive to place demands on industry to clean up their pollution. USAID/Paraguay, through its EP3 program, is preparing an agreement with SENASA to provide them with training on ways to incorporate financial incentives to industries who adopt pollution prevention activities. SENASA monitoring will begin in early 1997.	<b>Progress</b>	1995		

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<b>Program Outcome 2.2: Strengthened national park system</b>				
<b>Indicator: Number of reserves with sustainable management plans</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Moises Bertoni Foundation National Parks Department</b>	<b>Baseline</b>	1994		13
<b>Comments: USAID support for the Private Reserves Program has already yielded some impressive results. Comprehensive management plans were developed for two large private reserves in the Atlantic Forest and Chaco ecosystems, both of which are hemispheric conservation priorities. The thirteen management plans reported last year are being revised to adequately meet all the criteria required for the new comprehensive plans. This includes: financial planning, biological monitoring, sustainable development and use of resources, among other issues. No management plans were prepared for the public reserves but it is expected that the comprehensive plans for private reserves will be used as models for the national park system as they prepare their own plans.</b>	<b>Progress</b>	1995	17	15
<b>Indicator: Number of trained Paraguayan park guards</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: National Parks Department Peace Corps</b>	<b>Baseline</b>	1994		50
<b>Comments: Through a PASA agreement with the Peace Corps, 32 guards from the National Park Service were trained. An additional park guard was sent for training in the U.S. at the prestigious University of Colorado course on protected areas management. He has been able to apply his skills in the Chaco region's Teniente Enciso National Park, home to the endangered Tagua peccary. More extensive training is needed for all the guards, but unfortunately will not be possible with the limited funds available.</b>	<b>Progress</b>	1995	65	33

<b>Program Outcome 2.3: Sustainable alternative economic activities disseminated in target areas</b>				
<b>Indicator: Number of people or communities participating in pilot sustainable alternative economic activities in buffer zones targeted by USAID</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Moises Bertoni Foundation Alter Vida</b>	<b>Baseline</b>	1994		30
<b>Comments: USAID/Paraguay supports two local NGOs who in turn continue to provide institutional support for 30 communities situated in buffer zones of the two large private protected areas. The implementation of sustainable economic alternatives such as eco-tourism and palm heart extraction mentioned above have been developed by land owners, indigenous communities and campesino colonies.</b>	<b>Progress</b>	1995	30	30

### 3. Analysis of Data

All indicators under the environment program were preliminary and in many cases the baseline and targets were incomplete. The performance data plan was going to be modified and finalized as part of the development of a full environmental strategic objective. The above indicators were drafted based on a \$12.5 million NAD submitted and approved in last year's Action Plan. However actual FY 1995 funding was limited to 20% of USAID/Paraguay's requested resource level. The HG was also not approved. It was therefore impossible to fully achieve results as measured against indicators prepared for higher funding levels. For this reason, many performance targets fell short of expectations while others were not attained. The new emphasis for the SO, under the reduced environmental program, was on participatory relationships among local governments, reserve managers and local community groups living in and around fragile protected areas.

### 4. USAID Donor Leveraging

USAID/Paraguay program and institutional support to local environmental NGOs has increased their ability to generate substantial donor investments. Over the past year the Moises Bertoni Foundation received \$100,000 from the Japanese to purchase equipment and make infrastructure improvements in the Mbaracayu Nature Reserve. Due to the success of the work done under the USAID Parks-in Peril program, the Japanese Government have also expressed interest in developing a joint program with USAID under the U.S./Japan Common Agenda which would continue support for the private reserve program. The IDB and European Union also supported eco-tourism projects and other private initiatives to be developed on and around the private reserves.

### 5. Summit of the Americas

The Mission's limited program in the environment supports the Summit of the Americas initiatives for the (1) partnership for biodiversity as well as for the (2) partnership for pollution prevention. USAID/Paraguay successfully submitted two proposals to the Environment Initiatives of the Americas (EIA) to assist Paraguay in the areas of environmental trade and legislation and environmental pollution prevention. This new legislation activity will support the development of a legal and regulatory framework which helps protect and manage natural resources within the context of the many new regional and trans-boundary agreements in the economic and social issues that Paraguay has entered into over the last few years. The other proposal has allowed the Mission to initiate the Environmental Pollution Prevention Program (EP3) which will target specific industries to implement pollution prevention mechanisms in a joint partnership with local governments and community groups.

The Mission's private reserves program has introduced alternative strategies for the conservation and sustainable use of unique bio-diverse areas. This activity has developed management plans to establish and strengthen the administration of parks and reserves while

seeking links for the economic, social and ecological benefits for local groups. USAID plans to continue supporting the Summit's environmental initiatives through assistance to the GOP and cooperating NGOs under its new strategic plan.

### **C. Population**

**Agency Goal: Stabilized World Population**

**Strategic Objective: Increased Use of Voluntary Family Planning**

#### **1. Performance Progress**

The population strategic objective was only approved in last year's Action Plan. Major events for the year included conducting a national reproductive health survey and holding a major strategic planning exercise to further develop the five year implementation program with our partners.

The USAID/Paraguay population program is helping the country address the serious problems of high population growth and maternal mortality rates through increased use of family planning services. Even though USAID funded limited population and family planning activities in the past, it was not until 1994 that the GOP made reproductive health and family planning a priority. One of the major accomplishments this year was the completion of a national reproductive health survey. Preliminary data are now being analyzed and will provide a baseline for preparing the five year family planning program. The survey included a comprehensive module on young adults which will provide valuable information for special programs targeted at this high risk group. The survey will also provide a clear definition of the unmet need for family planning services as well as important background information for this sector which will be critical for appropriate program implementation. Additionally, for the first time ever, an accurate measurement of maternal mortality will be available.

An expert on contraceptive logistical management made a preliminary visit to Paraguay to briefly review the Ministry of Health and CEPEP contraceptive distribution systems. The consultant will return in June 1996 to carry out a full assessment. Three key MOH family planning administrators received targeted training in other countries and plans are now underway to implement an integrated young adult and adolescent education program with both public and private sector entities in the near future.

