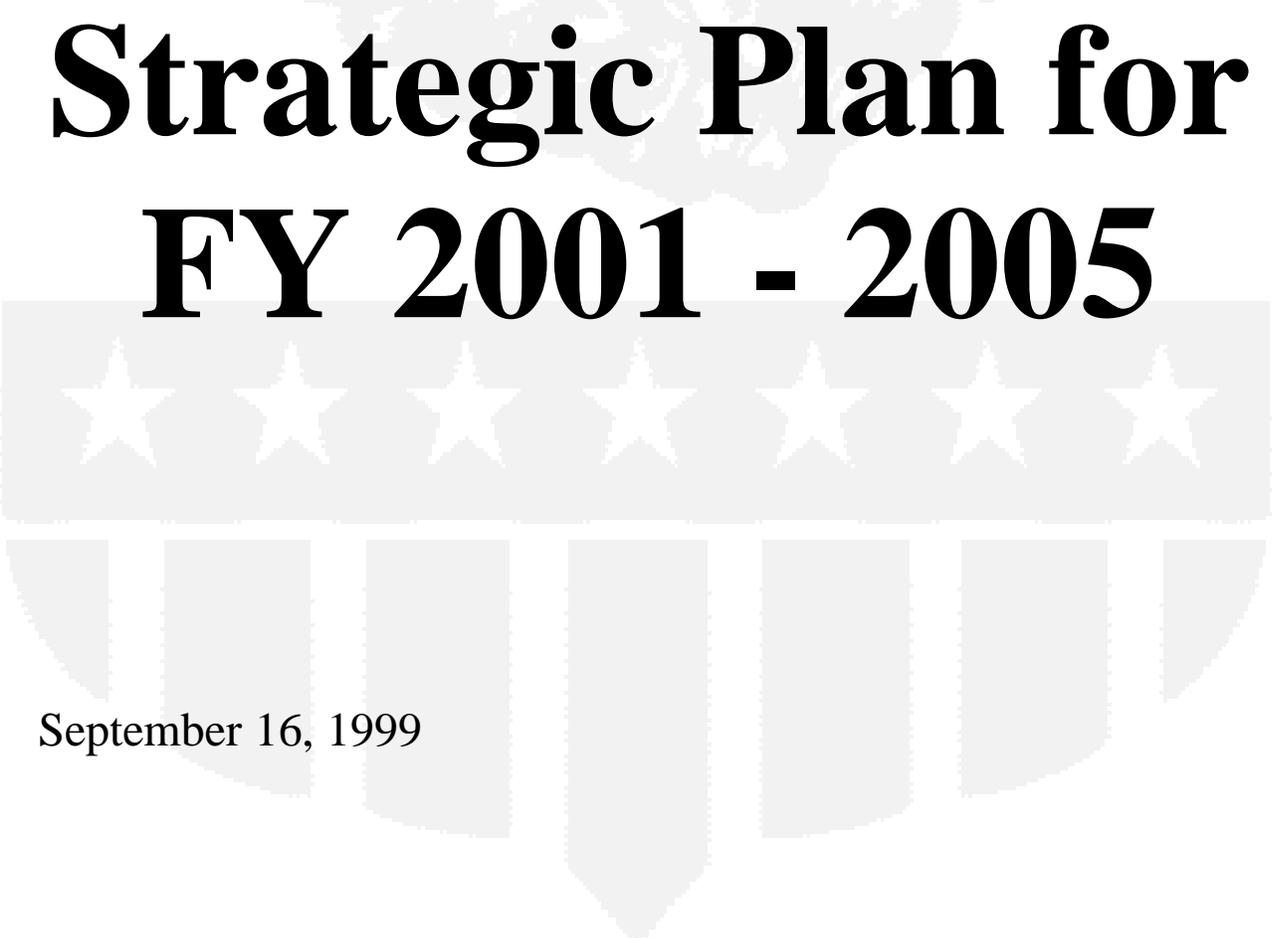




**USAID**



**USAID/Paraguay**



**Strategic Plan for  
FY 2001 - 2005**

September 16, 1999

## *Charge's Statement*

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Paraguay is just emerging as a true, participatory democracy. The recent constitutional crisis and the bloody confrontations that resulted in the resignation and exile of former President Raul Cubas marked a watershed for the country. The time is appropriate to strengthen the incipient civil society movement and support the major national reforms that the new National Unity coalition government is proposing.

The USAID program is at the forefront of the U.S. Government (USG) efforts to strengthen and deepen Paraguay's young democracy. A limited USG investment through USAID has yielded enormous results in electoral transparency and credibility, major judicial and Penal Code reforms, and a progressive civil-military dialogue. Local governments have become more responsive to citizens' needs and effective in public service delivery. This Strategic Plan builds upon USAID's successes and includes new fundamental program focuses in civil society strengthening, anti-corruption initiatives, and developing a serious policy dialogue on pressing national concerns.

The need to balance population growth and the appropriate use of the nation's natural resources are also integrated into this plan. These program areas are also of high USG interest and are priority areas, along with democracy strengthening, in the U.S. Embassy's Mission's Performance Plan (MPP). USAID/Paraguay's strategy provides strong mutually re-enforcing programming across all three of these critical areas.

The U.S. exercises a leading role in providing advice and guidance in Paraguay. The USAID program allows us to influence major initiatives in country as well as sway the other donors' resources. This multiplies our impact on the country's development and in pursuing USG foreign policy interest.

USAID's Strategic Plan for the period FY 2001 - FY 2005 is pragmatic and well considered. It supports our MPP and the Country Team's highest priorities with modest, focused interventions. The resources requested characterize a judicious investment that furthers our national and regional interests.

**Stephen G. McFarland**  
**Charge d'Affaires a.i.**

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## *List of Acronyms*

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ADR	alternative dispute resolution
ADS	Automated Directives System
CDC	Centers for Disease Control
CEPEP	Paraguayan Center for Population Studies
CEPPRO	Paraguayan Center for Liberty and Promotion of Social Justice
CIRD	Information and Resource Center for Development
COPE	client oriented provider efficient
CSO	civil society organization
DA	development assistance
DAI	Development Alternatives Inc.
EAs	Environmental Assessments
ESF	economic support funds
FMB	Moises Bertoni Foundation
FSN	Foreign Service National
GDP	Gross Domestic Product
GEF	Global Environmental Faculty
GOP	Government of Paraguay
GTZ	German Technical Cooperation Agency
IDB	Interamerican Development Bank
IEC	information, education, and communication
IEE	Initial Environmental Examinations
IFES	International Foundation for Election Systems
IPPF	International Planned Parenthood Federation
IR	Intermediate Result
IUD	intra-uterine device
IULA	International Union of Local Authorities
JICA	Japanese International Cooperation Agency
LAC	USAID's Bureau for Latin America and the Caribbean
LAN	Local Area Network
MCHS	Interim Maternal and Child Health Survey
Mercosur	Southern Cone Common Market
MPP	Mission Performance Plan
MOH	Ministry of Health
NCSC	National Center for State Courts
NGA	National Governments Association
NGO	non-government organization
NPS	National Probability Survey
NRHS	National Reproductive Health Surveys
OAS	Organization of American States
OE	Operating Expense
OPACI	National Municipal Association
PAHO	Pan-American Health Organization
PRODEP	Decentralization Project for Paraguay

PSC	Personal Services Contract
PSI	Population Services International
QSD	Quality Service Delivery
RHS	Reproductive Health Survey
SINASIP	Paraguayan System of Protected Areas
SO	Strategic Objective
TA	Technical Assistance
UNDP	United Nations Development Program
UNFPA	United Nations Fund for Population Activities
USG	U.S. Government

## *Introduction*

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In the decade following the removal of the Stroessner dictatorship in 1989, Paraguay has joined the continent-wide democratization process sweeping South America. USAID/Paraguay has provided significant contributions toward this achievement in democracy by Paraguay at both national and local levels. This process marked a new watershed during March 1999 when popular protests over the assassination of Vice-President Luis Maria Argaña forced the resignation of President Raul Cubas Grau and the flight of former coup leader and political strongman, ex-general Lino Oviedo.

For the first time ever, civil society, led by youth and campesinos, became fully involved in the democratic process. The events of March 1999 in effect constituted a popular revolution in favor of democratic rule and sealed the common citizen's commitment to this process in blood. The first phase of the transition to democracy, which was handed to the country by a military coup and managed by an aging political elite during its first decade, has come to a close. A second generation of reforms, which will lead Paraguay into its full consolidation as a democracy and make it an equal partner amongst democratic nations of the hemisphere, has been initiated.

In response to this new situation and the economic hardships that have hit Paraguay, the nation's major political parties have formed a coalition government. The new "National Unity" Government is led by former President of the Senate, Dr. Luis Gonzalez Macchi, who has been constitutionally installed as the new President of Paraguay until the next general elections scheduled for 2003. A major challenge for the political class will be holding the coalition together while moving ahead with a major State reform package. A wide, open, and transparent national debate on the proposed reforms is already underway and undoubtedly will test the country's maturity and capacity to move peacefully into the twenty-first century.

Democratization is the centerpiece of U.S. policy in Paraguay, from which other components of modernization are expected to follow. At a minimum, Paraguayan democracy must be able to demonstrate an ability to improve economic conditions, ensure the provision of basic services to its citizens, and provide jobs for a rapidly expanding population. If democracy does not deliver a promised better life, a real alternative is that the people will embrace the populist solutions that have been proposed in the recent past and will lose faith in this fledgling democracy.