Probably the most important activity during the past year, as was mentioned earlier, was the Mission's strategic planning workshop which brought together government and private sector health care providers, local partners, other interested donors and the USAID funded cooperating agencies for a week-long joint planning session to refine USAID's population objective and, together, develop a program work plan. This type of close coordination is critical, especially given the fact that the entire program will be implemented through Global

**PHN cooperating agencies.**

**The Mission is also closely coordinating its efforts with UNFPA. USAID/Paraguay has been asked to participate with the UNFPA program development mission to take place later this year so as to assure that our programs are complementary and mutually reinforcing. It is expected that within six months, all USAID sponsored cooperating agencies will have initiated their activities as laid out in the consensus work plan.**

## 2. Summary of Performance Data

**Table: Strategic Objective Performance**

<b>STRATEGIC OBJECTIVE NO. 3: Increased use of voluntary family planning services</b>				
<b>Indicator:</b> Estimated couple-years of protection provided during a one year period based on volume of all contraceptives sold or distributed				
<b>Unit:</b> Years		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Ministry of Health CEPEP program service statistics	<b>Baseline</b>	1994		50,000 (CEPEP) 70,000 (MOH)
<b>Comments:</b> This indicator assumed progress to take place in logistics management and inventory control at national, regional and local levels which, the MOH will not begin until mid-1996.	<b>Progress</b>	1995	55,000 (CEPEP) 75,000 (MOH)	50,000 (CEPEP) 68,000 (MOH)
<b>Indicator:</b> Proportion of women of reproductive age in union using (or whose partner is using) a modern contraceptive method at a particular point in time (contraceptive prevalence)				
<b>Unit:</b> Ratio		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> 1995-1996 Reproductive Health Survey 1990 Demographic and Health Survey	<b>Baseline</b>	1990		35%
<b>Comments:</b> The 1995-1996 survey results indicate the target was surpassed for this year.	<b>Progress</b>	1995	40%	42%

<b>Program Outcome 3.1: Expanded access to family planning services</b>				
<b>Indicator: Number of service delivery points located within target areas</b>				
<b>Unit: Number and type of service</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Ministry of Health CEPEP program statistics</b>	<b>Baseline</b>	1995		148 CEPEP 300 MOH
<b>Comments: The current baseline data are estimated. Once the exact survey data is available, selected target areas and service delivery points will be identified and a plan of activities developed. This is expected to occur within the next six months.</b>	<b>Progress</b>	1996		
<b>Indicator: Number of providers of family planning services in target areas</b>				
<b>Unit: Number</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Ministry of Health CEPEP program statistics</b>	<b>Baseline</b>	1995		300 CEPEP
<b>Comments: The current baseline data are estimated for CEPEP and unavailable for MOH. Once the exact survey data are available, selected target areas, service delivery points and service providers will be identified and a plan of activities developed. This is expected to occur within the next six months.</b>	<b>Progress</b>	1996	310 CEPEP	350 CEPEP
<b>Indicator: Percentage of target population who know at least one source of contraceptive service/supplies</b>				
<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: 1995-1996 Reproductive Health Survey 1990 Demographic and Health Survey</b>	<b>Baseline</b>	1990		85%
<b>Comments: This is based on the most recent survey results. It is assumed that another reproductive health survey will be conducted in 1999 as an end of program measurement. See section on Analysis of Data for further explanation.</b>	<b>Progress</b>	1995	86%	88%

<b>Program Outcome 3.2: Strengthened institutional capacity to provide quality family planning services</b>				
<b>Indicator:</b> Percent of MOH and CEPEP storage capacity available which meets acceptable standards with respect to temperature, humidity and ventilation				
<b>Unit:</b> Percent		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Ministry of Health and CEPEP commodities and logistics management information system	<b>Baseline</b>	1994		50%
<b>Comments:</b> These are only estimates. A contraceptive logistics expert visited and made a preliminary assessment of both CEPEP's and the MOH's central warehouse capacity. Central warehouses meet acceptable standards. A complete analysis will be carried out during June, 1996 to include regional storage facilities.	<b>Progress</b>	1995	55%	55%
<b>Indicator:</b> The percentage of service delivery points (SDP's) that encountered a stock-out of any method/brand during the past 12 months (frequency of stock-outs)				
<b>Unit:</b> Percent		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Ministry of Health and CEPEP commodities and logistics management information systems.	<b>Baseline</b>	1994		50%
<b>Comments:</b> This information is not yet available. Once the full logistics management assessment is completed targets can be set and accurate projections made for future years. The assessment will be carried out in the second half of 1996. Personnel will be trained to provide, on a permanent basis, accurate data and targets as well as develop monitoring mechanisms.	<b>Progress</b>	1995	45%	
<b>Indicator:</b> Percentage of key program staff that have been trained in contraceptive logistics management relevant to their job responsibilities.				
<b>Unit:</b> Percent		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Ministry of Health and CEPEP personnel records.	<b>Baseline</b>	1994		0%
<b>Comments:</b> Training is expected to start by mid-1996. "Key personnel" are defined as those with significant responsibility for procurement, storage, distribution and/or dispensing of commodities.	<b>Progress</b>	1995	5%	Data not yet available

**Program Outcome 3.3: Improved capacity for financially sustainable delivery of family planning services**

**Indicator:** Income generated by CEPEP from sales of commodities and from fees charged for services, by type of service and by clinic or service delivery point.

<b>Unit: Percent</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> CEPEP program service statistics	<b>Baseline</b>	1994		15%
<b>Comments:</b> Expressed as a percent of total locally generated income from service delivery fees.	<b>Progress</b>	1995	25%	35%

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### **3. Analysis of Data**

The program began in 1995 and while many activities have been initiated, there has not been significant measurable progress yet. These indicators were carefully reviewed during the Mission's strategic planning process and it is clear that baseline and projected progress data need to be reviewed.

### **4. USAID Donor Leveraging**

There are two other major international donors working in the population sector. The UNFPA which provides program support to the public sector, including most of the contraceptive supplies used by the MOH, and the Pan American Health Organization (PAHO), who along with UNICEF to a lesser degree, provide technical assistance to primary health care programs including reproductive health and family planning. Both donors have a long history of assistance to Paraguay and are expected to continue support and program coordination for the duration of the USAID Strategic Plan.

As discussed earlier, GOP commitment to family planning is fairly recent, but it is expected to be a major partner in accomplishing many of the goals described in this objective. Public sector facilities are currently estimated to supply 25% of users, the largest percentage of users after private pharmacies. The primary vehicle for expanding family planning services and improving quality in the future will be through MOH facilities and service providers. USAID will provide programmatic guidance as well as complementary funding to assist the MOH develop a sustainable family planning services program.

### **5. Summit of the Americas**

The USAID/Paraguay Mission under its population program supports one of the Summit of the Americas major initiatives of equitable access to basic health services. The Mission's focus on increased use of family planning services addresses the severe need to provide adequate access to these services which, in turn, impacts directly on maternal and reproductive health care. This activity has completed an important national reproductive health survey which will assist in the development of national maternal and reproductive health action plans. USAID/Paraguay will continue to strengthen both the public and private family services delivery systems under its population initiative.

### **D. Other**

USAID/Paraguay supported three cross-cutting activities which include economic policy reform, participant training and low-income housing.

#### **1. Economic Policy Reform**

USAID continued to support the Center for Promotion of Economic Liberty and Social

Justice (CEPPRO), to conduct independent analyses and reviews of select economic draft laws. Taking into account the tremendous backlog of over 600 draft bills in Congress, this type of professional review and critique is welcomed by legislative committees. Pinpointed lobbying by CEPPRO has gained early review and passage of important economic reform legislation. During the past year CEPPRO has reviewed and analyzed 22 draft laws, which resulted in 17 being approved by Congress and 12 signed into law by the Executive branch. One ground breaking law in which CEPPRO was involved was the privatization of the government-run airline, which represented an important first step in the country's privatization program. Technical assistance was also provided to the Executive branch to assist them in the review of draft laws which also expedited decision-making and approval process.

## 2. Participant Training

In 1995 USAID/Paraguay sent 14 participants abroad for long term training, five of which went to the U.S. and nine others to third countries. Participants in this program are pursuing studies in economics, business administration and fundamental environmental issues. Upon completion of their training, the program participants will return to Paraguay to apply their newly gained knowledge in key public and private institutions. An additional five participants traveled for short term courses outside of Paraguay. Including the 1995 students, there are now a total of eight participants in long term training courses in the U.S. and 13 others in third countries.

## 3. Low Income Housing

The successful low-income housing activity, carried out by the Cooperative Housing Foundation (CHF), concluded at the end of FY 1995. This activity was accomplished with the active participation of the Paraguayan Federation of Savings and Loan Cooperatives (CREDICOOP) and with assistance from the Peace Corps. During FY 1995, the last year of this activity, 93 home improvement loans, averaging a total of \$ 1,850 were made to low-income families using GOP funds.

During the two-year life of the project a total of 280 families received basic home improvement loans, benefitting 1,386 people in total. The GOP provided over \$ 520,000 for this activity during the project period, which was channeled to 20 credit unions located throughout the country. Approximately 150 cooperative board members and staff were trained in areas such as accounting systems, loan qualification, loan disbursement and follow-up methods, recuperation techniques, housing finance options and budget preparation.

This project has since become the model for similar GOP housing initiatives. Furthermore, the success of this project lead the GOP and the Inter-American Bank to revise their current \$ 56 million new core housing loan to include the cooperative sector which was originally excluded from participating. The cooperative sector is now deemed an appropriate and dependable housing delivery mechanism for low income families.

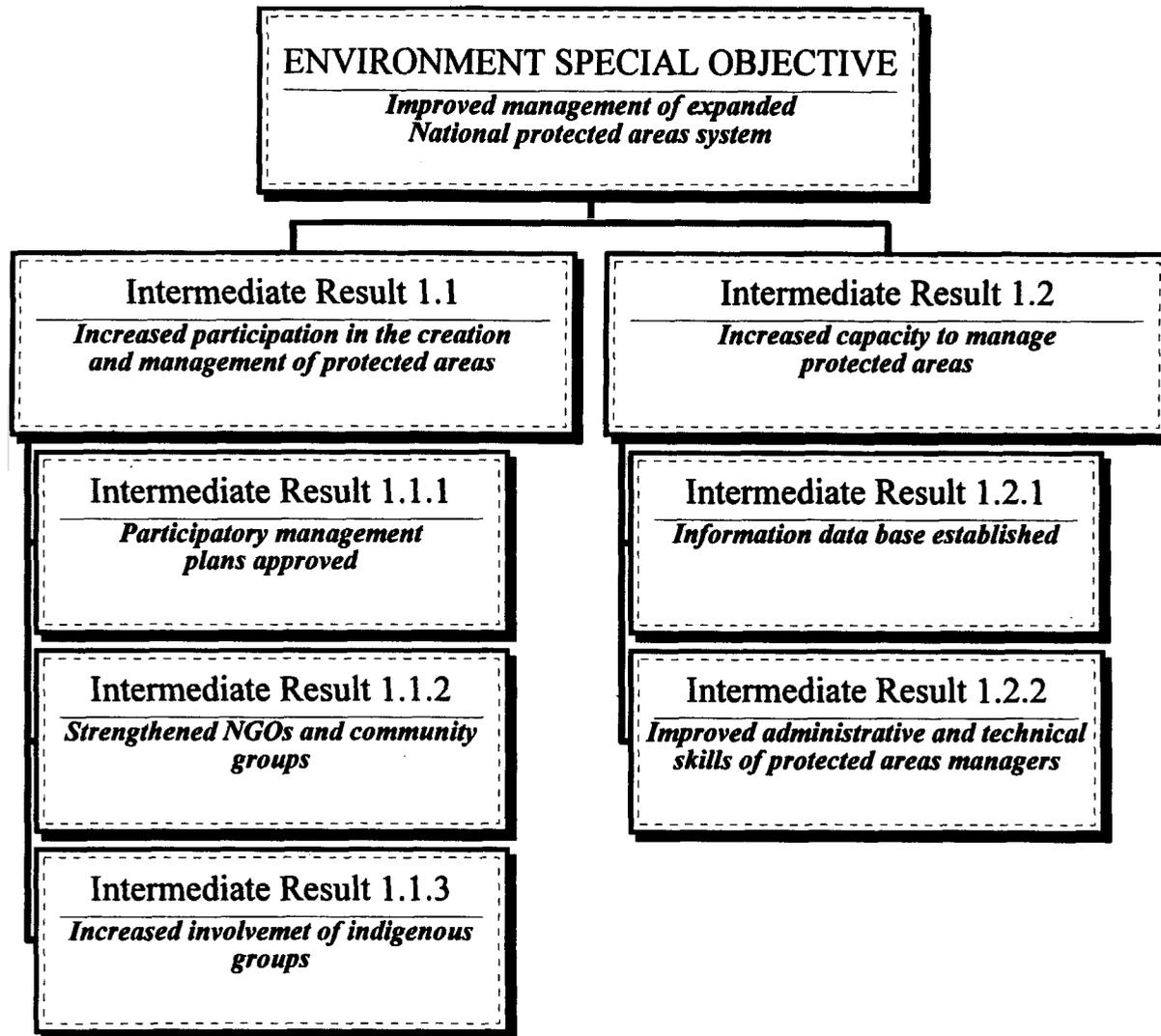
Building largely upon this model, a project paper was prepared and presented to USAID/W for a \$ 20 million Housing Investment Guarantee (HG) planned to commence in FY 1996. Due to budget constraints the Office of Urban Programs was unable to consider this request and review of the HG proposal has been suspended indefinitely.