USAID/Washington approval has been given to the Mission to develop a new strategy, beginning in FY 2001, that focuses upon democracy, but includes both environment and reproductive health. This new strategy will carefully integrate these areas into the Mission's overall democracy portfolio.

The two major themes that link activities in the environment and reproductive health to the overall democracy program are: 1) that the decentralization of power and authority to local levels strengthens government accountability and accessibility to citizens, and 2) that a vibrant, pluralistic civil society is the basis for democratic governance. Both of these approaches are embodied in the Mission's development philosophy and highlighted in all three of the Mission's Strategic Objectives (SOs).

USAID/Paraguay's comparative advantages lie in its ability to develop state-of-the-art innovations that are replicable by other donors and its close working relationships in civil society and local government, allowing it to work independent of formalized bilateral agreements with the Government of Paraguay (GOP). These areas of strength help the Mission maximize its impact and influence by taking into account institutional, economic, social, and political constraints. Through judicious use of its comparative advantages, USAID/Paraguay can continue to leverage its assistance to enhance the effects of its programs by working closely with other donors and partners in complementary areas. The volume of USAID/Paraguay's programs are small in comparison to those of multilateral and bilateral donors, but its efforts and results are well respected and have been replicated by others because of good partner relationships and identification of common approaches.

During the new strategy period, F Y2001 - FY 2005, the Mission intends to build upon its efforts in local government (this includes departmental and municipal governments), expand considerably its efforts with civil society, become more involved in fundamental policy dialogue that includes an important role for civil society, expand family planning activities into a more encompassing reproductive health program, and conserve biodiversity located in internationally important ecoregions. USAID/Paraguay also plans to support the efforts of the National Unity government to combat corruption and increase good governance practices.

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

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## **1. U.S. FOREIGN POLICY INTERESTS**

The U.S. Embassy Country Team views the support of democracy in Paraguay to be of the highest priority in terms of U.S. national interests. The U.S. Government's main policy objective in democracy, as defined in the U.S. Embassy's Mission Performance Plan (MPP), is "to consolidate and strengthen Paraguay's emerging institutions, increase good governance and democratic practices, and establish broad-based respect for human rights." This matches the main thrust of the entire USAID/Paraguay Strategic Plan. Another important MPP goal is "to stabilize population growth." Paraguay's high population growth rate is placing growing demands on the country's already strained social and physical infrastructure, as well as out-distancing the stagnant economy's ability to absorb excess labor. The MPP goal in the environment is to "promote conservation and sustainable use of biodiversity through improved management of natural resources." Paraguay's efforts in dealing with the environment are of more than local significance and have implications for a significant portion of South America.

This Strategic Plan is submitted in pursuance of furthering broader USG and USAID policy objectives in the areas of democracy building, stabilizing population growth, and preserving biodiversity. It has been developed to reflect the views of the country team and the MPP.

## **2. COUNTRY OVERVIEW**

Due to decades of isolation and slow development, Paraguay is only now experiencing many of the trends that emerged years ago in other Latin American countries. Urbanization (52% of the population is considered urban) and a growing underclass are coupled with the challenge of explosive population growth. The country currently has approximately 5.2 million people. With an estimated annual population growth rate of 2.6%, the current population will double in approximately 25 years. Paraguay also faces problems of rampant corruption, a bloated central bureaucracy, and an extremely disproportionate income distribution.

The nation's experience in democracy also lags behind other countries in the region. Historically Paraguay has the least experience under democratic rule amongst its South American neighbors and is currently one of the weakest democracies in the hemisphere. This is reflected in the nation's halting moves toward decentralization, de-monopolization of State enterprises, and privatization. Basic democratic practices such as voting, citizen participation, advocacy, freedom of expression, and respecting opposing views are still being learned by the populace. The events of March 1999 raised civil society's consciousness that a functioning democracy demands that its citizens exercise both their rights and their responsibilities. The average citizen's sense of ownership of the democratic process has really only come into existence since those events.

Paraguay's fragile democracy is further threatened by the unsustainable exploitation of land, water, and wildlife resources. Immediate economic growth is severely threatened by the depletion of Paraguay's rich endowment of natural resources. A matchless supply of power, hydroelectrically generated, has been sold to Brazil. Timber reserves, now 85% depleted, have been looted. The once rich topsoil of the eastern border region (largely uncultivated until the 1970s) is now considered to be severely eroded.

Despite of the general trend toward urbanization, over 40% of the population remain engaged in agricultural activities and approximately 20% of all families still depend on cotton farming. Agricultural commodities such as soybeans, cotton, lumber, and cattle are the most important export items, but production of new export crops, such as wheat, manioc root, and corn continues to increase.

Since 1992 Paraguay has been a member of the Mercosur (Southern Cone Common Market) trading block that includes its two largest trading partners, Brazil and Argentina, as well as Uruguay. Mercosur is planned to expand to include Bolivia and Chile as full partners in the near future. Membership in this trading block of more than 200 million people has opened new commercial opportunities for Paraguay and even further tied its economic fortunes to those of its largest neighbors and to the global economy. The recent economic problems being experienced in Brazil and Argentina have a strong negative effect on the Paraguayan economy.

The general state of the economy deteriorated in 1998 with an estimated 0.5% contraction. The financial system is suffering from poor fiscal management and tight credit that has resulted from problems in the banking sector. Annual per capita income is approximately \$1,600. Paraguay also suffers from grossly inequitable income distribution, with the bottom half of the population receiving only 10% of national income. Estimated official GDP for 1999 is about \$10 billion. An equal amount of income is estimated to be generated in the informal economy. This includes the re-exportation of imported consumer goods to neighboring countries, as well as the illegal extraction of raw materials, such as lumber, and the transshipment of Bolivian cocaine to the U.S., Africa, and Europe.

#### **A. Democracy**

The state of the country's democratic institutions, non-governmental organizations (NGOs), and political parties indicates that substantial time and effort are still required to complete the transition to a fully functioning democracy. The central government is in sore need of reform and modernization. It is riddled with corruption and patronage, which has caused enormous inefficiencies in public service delivery. Popularly elected local governments (references to local government throughout this Strategic Plan refer to both municipal and departmental governments) are still inexperienced and lack adequate financial and human resources. Civil society organizations (CSOs) are just emerging and citizens in general are still learning their roles in a democratic system.

The justice sector has taken major steps in reforming itself through the development of a modern Penal Code and a new Criminal Procedures Code with USAID assistance. The sector still faces great needs in preparing the justice system apparatus and human resources for these major changes as well as in educating the citizenry.

The military has remained a factor in the consolidation of democracy since the 1989 military coup that ousted Ex-general Alfredo Stroessner from power after 35 years. Although the military sided with democracy during the March 1999 civic disorder and ouster of Cubas administration, its full commitment to the democratic process still requires encouragement.

USAID (in coordination with the U.S. Southern Command) has been the only donor to continuously support a civil-military dialogue since the coup attempt in 1996.

Structurally, Paraguay has 17 departmental governments and 224 municipal governments. Paraguayans, eighteen years of age and over, can vote for the president, national legislators, departmental governors and assemblies, mayors, and local municipal councils. Local and national officials hold five-year terms of office. Over the last several years, a process of decentralization of public services and efforts to improve local governance administration was begun. The constitution of 1992 committed the country to greater decentralization of resources, authorized municipalities to collect land taxes, and provided for increased responsibilities for municipal and departmental governments. Nevertheless, attempts to decentralize political power, resources, and governance have not as yet been successful.

The country held its first-ever-municipal elections in 1991 and then again at the end of 1996. A new constitution was enacted in 1992, general elections were held in 1993 and again in 1998, and a new Supreme Court was sworn-in during 1995. In May 1998, in internationally acclaimed free and fair elections, Raul Cubas Grau of the ruling Colorado party became the country's second freely elected civilian President. The turnover of power that occurred in August 1998 was the first from one civilian government to another in over 50 years and resulted from the most transparent electoral process in the country's history.

However, the March 1999 political violence, social unrest, and demonstrations against the government led to the installation of a new government. The Cubas Presidency initiated a chain of events that dramatically changed the country's political landscape. Cubas pardoned and released convicted ex-general Lino Oviedo from jail as one of his first acts as President in August 1998. Oviedo is a populist leader with considerable political support who had led an unsuccessful coup attempt in April 1996. After issuing the pardon, Cubas refused to respect a Supreme Court ruling to return Oviedo to jail.

The assassination of Vice President Argaña, which many people assumed was arranged by supporters of Oviedo and Cubas, led to the impeachment of President Cubas by the Lower House of Parliament in March 1999. Massive public protests (in which eight people were killed and hundreds were injured) during this time brought tremendous pressure on the Cubas government. In order to avoid being removed from power by the Senate, Cubas resigned and went into exile in Brazil. Oviedo also fled and sought political asylum in Argentina.

Political murder is rare in Paraguay, and the events it unleashed were remarkable. Civil society discovered an active role for the first time and defended the democratic process with their lives. Groups that are traditionally marginalized from the political power structures, youth and campesinos, became protagonists in the process. Politicians were forced to band together to avoid authoritarian rule. They are now trying to work together in coalition to address the nation's overdue reforms. The Cubas/Oviedo issue forced Paraguay to look at several of the deep, underlying and unresolved problems it is facing. The end result is a window of opportunity to advance the common good of the nation over individual interests.

Paraguay has, in a sense, been re-born and faces unprecedented opportunities to make dramatic changes in a short period of time. The new National Unity government is promoting a package of reforms that will require wide sacrifice from all sectors. The capacity of the government and the major political parties that form the coalition to promote the country's long-term well being over short-term political gains will be tested repeatedly. Although the challenges are great, so are the opportunities. Believing that it is necessary to effectively empower citizens to achieve improved living standards through the devolution of central power, the Mission will support efforts to combat corruption and to decentralize the provision of basic public services.

USAID/Paraguay fully intends to support the new coalition government, especially in the development of a broad-based policy dialogue with all sectors of civil society. With the resources available, the Mission seeks to move toward the establishment of transparent good governance practices coupled with active civil society participation. If citizens are able to see the benefits of democracy through the increased provision of services, they will be less likely to support populist leaders in the future.

## **B. Environment**

Paraguay contains significant areas of globally important ecological regions (interior Atlantic rain forest, Chaco dry forest, and Pantanal wetlands) which it shares with Bolivia, Brazil, and Argentina. The Chaco dry forest and Pantanal wetlands are still relatively pristine. However, in the near future, extensive development is expected in these ecological regions. Investments now in the sustainable development and wise planning for these ecological regions will greatly improve the likelihood that biodiversity will be conserved throughout the central region of South America. The interior Atlantic rain forest, one of the most important in the hemisphere, is being rapidly deforested and requires urgent attention to conserve important fragments.

Paraguay also contains important rivers that have been, or may be, significantly affected by dams and other development projects. All of these rivers eventually flow into the Atlantic Ocean near Buenos Aires, Argentina. The environmental strain on the river system, due to these projects and the ensuing increases in river traffic over the next few years, poses serious threats to the region's economy and ecology. In response, international concern for Paraguay's rivers and ecological regions has increased.

Unfortunately, environmental issues have not been a priority for the national government. Despite having signed and ratified almost all international agreements and treaties related to environmental protection, Paraguay still lacks an integrated national policy for the environment. This is reflected in unclear and contradictory national legislation and limited capacity of the governmental organizations dealing with environmental issues. An urgent need also exists to strengthen the compliance with international environmental legislation in order to raise Paraguay's standards to the levels of other Mercosur countries.

In light of the government's limitations, non-governmental organizations (NGOs) have a key role to play in Paraguay's environmental policy dialogue. By working with appropriate government authorities, donors, other NGOs, CSOs, private companies, and the press, NGOs can promote effective national policies and programs. NGOs and CSOs can and should work with

governmental decision-makers to foster a national commitment to environmental protection, to prioritize important environmental issues, and to promote the factors necessary for the success of any policy implementation program. These factors include increased transparency in natural resource management policy and the decentralization of power and responsibilities in the environmental arena to local governments. Paraguayan environmental NGOs have burgeoned in recent years, but require additional outside support to play their requisite role in Paraguay's democracy.

For Paraguay, the link is strong between the protection of its environment and natural resources and the continued strengthening of the democratic process. The environment and natural resource sectors offer opportunities to local governments to display the benefits of decentralization by allowing them to respond to the needs of local populations that have not been addressed by the central government. An example is the alliance of thirteen municipalities that make up the Ypacarai watershed and lake region. Industrial pollution has poisoned much of the watershed. Despite public outcry, the national government has done little to clean up the region or stop the contamination. Since 1997, this regional association of municipalities has united to fine, and in some cases to close, the polluters and has started a massive clean-up effort for the entire watershed. USAID/Paraguay has supported these efforts through a grant to a local NGO. As this example clearly demonstrates, protections of the local environment can serve as a salient rallying point for local participation and civic engagement, while at the same time the decentralized process can lead to the effective and rapid response to local environmental concerns.

### **C. Reproductive Health**

Reproductive health care is important in Paraguay because of a desire to solve two acute problems in the area of human reproduction: 1) the unacceptable levels of maternal mortality (192 per 100,000 live births) and infant mortality (27 per 1000 live births, 69% of which is attributable to preventable disease) and 2) excessively high levels of fertility (4.1). Effective health care delivery at the community level can be strengthened by channeling services through local democratic institutions. A significant foundation for improved decentralized health services design and delivery at the municipal level has already been created with USAID/Paraguay support. This decentralization of the provision of health services complements efforts to strengthen democratic processes, while effectively addressing the health concerns identified above.

The following steps in the recent past provide a platform for improved reproductive health standards in Paraguay:

1. In 1994 the GOP made reproductive health and family planning a priority.
2. Under the National Health System Law, enacted in 1996, decentralization of primary health care is being implemented in various municipalities, together with the devolution of physical assets and decision-making authority.

3. Citizen groups have become active in defining local priorities focused on basic needs: health services, clean water, waste disposal, and environmental protection.

The Ministry of Health (MOH) structure includes 16 regional divisions, 20 hospitals (most in the vicinity of Asuncion), 171 health centers with physicians, and 462 health posts without physicians. The USAID strategy incorporates the assumption that the newly established system of elected local governments, together with the network of health centers and health posts, may be forged into a framework for effective health promotion and disease prevention, including reproductive health services.

This framework may be strengthened through a system of municipal and private clinics serving low-income urban and rural areas that are not presently receiving adequate reproductive health care. At least part of the fertility reduction achieved over the past several decades can be attributed to the provision of contraceptives and health services through the private sector, e.g., commercial pharmacies and private clinics. The Paraguayan Center for Population Studies (CEPEP)/Center for Disease Control (CDC) survey of 1995-96 indicates that 47% of contraceptives and 15% of health services are being provided by the private sector. The objective of the Mission's reproductive health strategy is to reach more people with reproductive health services in order to improve maternal and infant health, while at the same time expanding the provision of family planning services to marginalized populations who are in need of these services.

### **3. CUSTOMER CONTRIBUTION TO THE STRATEGIC PLAN**

The participatory planning approach initiated with the last Strategic Plan was highly successful and contributed greatly to the achievement of significant Mission goals by promoting cooperation between the various actors involved in the development process in Paraguay. USAID/Paraguay firmly believes that this customer-oriented approach is fundamental to designing a successful program. First, it assures to the greatest extent possible that strategic decisions are grounded in the social and political realities of Paraguay, and that development priorities established are consistent with the judgment of those people most knowledgeable, concerned, and involved with the challenges facing the country. Second, it makes the best use of the Mission's limited programmatic and staff resources by ensuring that all available expertise was maximized in the design and preparation of the strategy. Third, the integration of customer/partner input into the strategy process itself not only reflects and incorporates Agency core values of participation and teamwork, but also creates customer feelings of ownership and commitment that solidify the strategy and facilitate its execution.

The Mission has refined its participatory planning approach in its current strategic planning cycle. The Mission's democracy, environment and reproductive health teams received updated, specialized training in strategic planning and partner collaboration. Partners, stakeholders, contractors, grantees, and other donors in the community were subsequently invited to attend joint planning and strategy sessions. Three two-day planning workshops were carried out; one for each Strategic Objective area. Well over one hundred people, representing all the major actors in USAID's sectorial areas, participated actively during these sessions.

Each planning workshop was used as an active consultative forum. The Mission used this opportunity to present its new strategic planning ideas. Then workshop participants were asked to identify successful USAID programs, to develop a group vision for desired results in their particular sector for the year 2005, and to design and prioritize innovative strategies and activities to reach that vision. The shared vision of Paraguay's needs and development strategies through 2005 that emerged from the above sessions facilitated the design of the Results Framework and helped to shape and direct USAID/Paraguay's development hypotheses.

The Mission has not limited its relationship with its partners and customers to planning sessions every few years. As a result of the participatory planning approach used in 1996, external results package teams have continued to meet on a regular basis to coordinate development efforts, evaluate and adjust programming as necessary, and provide customer feedback to the Mission. These efforts will be expanded during the new Strategic Plan, including the refinement of performance indicators and program monitoring plans.

#### **4. HOST COUNTRY AND OTHER DONORS**

The United States is Paraguay's fifth largest bilateral donor after Japan, Germany, the European Union (EU), and Spain. USAID is the main donor working with the decentralization of power and authority to local governments and with civil society. The Inter-American Development Bank (IDB), World Bank, United Nations Development Program (UNDP), and the Pan-American Health Organization (PAHO) are major multilateral contributors. The Ministries of Health and Finance provide substantial, complementary support to USAID sponsored initiatives.

Unlike most other donors in country, USAID assistance does not go through the central government nor is it tied to bilateral cooperation agreements. This has allowed the Mission greater flexibility in program implementation and allowed key programs to move forward when other donors were stymied by GOP red tape.

USAID/Paraguay has taken the lead in encouraging the donor community to support democracy and has formed a major donors group on judicial reform issues. This is part of the Mission's strategy to close-out its activities in penal reforms and pass on training and follow-up responsibilities to other donors, while at the same time maintaining a leadership role in policy issues related to judicial reform.

In the area of the environment, other donors continue to be highly involved in the conservation of natural resource activities and work in close coordination with USAID. The UNDP is involved in the protection of ecosystems of regional and global importance in Paraguay. The Japanese International Cooperation Agency (JICA) is trying to diminish the severe deforestation problem that Paraguay faces with a reforestation project. The German Technical Cooperation Agency (GTZ) is implementing an effort to elaborate a national action plan for the protection of natural resources.