**ANNEX 2**

**EXPANDED ENVIRONMENT RESULTS FRAMEWORK**

**May 1996**

**Annex 2: Illustration 8: Expanded Environment Results Framework**



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To: LASP@bans00034.usaid.gov  
Cc:  
Bcc:  
From: The Cable Room <cablerrm@uxns0003.usaid.gov>  
Subject: [A]FY 1996 - 1997 ACTION PLAN FOR PARAGUAY  
Date: Tuesday, May 30, 1995 at 4:59:24 pm EDT  
Attach:  
Certify: N  
Forwarded by:

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INFO OFFICE(S): AAG AALA ASOM BHR FABS GAPS GC GEUP GPP  
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DRAFTED BY: AID/LAC/SPM:KLANDERSON:KLA:PARAAP.CAB  
APPROVED BY: AID/AA/LAC:MSCHNEIDER  
AID/DAA/LAC:RDAUBON AID/LAC/SAM:WTATE (DRAFT)  
AID/LAC/SPM:ERUPPRECHT AID/PPC/PC:VCUSUMANO (DRAFT)  
AID/LAC/DPB:DCHIRIBOGA (DRAFT) AID/G/PDSP:TMAHONEY (DRAFT)  
AID/GC/LAC:SALLEN[CDRAFT] STATE/ARA/BSC:REBENSON (DRAFT)  
ADDITIONAL CLEARANCES:  
AID/LAC/DPB:RMEEHAN (DRAFT)  
AID/LAC/RSD:WNILSESTUEN (DRAFT)  
M/B:BGREENE (DRAFT)

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TAGS:  
SUBJECT: FY 1996 - 1997 ACTION PLAN FOR PARAGUAY

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1. THE FY 1996-1997 ACTION PLAN FOR USAID/PARAGUAY WAS REVIEWED ON APRIL 28, 1995. THE DAEC WAS CHAIRED BY AA/LAC MARK SCHNEIDER. THE ACTION PLAN WAS PRESENTED BY THE USAID REPRESENTATIVE FOR PARAGUAY, RICHARD NELSON. THE ACTION PLAN WAS APPROVED BY THE BUREAU, SUBJECT TO THE GUIDANCE PROVIDED BELOW.

2. STRATEGIC FOCUS: ISSUES WERE RAISED REGARDING WHETHER THE MISSION'S PROGRAM IS SUFFICIENTLY FOCUSED. AS IN PREVIOUS ACTION PLAN REVIEWS, CONCERNS WERE EXPRESSED REGARDING THE LEVEL OF IMPACT THAT CAN BE ACHIEVED BY THE MISSION'S BROAD-RANGING PROGRAM. ISSUES WERE ALSO RAISED REGARDING WHETHER THE MISSION HAS SUFFICIENT MANAGEMENT CAPACITY TO HANDLE SEVEN NEW ACTIVITIES IN FYS 1995 AND 1996, INCLUDING A DOLS 20 MILLION HOUSING GUARANTY AND A NEW POPULATION PROGRAM.

THE USAID REP RESPONDED THAT A NUMBER OF THE NADS REPRESENT CONTINUATION OF EXISTING ACTIVITIES; FOUR OF THE SEVEN ACTIVITIES ARE NOT MANAGEMENT-INTENSIVE; AND THE

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THREE ADDITIONAL USDH FTES AND FOUR ADDITIONAL FSN S  
HE IS REQUESTING WILL PROVIDE SUFFICIENT MANAGEMENT  
CAPACITY TO HANDLE THE PORTFOLIO. THE USAID REP FUR  
EXPLAINED THAT THE MISSION DOES NOT INTEND TO PURSUE  
OF THE ACTIVITIES LISTED IN THE DEMOCRATIC INSTITUTI  
DEVELOPMENT AND ENVIRONMENTAL ACTION P90GRAM NADS.

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3. OPERATING EXPENSE BUDGET: AN ISSUE WAS RAISED

REGARDING THE LIKELIHOOD THAT THE BUREAU WILL BE ABLE TO  
COVER USAID/PARAGUAY'S INCREASED OE REQUEST LEVELS. THE  
ACTION PLAN OE BUDGET REFLECTS A PLANNED INCREASE IN FSN  
STAFF FROM 8 TO 12, AS WELL AS INCREASED COSTS FROM RENTAL  
OF OFFICE SPACE BEGINNING IN FY 96. THE MISSION AGREED TO  
EXPLORE THE OPTION OF USING PROGRAM FUNDING FOR SOME OF  
THE NEW AND EXISTING FSN POSITIONS. THE OE BUDGET WILL  
ALSO BE REDUCED IF THE GLOBAL BUREAU HAS SUFFICIENT OE TO  
PROVIDE SUPPORT COSTS FOR THE HOUSING FTE, AS PROMISED.  
THIS ISSUE COULD NOT BE RESOLVED AT THE TIME OF THE ACTION  
PLAN REVIEW, AS THE BUREAU'S OVERALL OE LEVELS FOR FY 96  
ARE AS YET UNKNOWN.