The GOP National 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. USAID/Paraguay is an active member of the Council.

The Mission is also coordinating activities with the Japanese Government under the U.S.-Japan Common Agenda to carry out joint activities in reproductive health.

## **5. PROGRAM APPROACHES**

USAID/Paraguay's experience with its current strategy has been successful. The Mission needs to continue to strengthen an active civil society to put pressure on the current political system to change and become responsive, and at the same time assist local governments in meeting demands for basic public service delivery. The most progressive and positive system changes are taking place at the local and regional level and deserve continued support. The Mission will also manage for results aimed at introducing major policy changes and instituting good governance practices that are receptive to civil society's needs.

By the end of its current strategy in FY 2000, the Mission expects to: 1) finalize the reform of the electoral code; 2) strengthen important segments of civil society through NGO advocacy; 3) pull political parties fully into the democratic process; 4) introduce municipal alternative dispute resolution centers which will enhance access to justice; 5) continue promoting the decentralization process and increase citizen involvement in decisions affecting their communities; 6) begin implementation of the new Penal Code and the Criminal Procedures Code; 7) expand the decentralized provision of health services that are based on voluntary family planning; and 8) protect important parks and reserves while developing economic alternatives to deforestation.

The Mission will build upon successful elements of its current programming during the new strategy period, FY 2001 – FY 2005, while at the same time introducing some new approaches. The Mission's three SOs will place a greater focus on civil-society organizations and their fundamental role in democratic governance. Efforts with local governments will be expanded and deepened with an emphasis on their role as service providers, especially to marginalized groups. Anti-corruption initiatives will be introduced in the context of each program area. USAID/Paraguay will focus on geographical areas identified by a criteria mix of population density, poverty levels, and political representation. The Mission will concentrate on limited, demonstration projects that larger donors or the GOP itself can replicate. These efforts will assist a majority of the population identified to be living in poverty conditions.

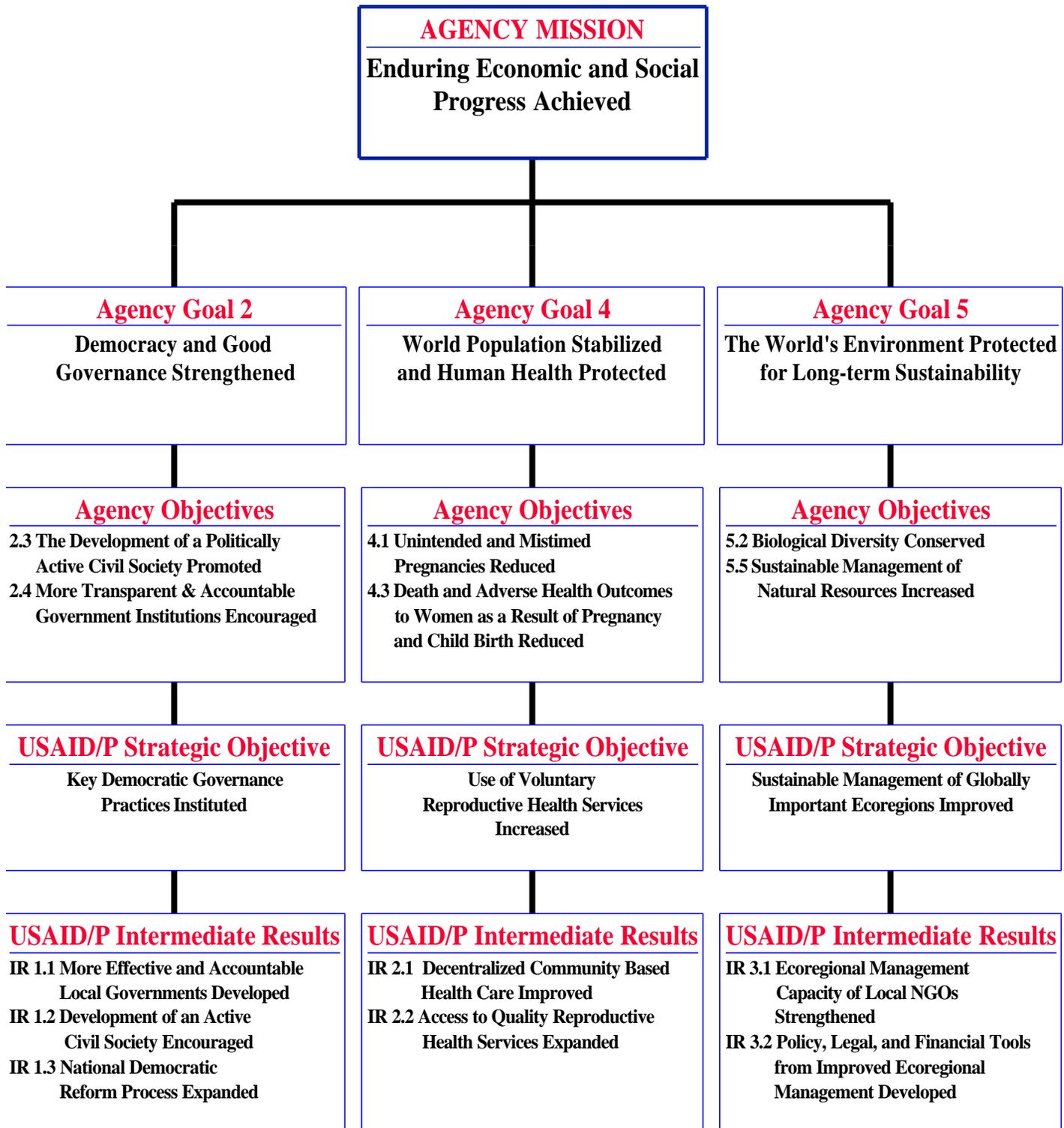
## **6. CONFLICT PREVENTION**

In the wake of recent political events and violent upheaval, the Mission believes that it is necessary and appropriate to comment here upon the future stability of the country and its potential impact on this proposed Strategic Plan. Most importantly, and based upon its current knowledge and experience of political and socio-economic conditions in Paraguay, the Mission does not foresee any further significant government destabilization at a national level that would disrupt the implementation of this Strategic Plan. However, as we know all too well, political conditions in Paraguay have been known to change precipitously in the past. The Mission's program approaches outlined above are designed to assist in promoting the current political stability that exists in Paraguay.

*Section II*  
***USAID/Paraguay's  
Proposed Strategic Plan***

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# Linkage of the Strategy to Agency Goals and Objectives



The above chart clearly illustrates the relationship of the proposed USAID/Paraguay program to the Agency's goals and objectives. Democratic governance refers to the ability of the society to develop an efficient and effective public management process, with an adequate balance of powers. Citizens will lose confidence in a government that is unable to deliver basic services and carry out its major functions and may turn to populism as a proposed solution to their problems. To remain viable, new democracies must improve the management of national economies and expand the provision of essential services.

Given the USG foreign policy priorities for Paraguay and the region, and taking into account the country development environment outlined above, USAID/Paraguay, in close consultation and collaboration with its partners and customers, has decided to present three strategic objectives. These are as follows:

Strategic Objective 1: Key Democratic Governance Practices Instituted.

Strategic Objective 2: Sustainable Management of Globally Important Ecoregions Improved.

Strategic Objective 3: Use of Voluntary Reproductive Health Services Increased.

The three Strategic Objectives are closely inter-related. Better environmental management and improved local government administration, with increased citizen participation and management of local services, will lead to improved democratic governance and sustainable economic benefits from natural resources. Improved health services provided by local governments and the private sector will lead to lower population growth and better maternal health, which are vitally important to achieving higher per capita incomes and improved welfare for citizens.

## **2. RELATIONSHIP TO SUMMIT OF THE AMERICAS AND GOVERNMENT OF PARAGUAY OBJECTIVES.**

The Democracy Strategic Objective (SO) is directly linked to the Santiago Summit of the Americas Plan of Action objectives of strengthening mechanisms for the participation of civil society in the process of local and regional decision making. The GOP's social policy is strategically framed in economic development with equity, capacity development of local government as a way of promoting decentralized national services, and community participation in the decision making process.

The Environmental SO of managing important regional ecosystems plays an important role towards achieving the objectives and goals of the United Nations Framework Convention on Climate Change that is supported by the Santiago Summit of the Americas Plan of Action. This SO also supports biodiversity initiatives from the earlier Miami and Santa Cruz Summits. The GOP is trying to develop national strategies for the conservation of natural resources and biodiversity and has developed, with USAID support, a National System of Protected Areas

(SINASIP). USAID/Paraguay and other donors will continue to support these types of initiatives in order to give them a higher priority for the GOP.

The Reproductive Health SO is related to the Summit of the Americas objective of promoting policies designed to improve women's health conditions and the quality of health services. Under the GOP's National Plan for Reproductive Health, public health care will contribute to decreasing the maternal morbidity and mortality rate, with special efforts to decrease the population growth rate.