4. STRATEGIC PLAN: IT WAS DETERMINED THAT USAID/PARAGUAY

WILL PRESENT A NEW STRATEGIC PLAN IN FY 96, REFLECTING THE  
RESULTS OF ITS CURRENT ASSESSMENTS IN THE ENVIRONMENT AND  
DEMOCRACY SECTORS.

5. DONOR COORDINATION: AN ISSUE WAS RAISED REGARDING  
WHETHER THE MISSION COULD INCREASE ITS EFFORTS IN DONOR  
COORDINATION. THE USAID REPRESENTATIVE REPORTED THAT,  
WHILE NO FORMAL DONOR COORDINATION MECHANISM EXISTS IN  
PARAGUAY, THE MISSION HAS WORKED EXTENSIVELY WITH OTHER  
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DONORS. THE USAID REP NOTED THAT THE MISSION COULD  
INCREASE ITS EFFORTS TO KEEP AID/W INFORMED OF DONOR  
COORDINATION ACTIVITIES.

6. POLLUTION PREVENTION ACTIVITIES: A QUESTION WAS  
RAISED REGARDING WHETHER THE MISSION'S ENVIRONMENTAL  
STRATEGIC OBJECTIVE SHOULD BE FOCUSED ON POLLUTION CONTROL  
OR POLLUTION PREVENTION. THE USAID REP CLARIFIED THAT THE  
MISSION'S EMPHASIS IS, IN FACT, ON POLLUTION MITIGATION  
AND PREVENTION RATHER THAN POLLUTION CONTROL.

7. LINKING ENVIRONMENTAL ACTIVITIES WITH DEMOCRACY  
OBJECTIVES: AN ISSUE WAS RAISED REGARDING HOW THE MISSION  
IS LINKING ITS ENVIRONMENT ACTIVITIES WITH STRENGTHENING  
DEMOCRATIC INSTITUTIONS. THE USAID REP CITED EXTENSIVE  
WORK WITH ENVIRONMENTAL NGOS SUCH AS FUNDACION MOISES  
BERTONI AND ALTER VIDA, AND POTENTIAL FUTURE WORK WITH  
CREDICOOP TO INCORPORATE ENVIRONMENTAL MESSAGES IN THE

LOW-INCOME HOUSING PROGRAM. THE PLANNED HOUSING GUA  
PROGRAM ALSO ADDRESSES THIS ISSUE.

8. IMPACTS OF DECENTRALIZATION ACTIVITIES: AN ISSU  
RAISED REGARDING WHETHER THE ACTION PLAN ADEQUATELY  
DEPICTS THE HEALTH IMPACTS OF MISSION ACTIVITIES AIM  
DECENTRALIZING PARAGUAY'S HEALTH SERVICES. THE USAI  
REPRESENTATIVE EXPLAINED THAT WITH THE LEVEL OF RESO

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AVAILABLE, THE MISSION CANNOT BE ACCOUNTABLE FOR IMPACT ON HEALTH INDICATORS APART FROM THOSE ATTRIBUTED TO THE POPULATION STRATEGIC OBJECTIVE. IT WAS AGREED, HOWEVER, THAT THE PROPOSED DECENTRALIZATION OF HEALTH SERVICES ACTIVITY CONTRIBUTES TO THE POPULATION STRATEGIC OBJECTIVE, AND WILL BE ADDED TO THE ACTIVITIES LISTED FOR THAT OBJECTIVE TREE. CONCERN WAS ALSO EXPRESSED THAT THE MISSION TRACK ITS PROGRAMS PROGRESS AND IMPACTS IN ACHIEVING DECENTRALIZATION.

ANOTHER ISSUE WAS RAISED REGARDING WHETHER THE HEALTH AND POPULATION ACTIVITIES ARE REACHING INDIGENOUS COMMUNITIES. THE USAID REP OBSERVED THAT, WHILE IT WOULD BE VERY EXPENSIVE TO HAVE A MAJOR FOCUS ON THESE COMMUNITIES, THE MISSION WILL LOOK INTO OPTIONS FOR REACHING THEM.

9. IMPACT ON THE DISADVANTAGED: AN ISSUE WAS RAISED REGARDING WHETHER THE PROGRAM ADEQUATELY ADDRESSES AND MEASURES BROAD-BASED PARTICIPATION AND IMPACT ON THE DISADVANTAGED. THE NARRATIVES FOR STRATEGIC OBJECTIVES NO. 1 AND 2 INCLUDE REFERENCES TO WOMEN AND MINORITIES, BUT THE INDICATORS FOR THOSE SOS DO NOT SHOW HOW THESE GROUPS ARE BENEFITTED. IT WAS AGREED THAT THE MISSION WILL ADDRESS THIS ISSUE WITH ASSISTANCE FROM THE BUREAU WID ADVISOR.

10. PVO/NGO PARTICIPATION: AN ISSUE WAS RAISED REGARDING  
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THE EXTENT TO WHICH USAID/PARAGUAY HAS INTEGRATED PVOS AND NGOS INTO ITS STRATEGIC PLANNING PROCESS. THE USAID REPRESENTATIVE REPORTED THAT PVOS HAVE BEEN ACTIVELY INVOLVED IN OBJECTIVE SETTING, AND THAT INFORMATION HAS BEEN PROVIDED TO NGOS REGARDING THEIR ROLE IN MISSION STRATEGIC OBJECTIVES. IT WAS SUGGESTED THAT WHILE THE MISSION WORKS WITH A NUMBER OF TOP-NOTCH NGOS, IT SHOULD SEEK A WIDER RANGE OF PERSPECTIVES IN THE BROADER NGO COMMUNITY. THE AA/LAC REQUESTED THAT THE USAID REP DOCUMENT HOW THIS OUTREACH CAN BEST BE ACCOMPLISHED BEFORE LEAVING PARAGUAY LATER THIS YEAR.