### **3. DEMOCRACY STRATEGIC OBJECTIVE**

#### **A. Statement of the Strategic Objective.**

***Strategic Objective #1: Key Democratic Governance Practices Instituted.***

***Time Frame:*** FY 2001 – FY 2005.

***Definitions:*** This Strategic Objective statement refers to the following anticipated changes in good governance processes and practices:

1. local governments deliver better services and take citizen input into account when making decisions;
2. citizens have more say in national, regional, and local level decision-making; and
3. a national policy dialogue on key issues affecting Paraguay and its people is carried out in an inclusive, transparent manner.

This SO plans to build on and move beyond the Mission's current strategy of strengthening selected key democratic institutions to achieve a second generation of reforms based on improving democratic governance practices. Examples of these key governance practices highlighted in the new democracy SO are transparent, participative decision-making; open, clear government management practices; a strong, active civil society; improved and responsive delivery of public services; and serious, thoughtful discussions on basic democratic issues at national and local levels.

#### **B. Background and Problem Analysis.**

***Constitutional Crisis:*** Paraguay's transition to democracy remains uneven, incomplete, and unpredictable. Despite surviving the coup crisis in 1996, the country has been unable to shake the long shadow of authoritarian rule. March 1999 saw the assassination of Vice-President Argaña accompanied by violent protests and confrontations. The threat of military intervention and fear of another coup were prominent until the resignation of President Cubas. With the flight of both Cubas and ex-general Oviedo to neighboring countries and the installation of a new coalition government led by the former president of the Senate, Luis Gonzalez Macchi, hope for true consolidation of democracy in Paraguay has become more realistic.

As this young democracy came to a crossroads in March 1999, for the first time ever it was an active civil society that tipped the political balance against reverting to authoritarian rule. New, fresh political leadership emerged from this crisis buoyed by unprecedented popular support. These leaders mostly come from the congressional ranks and from local governments. USAID has had a long-standing relationship with many of these figures and their increased influence represents a major opportunity for the country.

Other earlier investments, such as the Mission's civil-military dialogue efforts and support of civil society organizations, also proved key in overcoming threats to the democratic process during this period. The military remained neutral throughout the crisis and several units were used as a buffer between pro-democracy and pro-Oviedo/Cubas factions when the National Police lost the credibility to do so. Civil society's commitment to the democratic process was fundamental in defending the country's constitutionality and forcing ex-President Cubas to abide by the rule of law.

Although the democratic system of government ultimately prevailed, these events and actions clearly demonstrate the continued fragility of Paraguayan democracy and the need to shore up its foundations to build future security and preserve stability in the region. Toward that end, and in light of USAID/Paraguay resources, its analysis of existing problems, and of the potential to achieve a significant and sustainable impact in Paraguay, the Mission has developed its current strategy aimed at strengthening the country's democracy.

*Current Challenges:* The key focus of the Mission's prior strategy has been on building and strengthening key democratic institutions. Aside from the Mission's success in the previously targeted areas, many democratic institutions remain weak and confidence in the government is extremely low.

Paraguayan citizens have yet to realize the benefits of democracy that would engender the support and allegiance necessary to ensure its future. Paraguay faces endemic problems of rampant corruption and was recently ranked second to last in the world in Transparency International's Perception of Corruption index. Political parties often operate on a patronage rather than a representative basis, and political ideology and platforms are virtually non-existent. As might be expected, Paraguayans have little or no confidence in the national government's ability to meet their basic needs. Ex-General Oviedo became an important political force largely by promising that he would deliver many of the goods and services that are sorely needed, especially at a local level.

Promoting democracy in Paraguay requires a three-tiered approach. First, the extreme lack of confidence in the national government must be addressed by strengthening the capacity of local governments to deliver services in response to citizens needs. In this way, citizens will develop more interest and confidence in a responsive and effective political system and will be less vulnerable to military or populist solutions. Second, civil society must be strengthened to be able to put pressure on the current political system to change and become more responsive. Third, an open, transparent policy dialogue needs to be installed which allows the inclusion of all groups, especially those that are traditionally marginalized such as youth, women, and the rural poor.

*Mission Experience:* Increasingly responsive local governments have begun to take a more active role in the country's development and to provide some real promise for the future. A modern generation of political leaders is now being groomed at the local and regional levels. Constitutionally elected governors and mayors are now discussing important issues at the national level as well; during the last elections, ten former governors were elected to Parliament. Paraguay's new generation of leaders appear to better understand the importance of participation, transparency, and honesty in public management. They are less vulnerable to corruption than the older, more entrenched national political actors, and many of them supported the demonstrations against the Cubas' government.

Pockets of energetic civil society organizations have also emerged and begun to call for a change from "politics as usual." An example of this can be seen in the civic fora organized, with USAID/Paraguay assistance, by the International Foundation for Election Systems (IFES) in all 17 departments and Asuncion after the last elections. During these fora, community based organizations identified and developed proposals for their newly elected officials, and provided citizens with a chance to present their concerns and proposals to local decision-makers. This exchange between public officials and citizens provides a model for coordinating efforts between local NGOs, community based organizations, and local and national authorities. In addition, a group of NGOs is initiating the process of strengthening their ties to one another by developing a Democracy Common Agenda and forming a Democracy Network. This civil society network will focus on increasing the accountability of government officials through civic education and advocacy of joint initiatives. Anti-corruption efforts will play a significant role in these proposals.

Citizens have made other initial forays into the process of participating in local decision-making and planning in some parts of the country. Thus far, seventeen participatory strategic plans have been developed in municipalities by USAID/Paraguay's Project for Decentralization in Paraguay (PRODEP) with Development Alternatives Inc. (DAI). The Mission has funded the development of these plans in municipalities, which are then administered by the Mayor and Municipal Council. As part of the planning process, each urban and rural locale within the municipality prioritizes through public meetings its needs for both infrastructure (such as drainage systems, road improvements, parks and playgrounds) and for services (most often school buildings, equipment, and augmented curricula). At the end of this process a final plan is published and municipal resources are tied to achieving the goals and objectives outlined in the document. Periodic public hearings are scheduled to evaluate the progress of these community development plans.

The scarcity of resources continues to be an obstacle to full implementation of these plans. In response, possibilities for cost recovery through user fees, business taxes, or assessments are under investigation by USAID/Paraguay. For instance, within the Ministry of Health (MOH), hundreds of small-scale water systems have already been self-financed for communities of 4,000 or less by formation of user cooperatives, which also participate in their management. Technical assistance is provided by the MOH through a division specially created for planning and supervising these systems.

An effective, well-organized civil society will also assist local governments in meeting demands for public service delivery. In fact, the most progressive and positive system changes, such as the decentralization of primary health care, are already taking place at the local and regional level and deserve continued support. The new democracy SO will introduce major policy changes, strengthen existing legislation, and institute good governance practices that are receptive to the needs of civil society.

At a national level, in a separate but complementary area, the Mission is supporting a frank, open dialogue on policy formulation and implementation. This encompasses various windows of opportunity that have arisen, or may arise, as a consequence of the recent political events and the installation of the National Unity Government. As in the past, the issue of civil-military relations continues to be especially important in light of those events. This will be an essential part of any national policy dialogue. Other key themes in this discussion include accelerating the decentralization process, addressing public sector corruption, completing and expanding the judicial sector reforms, poverty alleviation, and State modernization.

In addition, the Mission has been asked by the new coalition government to provide technical assistance into the formulation of a national agenda and assist in a country wide process to discuss State reform through both regional and sectorial workshops and discussions.

*Program Focus:* The above areas of the proposed strategy represent a sharpening of the focus of the Mission to achieve more impact with its limited resources. USAID/Paraguay will also increase impact by eliciting resources from other donors. The Mission is leading a donors group in the area of judicial reform, but plans to conclude its work in the penal reforms before the end of the current Strategic Plan in FY 2000. Other donors will carry out priorities in additional areas, such as judicial training and infrastructure development, that are also necessary to implement these new penal codes. The Mission will remain engaged at the policy level focusing on the development and implementation of other key judicial reform policies, such as respect for human rights and strengthened anti-corruption activities.

Recognizing the success and strength of Paraguay's electoral system, especially the now proven capacity of its Electoral Tribunal during the 1996 and 1998 elections, the Mission also plans to finish its remaining activities in this area by the end of FY 2000. These decisions in judicial reform and election activities represent the recommendations of USAID/Paraguay's partners, customers, and stakeholders, as well as the Mission's analysis of its comparative advantages in Paraguay.

## **C. Description of the Results Framework.**

### **SO 1 - Key Democratic Governance Practices Instituted.**

- IR 1.1 More effective and accountable local governments developed.
- IR 1.2 Development of an active civil society encouraged.
- IR 1.3 National democratic reform process expanded.

### *Development Hypothesis*

The development hypothesis for democracy is the following:

If (1) more effective and accountable local governments provide better services that are responsive to their citizenry, and (2) informed citizens participate more actively and effectively in increasingly democratic and transparent policy formulation, and (3) national democratic reform and decision-making at both local and national levels are more transparent and inclusive, then confidence in the benefits of democracy will grow and the foundation of the system will strengthen and become more secure, resulting in the key democratic governance practices of transparent decision-making, improved delivery of public services, and a strong, active civil society being instituted.

The Mission will focus its efforts at the outset of the strategy period primarily on strengthening civil society organizations and local government capacity and transparency. The most immediate goal will be to increase and improve local government service delivery in response to citizen needs. At the same time, however, the Mission will actively pursue national windows of opportunity to promote and encourage democratic policy formulation and implementation. As the strategy progresses, and more democratic and transparent policies and practices are developed and in place at the national level, the Mission anticipates that citizen input and impact will likewise expand to address key national issues more directly, effectively, and productively.

Increased citizen participation and confidence in a better-functioning system is fundamental to the Mission's approach and emphasis throughout the strategy. USAID/Paraguay regards corruption as a significant continuing obstacle to the achievement of this strategy goal. In response, the Mission will incorporate anti-corruption and transparency efforts throughout the strategy at all levels.

Finally, this strategy will be intertwined with and mutually supported by targeted interventions in the environment and reproductive health SOs. The ways in which those SO will both reflect and reinforce this Democracy Strategic Objective are discussed in the pertinent environmental and reproductive health sections of this Strategic Plan.

The primary beneficiaries of this Strategic Plan will be the citizens of Paraguay, with special emphasis placed on marginalized groups such as youth, women, and the rural poor. As representatives of citizens and their interests, CSOs will be strengthened. Benefits will also accrue to the agencies, local government entities and professional organizations that become partners for pilot projects.

### *Critical Assumptions*

Foremost is the assumption of relative political stability in the country, or at a minimum no significant further national government destabilization. A second assumption is that the new coalition government (or any successor governments) and the leadership of relevant public sector institutions remain amenable to the enactment of constructive reforms and policies that either

support, or do not hinder, decentralization efforts. Finally, the strategy also assumes sustained U. S. Government support for the GOP and USAID resources sufficient to ensure reasonable levels of staff and program funding to carry out the activities proposed herein.

### *Sustainability*

Sustainability is a critical element to this strategy because of Paraguay's vulnerability to autocratic or populist ideals. The failure of democracy in Paraguay would likely propel the country back to authoritarian rule and could also destabilize the region. Effective local governments, a politically viable civil society, and more transparency in government will all promote the sustainability of Paraguayan democracy, which can only be achieved if the democratic government is perceived as responsive and accountable to Paraguayan citizens and as a source of benefits that improve their daily lives. By focussing primarily on achievable local goals and CSO strengthening, while also promoting and aiding in policy formulation and implementation where national opportunities arise, USAID/Paraguay hopes to contribute to a sustainable Paraguayan democracy. It is through the development of local institutions and political processes that true sustainability is achieved.

## **D. Intermediate Results (IRs) and Illustrative Approaches**

### *Intermediate Result 1.1: More effective and accountable local governments.*

If the transition to democracy is to be sustained, local governments must be able to meet their citizens' demands. The Mission believes that local and regional governments are capable of delivering the basic services required to make democracy work and satisfy citizen demands, and that they are probably the only governmental entities with the credibility and real desire to do so. The process of decentralization has begun, but needs to be continued and expanded. The scope of local power also needs to be further clarified and expanded.

USAID/Paraguay hopes to increase the ability of targeted local governments to plan, manage, and generate additional resources, and thus improve their capacity to deliver services. The Mission will also work to improve local government capacity by strengthening local government organizations, and developing systems for improved management and technical skills. Additionally, the Mission will work to increase transparency and citizen participation while at the same time reducing the opportunities for corruption at the local government level. Finally this strategy will work towards clearly defining and expanding the role of local governments by increasing their authority through greater decentralization of resources, decision-making, and basic public service delivery.

### *Illustrative Approaches:*

*Role of local governments defined:* USAID/Paraguay will provide assistance to local governments in clearly defining their roles and authorities. This may include policy dialogue, research and investigation, consensus building, and technical assistance in drafting or modifying legislation. This may also necessitate over-arching national level dialogues. A focused policy dialogue, for example, is needed to further the decentralization process. The merits of decentralization have been widely discussed in Paraguay over the past two to three years and

some consensus on the benefits of providing services at the local level has been formed. However, in order to fully implement decentralization, this consensus must now be deepened through policy dialogues with key national and local actors, as well as with other donors. This will take the form of sectorial discussions working towards a national decentralization framework.

Local governments also need advocates at the national level. The major national associations, the National Governors Council (NGC) and the National Municipal Association (OPACI), have developed institutional strategic plans with USAID assistance and have become principal promoters for decentralization and relevant sub-national government issues. These institutions will be further strengthened and supported under the new democracy SO.

*Improved local government capacity to deliver services:* To achieve the desired results set out in this IR local governments must deliver effective public services in a transparent, responsive and efficient manner. They should be assisted in developing their professional staffs and designing viable service delivery mechanisms. Specific training needs will be considered, but, more importantly, assistance should be provided to the national municipal association and other NGOs to develop their capacities to become permanent training, self-sustaining facilities or institutes.

Decentralization provides significant opportunities for improved local service delivery. However, Paraguay is reaching the point where it must test some of its decentralization theories in pilot phases before implementing national systems. Current pilot projects, such as the activities in health decentralization, will be continued and expanded. Other possible areas include education, water and sanitation, transportation, rural road maintenance, and public works.

*Identification of funding resources:* Municipalities can accomplish a number of the lower level priorities in their participatory strategic plans, independently of significant resource investment from the national government. Personnel from each sub-area may be recruited for work in scheduled beautification campaigns for which municipal equipment is provided. However, larger priorities require money more than manpower. The question of public finance at the municipal level has not yet been adequately addressed in Paraguay, which lags behind the other Mercosur members in identifying local income sources. Municipal bonds or their equivalent are required for major undertakings such as drainage plans, street repairs, and expansion of water and sewer systems. USAID/Paraguay will provide assistance to local governments in identifying appropriate funding alternatives.

Private-public partnerships will also be encouraged in service delivery as a way to leverage scarce resources. Such partnerships could include introducing mechanisms such as concessions, outsourcing, and the development of private-public service delivery companies. These activities will be complemented by promoting the use of private sector funding alternatives like municipal bonds, commercial sector loans, securitization of public assets, concessions, or leasing of infrastructure projects that place the financial burden in the private sector and increases risk taking.

*Promoting transparency and citizen participation:* Transparency in public management is fundamental to citizens' belief in their local governments. Activities that support transparent management of public resources and further the process of community participation in local decision making will be integrated into all aspects of this IR, including the development of integrated financial management plans at the local level. It is foreseen that this will be carried out in concert with the IDB which is also interested in these activities and could finance the expansion of the use of these management plans after the Mission carries out pilot test activities.

Finally, local groups, especially NGOs, need to be strengthened to provide the training and services required by local and regional governments, as well as to increase citizen participation. Support will be given to one or more NGOs in developing these skills and becoming self-sufficient service providers to local governments and civil society groups. This activity is closely related with the activities that will be carried out under IR 1.2 to strengthen civil society and CSOs. The Mission believes its IRs are deeply linked and mutually supporting and that many of the activities carried out under one IR will also assist in achieving the results of the others.

Intermediate Result 1.2: Development of an active civil society encouraged.

This IR will increase citizen participation, both at individual and organizational levels, in the public decision making process. Activities will include the continuation and expansion of public forums and debates on a variety of issues with locally and nationally elected representatives. This IR also seeks to increase the effectiveness and activity of citizens and civil society organizations so they can obtain needed services and influence national policy. This builds upon the Mission's current local-level participatory planning activities, such as designing community development plans, supporting local health councils, and promoting public municipal budget hearings.

Increased citizen participation in policy processes and in the oversight of public institutions will be achieved. In addition, CSOs will be better able to monitor and pressure for transparency and reduced corruption in government functions. The Mission will carry out strategies and activities to increase the institutional viability and sustainability of CSOs. This will include improving their internal financial management systems and diversifying their income base.

*Illustrative Approaches:*

*Participation in Policy Processes and Oversight:* USAID/Paraguay will support capacity building with advocacy organizations that support critical rights and responsibilities in the democratization process. This will initially focus on citizen watchdog and integrity activities aimed at improving civil society oversight of public institutions. This can be achieved by increasing the availability of information to the public concerning their rights and responsibilities, creating openings and opportunities for participation, improving advocacy skills, and institutional strengthening. Effective grassroots community participation in activities and decisions is considered by the Mission to be the most direct means to illustrate the opportunities and benefits of democracy. In addition, assistance will be provided to create and strengthen civil society coalitions that enable information sharing and priority setting for civil society.

*Strengthened Sustainability of CSOs:* To take full advantage of the contributions that civil society can make to the development process, some basic strengthening of its critical organizations is needed. Small investments in strategically important organizations can yield large increments in development impact. For example, the group, Youth for Democracy, was able to organize demonstrations against the Cubas' government that led to its downfall. The Mission plans to make such investments in several areas including training and capacity building for individual organizations as well as for support organizations that serve the CSO sector as a whole.

To enhance institutional sustainability of CSOs, the Mission will also support the development and improved use of internal management systems. This will include assistance in financial management, developing business or strategic plans, installation of modern accounting and internal control systems, and the diversification of funding sources.

Intermediate Result 1.3: National democratic reform process expanded.

This IR represents the continuation of efforts from the Mission's prior Strategic Plan, as well as focusing on the unique opportunities that are available due to circumstances surrounding the recent political upheaval and change in government. There is a critical need and urgency to engage the GOP and political class in a national dialogue that leads to clear activities that are implemented. Some of the key areas identified in the illustrative approaches below describe the specific nature and types of democratic reform to be addressed under this IR, although other areas may be identified over the program strategy period.