11. DEFENSORES DEL CHACO NATIONAL PARK: USAID/PARAGUAY ADVOCATES THE INCLUSION OF THE DEFENSORES DEL CHACO NATIONAL PARK IN THE NEXT ROUND OF PARKS IN PERIL FUNDING.

IN A RECENT REVIEW OF THE PARKS IN PERIL PROJECT EXTENSION, IT WAS AGREED THAT IN MOST CASES, ADDITIONAL NEW SITES TO THE PROJECT SHOULD BE FUNDED BY MISSION. AN ISSUE WAS RAISED REGARDING WHETHER THE MISSION WAS PREPARED TO PROVIDE THE FUNDING NECESSARY TO WORK A PARK, ESTIMATED IN THE RANGE OF DOLS 300-500,000. MISSION SUGGESTED THAT COST-SHARING BETWEEN THE BUREAU AND MISSION MIGHT BE A GOOD SOLUTION, AND PLANS TO FOLLOW

UP ON THIS TOPIC WITH LAC/RSD/E. THE AA/LAC URGED BOTH THE BUREAU AND MISSION TO FIND FUNDS FOR THIS PURPOSE.

12. POPULATION ACTIVITIES: AN ISSUE WAS RAISED REGARDING  
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WHETHER USAID/PARAGUAY SHOULD BE REQUIRED TO PREPARE A NAD FOR ITS NEW POPULATION PROGRAM. THE PROGRAM WILL BE FUNDED THROUGH GLOBAL BUREAU OFFICE OF POPULATION PROJECTS, AND IS DESCRIBED IN DETAIL IN AN IMPLEMENTATION PLAN PREPARED IN DECEMBER 1994. THE IMPLEMENTATION PLAN IS BASED ON THE MISSION'S POPULATION STRATEGY, WHICH WAS APPROVED LAST YEAR BY THE BUREAU. IT WAS AGREED THAT THE DETAIL PROVIDED IN THE IMPLEMENTATION PLAN IS SUFFICIENT TO SUBSTITUTE FOR A NAD.

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13. MISSION STRATEGIC OBJECTIVE MONITORING AND REPORTING: AT THE PERFORMANCE REVIEW MEETING, A NUMBER OF ISSUES WERE RAISED REGARDING INDICATORS SELECTED FOR SOS NO. 1 AND 2, THE DEMOCRACY AND ENVIRONMENT STRATEGIC OBJECTIVES. USAID/PARAGUAY DID NOT MEET THE AGENCY-WIDE APRIL 1 BENCHMARK, WHEREBY MISSIONS WERE TO HAVE FULL PERFORMANCE MEASUREMENT PLANS IN PLACE FOR ALL EXISTING STRATEGIC OBJECTIVES. THE USAID REP TOOK NOTE OF THESE CONCERNS, AND OBSERVED THAT THE MISSION PLANS TO SEEK ASSISTANCE WITH FURTHER DEVELOPMENT OF ITS PERFORMANCE MEASUREMENT PLANS FOLLOWING COMPLETION OF ASSESSMENTS OF THE DEMOCRACY AND ENVIRONMENT SECTORS.

14. HIDROVIA PROJECT: A QUESTION WAS RAISED REGARDING THE STANCE TAKEN BY THE MISSION REGARDING THE HIDROVIA PROJECT, WHICH WAS INCLUDED IN USAID'S REPORT TO CONGRESS ON MULTILATERAL DEVELOPMENT BANK PROJECTS OF ENVIRONMENTAL CONCERN. THE USAID REP REPORTED THAT THE MISSION IS TRYING TO EXERT INFLUENCE THROUGH POLICY DIALOGUE TO

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MITIGATE THE ENVIRONMENTAL DAMAGE ASSOCIATED WITH THIS PROJECT.

15. NEW ACTIVITY DESCRIPTIONS. THE FOLLOWING NEW ACTIVITIES ARE PROPOSED IN THE ACTION PLAN:

NAME	LOP AMOUNT	AC
DECENTRALIZED	DOLS 1.0 MIL.	APPR
HEALTH SERVICES		DELEGATE

FY 95

DEMOCRATIC INST. DEVELOPMENT	DOLS 4.5 MIL.	AID/W REVIEW REVISED NAD
ENVIRONMENTAL ACTION PROGRAM*	DOLS 12.5 MIL.	APPROVED/ RETURN TO AID/W
ECON. POLICY FOR UNCLASSIFIED	DOLS 1.2 MIL.	APPROVED/

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SUSTAINABLE DEV.		DELEGATE
HUMAN RESOURCES DEVELOPMENT	DOLS 3.0 MIL.	APPROVED/ DELEGATE
PRIVATE SECTOR ENV. INFRASTR. & HG LOAN*	DOLS 20 MIL.	APPROVED/ RETURN TO AID/W

IF NAD IS APPROVED, UNDER CURRENT DELEGATIONS OF AUTHORITY THE ACTIVITY WOULD HAVE TO BE REVIEWED IN AID/WASHINGTON.

A. INTEGRATION OF GENDER ISSUES IN WADS: AN ISSUE WAS RAISED REGARDING WHETHER PLANS FOR THE DEMOCRATIC INSTITUTIONS DEVELOPMENT AND ECONOMIC POLICY ACTIVITIES ADDRESS GENDER ADEQUATELY. IT WAS RECOMMENDED THAT BOTH

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ACTIVITIES INCLUDE GENDER ANALYSIS IN THEIR DESIGN, AND DEVELOP AND MONITOR INTERVENTIONS TO ADDRESS GENDER ISSUES, AS WELL AS INVOLVING LOCAL NGOS WORKING ON GENDER ISSUES AND THE GOP SECRETARIAT FOR WOMEN. THE USAID REPRESENTATIVE AGREED TO ADDRESS THESE ISSUES IN FURTHER DEVELOPMENT OF BOTH ACTIVITIES.