This Intermediate Result, in combination with the accomplishment of Intermediate Result 1.2, should operate jointly to cause citizens to have more say in national level decision making, and to encourage more democratic procedures and practices to be enacted in key areas at the national level. It is critical that the dialogue at the "top" responds in a coherent fashion to the demands and needs expressed at the "bottom" by citizens and CSOs. There is a historic opportunity in Paraguay to have an inclusive, transparent policy dialogue which will address basic democratic issues like human rights, the role of the military in a democracy, and integrity in public administration.

*Illustrative Approaches:*

*National Agenda:* USAID/Paraguay is uniquely positioned to assist and influence democratic reform in Paraguay. As one of the few donors engaged at this level with the GOP, the Mission will continually engage the GOP, other elements of the political leadership, and civil society in a national dialogue to identify challenges, set priorities, and clearly establish a thoughtful development agenda that serves national interests. The political leadership recognizes the need to include public discussion and vetting of national issues. This transparency is fundamental to achieving a dialogue supportive of democratic practices and mutually enforcing to meet the goals of an informed and active civil society.

This debate takes on further importance as the possibility of constitutional reform approaches with the Constitution's ten-year anniversary in June 2002. At that point several mechanisms

may be used to change parts of the constitution. This needs to be carried-out in a public and transparent fashion to garner citizen's support.

*Civil-military dialogue:* The Mission plans to continue institutionalizing the process of the civil-military dialogue by establishing an effective and stable democratic relationship between the civilian government, civil society, and the military. These efforts will focus on instituting a permanent forum for debating Paraguay's national security interests and designing a national security agenda that includes civilian control over the military, as well as the appropriate role of the military.

*Democracy issues:* USAID/Paraguay plans to engage and focus policy debate in the context of basic democratic interests as expressed in the Summit of the Americas and as part of U.S. Government foreign policy, such as the protection of human rights, gender equality, public transparency, and citizen participation. The donors group on judicial reform, as well as other forums, will be used to push forward the need for coherent human and civil rights policies, initiatives for combating corruption, accelerating the decentralization process, and public education on the GOP's reform agenda.

#### **E. The Commitment and Capacity of Other Development Partners.**

The following chart gives an illustrative outline of the areas of action of the other major donors in Paraguay in strengthening democracy. Almost all other donors working in Paraguay work through the national planning Ministry and must succumb to its changing priorities and heavy bureaucracy. In contrast, the excellent relationship that USAID/Paraguay has established with local governments allows it to carry out its programming in a unique fashion. The Mission has taken every opportunity to consult and coordinate with its customers and development partners, including other donors, so that its activities complement those of other actors and achieve maximum impact.

## Donor Activity in Democracy Building

Donors	Rule of Law	Civil Society <sup>1</sup>	Local Government	Legislative Strengthening	State Reform	Civil – Military Relations
Inter-American Development Bank	State Modernization: \$8.4M infrastructure loan to the Supreme Court to improve the administration of justice (buildings, equipment, & registry management).		Municipal Strengthening: \$18M to develop urban cadasters in 15 large municipalities.  Projected \$27M to Asuncion for the coastal bay area.	\$500,000 grant for institutional strengthening of Congress.	State Modernization: \$71.6M for buildings, equipment, & training.	
World Bank			Pending \$20M Infrastructure Loan to Municipality of Asuncion.		Projected Anti-Corruption Initiative in 2000.	
UNDP	Manages IDB and Spain's Programs.				\$2.4M TA on organizational structure and administration for the Controller.	
Germany (GTZ)	Technical assistance (TA) in implementing Penal Reform, \$1.7M with Supreme Court.			Donation of Audiovisual communications equipment for Congress.	Decentralization of Government Administrative Structures with Planning Ministry, \$1.5M.	
Spain	Organizational strengthening \$5M to Supreme Court & Attorney General.				Modernization of Civil Registry \$4M.	
Taiwan				\$20 Million to construct new congressional building.		
European Union	Judicial training and TA for the Supreme Court with Inter-American Institute for Human Rights estimated at \$1M.			Institutional strengthening \$1.1M (equipment and training).	Strengthen Foreign Affairs Ministry - \$1M.	Possible initiative for 2000 (would be part of Foreign Affairs Ministry activities).

<sup>1</sup> No major donors are working directly with civil society strengthening, however several smaller bilateral programs and private foundations have provided small grants to selected CSOs. It is estimated that less than \$500,000 was granted in this fashion during 1998.

## F. Achievement of the Democracy Strategic Objective: Performance Indicators and Monitoring.

The following Performance Data Tables provide illustrative indicators that will be used by USAID/Paraguay to measure progress in achieving its democracy SO and intermediate results. Additional indicators for the Mission's results package performance monitoring plans, which include those for lower level IRs, will be developed in participatory exercises with Mission partners and customers once this Strategic Plan is approved.

### Proposed Performance Indicators: Democracy

Strategic Objective/Result	Indicator	Baseline 2001	Target	Means of Verification
Strategic Objective: Key democratic governance practices instituted.	1. Key policy and legal reforms instituted. These include fundamental governance tools such as decentralization policies and legislation, increased government information, ethics codes, civilian control of the military, and improved policy processes.	1. N/A	1. TBD	Expert Panel, legislative documentation.
IR 1.1: More effective and accountable local governments.	1- % of target local governments implementing strategic plans.	1- N/A	1- TBD	External program evaluations.
	2- % of population who express satisfaction with local government service delivery.	2- 1998 53%	2- 65%	Surveys.
	3- % of target local governments using alternative funding mechanisms.	3- N/A	3- TBD	External program evaluations.
IR 1.2: Development of an active civil society encouraged.	1. Number of target CSOs showing improvement in the CSO index which includes technical, administrative, and financial improvements of CSOs, as well as policy development, advocacy, improved service delivery, oversight of public institutions, and the expansion of public forums and participatory planning activities.	1. N/A	1. TBD	CSO index.
IR 1.3: National democratic reform process expanded.	1. CSO perception of the willingness of public institutions to engage in policy dialogue and implement changes.	1. N/A	1. TBD	Surveys.

#### **4. ENVIRONMENT STRATEGIC OBJECTIVE**

##### **A. Statement of the Strategic Objective.**

##### ***Strategic Objective #2: Management of Globally Important Ecoregions Improved.***

***Time Frame:*** FY 2001 – FY 2005.

***Definitions:*** This Strategic Objective refers to the following changes in Paraguayan environmental management:

1. Ecoregional management capacity is improved through the training of Paraguayan leaders and strengthening of local NGOs.
2. The necessary policy, legal, and financial tools for improved and effective ecoregional management are developed.

To date, conservation efforts in Paraguay have been concentrated, isolated, and limited. However, increased integration with the efforts of neighboring countries has become more important with Paraguay's participation in the Southern Cone Common Market (Mercosur) and growing regional integration. In USAID/Paraguay's Environmental Strategic Objective, programming will be: 1) directed at globally significant ecoregions; 2) integrated with efforts in Argentina, Bolivia, and Brazil; and 3) led by Paraguayan NGOs, civil society organizations (CSOs), and municipal and departmental governments possessing the skills required for competent participation in these efforts. Coordination with other donors, and with neighboring USAID missions in Bolivia and Brazil, will be essential for program success.

The Environmental SO will support both global and regional priorities. First it will support the Agency's global environmental objectives of biological diversity conservation and climate change amelioration by protecting forests and wetlands that store carbon. The SO will also strengthen and complement USAID/Bolivia's efforts to conserve the Chaco and Pantanal, and USAID/Brazil's and LAC's recent investments in the Pantanal. Furthermore, this Strategic Objective will support additional regional priorities such as the Miami Summit of the America's Partnership for Biodiversity, the Santa Cruz Summit's biodiversity and forestry initiatives and, although to a lesser extent, the Chile Summit's Climate Change initiatives.

This SO will also complement and strengthen the Democracy Strategic Objective. Continued environmental destruction can only lead to increase rural poverty and future loss of economic opportunity, which will be a destabilizing factor in Paraguay's still-fragile democracy. USAID/Paraguay believes that a vibrant civil society, actively participating within a functioning democracy, is critical to successfully addressing these environmental concerns through effective advocacy and participation in creating and implementing national environmental policies. Accordingly, the initiatives with CSOs and local government strengthening that are key components of USAID/Paraguay's Democracy Strategic Objective, are paralleled and complemented in its environmental programming. Finally, this SO will also support and complement decentralization activities conducted under the Democracy SO through the

identification and training of key departmental and municipal government leaders in environmental management.

## **B. Background and Problem Analysis**

*Increased regional integration:* Paraguay's central location and increasing economic integration with its neighbors, due to its membership in Mercosur, and emergence as a participatory democracy, have made environmental concerns more pressing than ever before. Paraguay is rapidly becoming an important transportation link, via riverways and new roads, between South America's Atlantic and Pacific coast countries. The trade-off for the additional economic opportunities this offers has been to further imperil regional ecoregions. The environmental implications of increased integration, such as increases in infrastructure and traffic, are severe. Immediate conservation planning is imperative to ensure that significant bio-diverse habitats are preserved into the future. In addition to the endangerment of important environmental habitats, the country's transition to democracy is potentially affected by the aggravated rural poverty and resource depletion which result from insufficient protection of affected areas.