B. DECENTRALIZED HEALTH SERVICES NAD: AN ISSUE WAS UNCLASSIFIED

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RAISED REGARDING WHETHER THIS NAD ADHERES TO RECOMMENDATIONS PROVIDED IN LAST YEAR'S ACTION PLAN REVIEW. IN LAST YEAR'S REVIEW, CONCERN WAS EXPRESSED THAT

THE MISSION'S PROGRAM WAS BECOMING TOO DISPERSED AN ANY HEALTH ACTIVITIES IN PARAGUAY SHOULD FOCUS EXCL ON POPULATION. THE ACTION PLAN CABLE RECOMMENDED T USAID/PARAGUAY SEEK A COLLABORATIVE VENTURE WITH OT DONORS TO ADDRESS DECENTRALIZATION. THE USAID REP REPORTED THAT HE ATTEMPTED TO INVOLVE OTHER DONORS ACTIVITY, BUT THAT THEY ARE NOT READY TO WORK IN TH AREA. HE ADDED THAT THIS ACTIVITY BUILDS ON PAST W

ORK AND

DOES NOT REPRESENT A LARGE UNDERTAKING. THE PROJECT WILL EMPHASIZE DECENTRALIZED DELIVERY OF FAMILY PLANNING SERVICES AND WOMEN'S REPRODUCTIVE HEALTH SERVICES. AS THIS IS AN FY 1995 ACTIVITY, THE MISSION WILL BE REQUIRED TO PREPARE A PROJECT PAPER, FOLLOWING THE INTERIM PROJECT DEVELOPMENT GUIDELINES. LAC/RSD/PHN OFFERED HELP WITH DESIGN IF NECESSARY. IT WAS RECOMMENDED THAT THE MISSION MAINTAIN CONTACT WITH THE IDB AND WORLD BANK HEALTH PROJECTS TO ENSURE THAT THEY SUPPORT DECENTRALIZATION AND WORK TOWARD DECREASING MATERNAL MORTALITY.

C. DEMOCRATIC INSTITUTIONS DEVELOPMENT: LAST YEAR'S ACTION PLAN PLACED SPECIAL EMPHASIS ON TRYING TO NARROW THE RANGE OF SUB-SECTORS ADDRESSED UNDER USAID/PARAGUAY'S

DEMOCRACY OBJECTIVE. WHILE THIS YEAR'S DEMOCRATIC INSTITUTIONS DEVELOPMENT NAD DESCRIBES FUTURE WORK IN A UNCLASSIFIED

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SIGNIFICANT NUMBER OF SUB-SECTORS, THE USAID REPRESENTATIVE INDICATED THAT THE MISSION DOES NOT INTEND TO WORK IN ALL OF THE AREAS LISTED. IN A SIDE MEETING WITH LAC/RSD/DHR, IT WAS AGREED THAT THE MISSION WILL FOCUS ITS ACTIVITIES IN THE JUSTICE SECTOR ON ACTIVITIES TO SUPPORT REFORMS OF THE CRIMINAL AND CRIMINAL PROCEDURES CODES. IN PARTICULAR, THE MISSION WILL SUPPORT THE JUDICIAL TRAINING SCHOOL AND FOCUS ON PROVIDING THE TRAINING AND TECHNICAL ASSISTANCE NEEDED FOR JUDGES, PROSECUTORS AND OTHERS TO BETTER UNDERSTAND THEIR NEW ROLES AND RESPONSIBILITIES UNDER THE NEW CODES. IT IS EXPECTED THAT THE OTHER ACTIVITIES CURRENTLY UNDERWAY IN DEMOCRACY AREA WILL WIND DOWN. IT WAS AGREED THAT THE MISSION WILL REFINE THE FOCUS OF THIS PROJECT AND PREPARE A REVISED NAD FOLLOWING COMPLETION OF THE DEMOCRACY SECTOR ASSESSMENT LATER IN MAY 1995. THE AA/LAC CONCLUDED THAT, RATHER THAN APPROVING THE NAD INCLUDED IN THE ACTION PLAN, THE BUREAU WILL REVIEW THE REVISED NAD.

D. ENVIRONMENTAL ACTION PROGRAM NAD: CONCERN WAS EXPRESSED THAT THE RANGE OF ACTIVITIES LISTED FOR THIS NAD IS TOO BROAD TO ACHIEVE IMPACT. THE USAID REPRESENTATIVE EXPLAINED THAT THE MISSION DOES NOT INTEND TO WORK IN ALL OF THE AREAS LISTED IN THE NAD. ON THE "GREEN" SIDE, THE MISSION WILL FOCUS ON EXPANDING THE AMOUNT OF LAND UNDER PROTECTION. ON THE "BROWN" SIDE, THE EMPHASIS WILL BE ON

POLLUTION MITIGATION. THE AA/LAC DETERMINED THAT TH MISSION SHOULD PROCEED WITH DEVELOPMENT OF THE PROJE UNDER THE CONDITION THAT ITS OBJECTIVES AND ACTIVITI MORE CLEARLY DEFINED AND FOCUSED. LAC/RSD WILL TRY UNCLASSIFIED

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PROVIDE ASSISTANCE IN THIS PROCESS. THE ACTIVITY WAS  
REVIEWED AND APPROVED IN WASHINGTON.

IT WAS NOTED THAT THE MAND FOR THIS ACTIVITY ATTRIBUT

TS

FUNDING TO A MISSION PROJECT, WHILE THE BUDGET IDENTIFIES  
IT AS A GLOBAL BUREAU PROJECT. THE USAID REP CLARIFIED  
THAT FUNDS FOR THIS PROJECT WILL COME FROM THE MISSION  
OYB.

E. ECONOMIC POLICY FOR SUSTAINABLE DEVELOPMENT: CONCERN  
WAS EXPRESSED THAT THIS PROJECT SHOULD SEEK A BROAD RANGE  
OF PERSPECTIVES THROUGH A CONSORTIUM OF NGOS, TO ENSURE  
THAT THE SOCIAL DIMENSION OF ECONOMIC ISSUES IS ADDRESSED.  
THE USAID REP NOTED THAT CEPPEPRO, THE PRINCIPAL  
IMPLEMENTING ORGANIZATION FOR THIS ACTIVITY, HAS GOOD  
LINKAGES WITH MANY ORGANIZATIONS ACROSS THE POLITICAL  
SPECTRUM IN LATIN AMERICA AND EUROPE. IT WAS AGREED THAT  
CEPPEPRO WILL BE ENCOURAGED TO CONTINUE BROADENING ITS

NETWORK AMONG GROUPS WITH EXPERTISE AND COMPARATIVE  
ADVANTAGE IN ANTIPOVERTY ISSUES.

F. HUMAN RESOURCES DEVELOPMENT: QUESTIONS WERE RAISED  
REGARDING THE POSSIBILITY OF ADDING NEW UNIVERSITIES TO  
THE LIST OF SCHOOLS PARTICIPATING IN THE MISSION'S  
TRAINING PROGRAM. THE MISSION AGREED TO REVIEW THIS  
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POSSIBILITY.

AN ISSUE WAS RAISED REGARDING THE MISSION'S DECISION THAT  
NO TARGETS FOR WOMEN AND MINORITIES WILL BE ESTABLISHED  
FOR THIS PROJECT. ALTHOUGH THE G/HCD OFFICE OF  
INTERNATIONAL TRAINING DOES NOT REQUIRE THAT MISSIONS  
ESTABLISH TARGETS FOR THE SELECTION OF WOMEN AND  
MINORITIES, THE UNDERSTANDING HAS BEEN THAT MISSIONS WILL  
ESTABLISH A TARGET OF 40 PERCENT. NEW OIT REGULATIONS  
WILL REQUIRE ALL PARTICIPANT TRAINING PROJECTS TO SET A  
TARGET OF 40 PERCENT PARTICIPATION OF WOMEN. THE USAID  
REPRESENTATIVE AGREED TO SET A TARGET OF 40 PERCENT WOMEN  
FOR THE PROJECT. HE NOTED THAT TARGETS FOR MINORITY  
PARTICIPATION ARE NOT NECESSARY SINCE VIRTUALLY ALL  
PARTICIPANTS HAVE SOME GUARANI ANCESTRY.

A QUESTION WAS RAISED REGARDING WHETHER THE MISSION COULD  
MATCH TARGET GROUPS FOR ITS FAMILY PLANNING ACTIVITIES  
WITH THE TARGET GROUPS OF THE PRIMARY-SECONDARY EDUCATION  
PROGRAMS FUNDED BY OTHER DONORS. THE USAID REP NOTED THAT  
IT IS UNLIKELY THAT A MATCH COULD BE MADE BETWEEN THE

FAMILY PLANNING TARGET GROUPS AND THE OTHER-DONOR P  
EDUCATION PROGRAMS, BUT THAT IT MIGHT BE POSSIBLE TO  
THE SECONDARY EDUCATION TARGET GROUPS.

A QUESTION WAS RAISED REGARDING WHETHER THE PEOPLE E  
MASTER'S DEGREES WITH USAID FUNDS HAVE ANY OBLIGATION  
RETURN TO PARAGUAY. THE USAID REP NOTED THAT MOST O  
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TRAINEES ARE ALREADY PROFESSIONALS, AND THAT THEY

CUSTOMARILY RETURN TO THEIR EXISTING JOBS IN THE PRIVATE  
SECTOR OR GOVERNMENT AGENCIES.

G. PRIVATE SECTOR ENVIRONMENTAL INFRASTRUCTURE AND  
HOUSING GUARANTEE LOAN: QUESTIONS WERE RAISED REGARDING

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THE BASIS FOR PROPOSING A DOLS 20 MILLION HOUSING GUARANTY IN THIS YEAR'S ACTION PLAN, WHILE LAST YEAR'S PLAN PROPOSED A DOLS 10 MILLION HG. THE USAID REP REPORTED THAT GLOBAL/URBAN PROGRAMS STAFF RECENTLY VISITED PARAGUAY AND JUDGED THAT A LARGER HG WOULD BE FEASIBLE AND APPROPRIATE. THE CONCEPT FOR THE LOAN HAS BEEN SHIFTED FROM AN EMPHASIS ON HOME IMPROVEMENT TO INFRASTRUCTURE IMPROVEMENT, WHICH OFFERS A LARGER POTENTIAL MARKET. G/ENV/UP INTENDS, BUDGET PERMITTING, TO SET ASIDE THE

REQUIRED RISK CREDIT SUBSIDY. WHILE THE INCREASE TO DOLS 20 MILLION WILL HAVE MANAGEMENT IMPLICATIONS, G/ENV/UP PLANS TO COVER THIS ISSUE BY PROVIDING USAID/PARAGUAY WITH AN ADDITIONAL FTE TO MANAGE THE HG PROGRAM. G/ENV/UP AGREED TO PAY SUPPORT COSTS FOR THE ADDITIONAL FTE, BUT IT IS NOT CLEAR THAT THE GLOBAL BUREAU WILL HAVE SUFFICIENT OE FUNDS TO DO THIS. USAID/PARAGUAY SHOULD FOLLOW UP WITH G TO VERIFY AVAILABILITY OF FUNDS.

ANOTHER ISSUE WAS RAISED REGARDING FUNDING OF DOLS 200,000 PER YEAR FOR TECHNICAL ASSISTANCE NEEDED TO DESIGN THE PROJECT AND TRAIN LOCAL STAFF. THIS ISSUE WAS DISCUSSED LAST YEAR, AND THE MISSION WAS ADVISED THAT IT WOULD HAVE  
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TO FIND THE TA FUNDS WITHIN ITS OWN BUDGET. ULTIMATELY, TA COSTS OF DOLS 110,000 IN FY 95 HAVE BEEN SPLIT-FUNDED THROUGH LAC BUREAU FUNDS TRANSFERRED TO GLOBAL FIELD SUPPORT, AND RHUDO OPERATING EXPENSE FUNDS. G/ENV/UP REITERATED THAT IT DOES NOT HAVE FUNDS AVAILABLE FOR THIS TA IN FUTURE YEARS, AND THAT IT WILL PROVIDE THE ADDITIONAL FTE ONLY IF THE MISSION SUPPLIES THE TA. IT WAS RECONFIRMED THAT FUNDS FOR THE TA IN FY 1996 AND THEREAFTER WILL COME OUT OF THE MISSION'S OYB.

16. PROGRAM BUDGET: THE DA BUDGET LEVEL FOR USAID/PARAGUAY IN FY 95 IS DOLS 3.19 MILLION. THE DA BUDGET LEVEL FOR FY 96 IS DOLS 8.53 MILLION.  
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