Paraguay's role to date within regional conservation efforts has been insufficient at best. The economic development of the Southern Cone and Paraguay's role within that development offer new challenges and opportunities in this regard. The Environment SO will ensure the requisite Paraguayan participation in the development and implementation of effective and well-coordinated regional conservation efforts so that entire ecological regions (ecoregions), not just the portions outside of Paraguay, may be protected.

*Ecoregional focus areas and efforts to date:* Paraguay contains significant portions of South America's critical ecoregions, all of which harbor globally important biodiversity: the interior Atlantic rain forest, the Chaco dry forest, and the Pantanal wetlands. All three areas face serious environmental threats. Each ecoregion has been ranked "globally important" by USAID funded LAC biodiversity assessments conducted by the Biodiversity Support Program (in 1995 and 1999), and by another LAC biodiversity assessment conducted by the World Bank and the World Wildlife Fund (1995). These areas will be the focus of the new environmental Strategic Objective.

*Specific areas representing environmental challenges:* The Atlantic rain forest is one of the most important in the hemisphere because of its unique biological diversity. For example, fifty percent of its tree species are found nowhere else in the world. Today, only around 11% of the original 94,000 square kilometers which once covered eastern Paraguay, northeastern Argentina and southern Brazil still remains, in dispersed fragments. The largest remaining intact portion is located in Paraguay. At this time, the ecoregion's survival is critically threatened. Paraguay's deforestation rate is the highest in South America. Illegal timber trafficking, in combination with slash-and-burn agriculture by farmers lacking land title, continue to destroy Paraguayan Atlantic forest at such a rapid pace that none may exist in 20 years. The deforestation and resultant soil erosion may also be affecting the Paraguay and Parana rivers.

The two largest Atlantic forest remnants in Paraguay are the Mbaracayu Reserve, partially supported with USAID funds, and another park, San Rafael, which may receive Global

Environment Facility (GEF) funding. Both areas are only minimally protected. Immediate and well-coordinated conservation action is required to save these and other important forest remnants and link them to Argentina's portions.

The Chaco Dry forest covers a wide area of southern Bolivia, western Paraguay, and northern Argentina. This ecoregion harbors more non-rodent mammal species than the Amazon. Although the Chaco is still relatively intact and sparsely inhabited, the area is under increasing environmental threat from the development of the agricultural frontier and cattle ranching. The completion of a paved road linking ground transport between the Atlantic and Pacific Oceans through the Paraguayan Chaco and of a gas pipeline through the Bolivian Chaco will encourage additional significant development to the area in the near future.

Current conservation activities in the region include support by USAID/Bolivia of the 3.4 million hectare *Ka'a Iya* Chaco park, managed by the Izoceno people, and support by USAID/Paraguay, through the Parks in Peril program, of the *Defensores del Chaco* National Park. The Global Environment Facility is also scheduled to support the neighboring *Daniel Caceres* and *Rio Negro* parks in Paraguay. Initial regional exchanges have been established between conservation NGOs and leaders in the Bolivian and Paraguayan Chaco. Mennonite communities in the Paraguayan Chaco region represent regional development hubs and are becoming a positive environmental force. The threats facing this ecoregion are severe. To ensure that significant habitat remains in the future, existing efforts must be expanded now.

The Pantanal wetlands of Brazil, Bolivia, and Paraguay are the most important freshwater ecosystem in the Hemisphere and the largest wetlands in the world, covering 140,000 square kilometers (the size of South Dakota). Approximately ten to fifteen percent of this area is located in Paraguay. The ecoregion faces numerous threats to its survival, including the growth of the agricultural frontier, especially in Brazil; the development of a railroad in Brazil; a gas pipeline in Bolivia; and, potentially, the multilateral-funded Hidrovia project. This project would modify the Paraguay and Parana River systems in Paraguay to facilitate river transport of soybeans and other agricultural products from the heart of South America to the Atlantic Ocean. Although the Hidrovia project has received considerable international attention due to its potential impacts on the Pantanal and its future is still unclear, it clearly demonstrates Paraguay's significance in terms of the area's future.

To date, Brazil has led the conservation efforts for this ecoregion. However, this is changing, as Bolivia recently declared two new protected areas in the Pantanal. USAID/Bolivia is now supporting conservation efforts in the Pantanal. In Paraguay, Conservation International, which is interested in stimulating conservation interest in this area, recently completed a Rapid Ecological Assessment. Initial efforts in regional integration are now underway through the Parks in Peril program.

Each ecological region has unique circumstances threatening its conservation. Due to the fact that all three regions are international (both geographically and in significance), it is impossible to plan conservation strategies which are not regionally integrated. It is clear that there is a need for better integration and coordination. Fortunately, due to Paraguay's growing role in the region, this is now more likely to be accomplished than in the past.

Despite recent political instability and the national government's historic disinterest in these matters, an improved window of opportunity for environmental collaboration currently exists. The Paraguayan Ministry of Agriculture and its Park Service are amenable to promoting this Strategic Objective. Representatives actively participated, along with other environmental NGOs, donors and other GOP actors, in USAID/Paraguay's Strategic Planning workshop held in May 1999 to discuss the development of this SO. The current Parks director formerly worked for USAID's main environmental conservation partner, the Moises Bertoni Foundation (FMB). Due to this experience, he is quite sophisticated in understanding the importance of conservation and the role of civil society plays in these efforts.

*Affected Customers and Stakeholders:* Affected customers within the three targeted ecoregions include: (a) U.S.-based NGOs involved in ecoregional conservation initiatives; (b) local NGOs and other civil society organizations working on environment and sustainable development issues in the areas; (c) local municipal and departmental governments; (d) national governments, including Paraguay's Ministry of Agriculture and Park Service; and (e) critical stakeholders affecting and affected by conservation efforts (e.g., Mennonites in the Chaco; private land owners and timber extractors in the interior Atlantic forest). Finally, USAID/Paraguay has also designed its environmental strategy with the goals and expectations of international environmental actors in mind. These include other national governments, international NGOs, local NGOs in neighboring countries, and USAID missions in Brazil and Bolivia.

*Mission Experience:* Due to USAID/Paraguay's support, important progress has now been made in terms of the protection and creation of reserves. Through its environmental program, in partnership with LAC, two Parks in Peril sites have been strengthened. To preserve parts of the interior Atlantic rain forest, the Mbaracayu reserve was purchased with USAID assistance, and now serves as the first working example of a private reserve in Paraguay and as a model for biodiversity conservation within and around protected areas. A second Parks in Peril site in the Chaco, initiated in 1998, represents the first public-private partnership for park management in Paraguay.

Significant progress has also been made in helping local NGOs achieve the institutional capacity necessary to sustain local-level conservation activities independently of USAID support. Working with Alter Vida, a Paraguayan NGO, the Mission has successfully improved environmental management in selected municipalities, primarily with solid waste collection and disposal. Successes in this area will serve as a model for working with both municipalities and departments in managing biodiversity in the future. The *Moises Bertoni Foundation*, the NGO that manages Mbaracayu, is now a recognized hemispheric leader in environmental issues.

USAID/Paraguay plans to phase out certain activities of its current environmental program after evaluation of their effectiveness. Through its current special objective, USAID/Paraguay has worked with owners of private lands on the development of additional private reserves, but the program did not achieve the expected results, mostly due to the lack of sufficient economic incentives to induce private owners to keep their lands in a natural state or to manage the natural resources sustainably. The problem is compounded by the owners' fears that their land will be expropriated by the national government under the Paraguayan System of Protected Areas (SINASIP) regulations if declared a private reserve, or taken over by landless farmers if the land

isn't "improved" by agricultural development. While private reserves are certainly important, it is felt that the Mission's limited resources will be more effectively used in other areas.

*Program Focus:* USAID/Paraguay plans to very selectively continue supporting new demonstration activities through the Parks in Peril program and/or through new cooperative agreements with US-based NGOs. However, in its new Strategic Plan, the Mission plans to focus the bulk of its programmatic activities towards regional conservation initiatives rather than on parks and reserves within Paraguay. These may include supporting bilateral and Mercosur treaties and agreements.

There are several reasons for this decision. First, USAID/Paraguay feels that, in light of Paraguay's rapidly increasing regional integration in the Southern Cone and the corresponding environmental threats, the Mission's limited resources can be best used to support regional conservation efforts. Coordination with USAID/Bolivia and USAID/Brazil in these efforts will further leverage USAID resources in the region. Second, although USAID/Paraguay will be supporting fewer reserve-related projects, other major donors will continue to provide support for reserves and protection activities during the new Strategic Plan period. Third, the Mission's previous environmental programming, designed to develop the necessary human capacity and technical skills to manage protected areas, and to promote sustainable land use initiatives, has been successful. Many of these activities will be continued locally or through other donors. The achievement of NGO and civil society strengthening goals identified through this Strategic Plan will be an important means to achieve locally led conservation initiatives.

The Mission's shift in programming priorities is not an abandonment of earlier activities, but instead a more effective means of leveraging resources and building upon past program accomplishments. It is expected that other donors will provide the vast majority of the new funding to develop and demonstrate new models in sustainable forestry, sustainable agriculture, ecotourism development, and on-site park management. Nevertheless, USAID/Paraguay's current initiatives in these areas have provided an important foundation on which to base future activities. USAID/Paraguay interventions will complement those of other donors and will ensure the successful dissemination of lessons learned into the development and implementation of ecoregional conservation plans.

### **C. Description of the Results Framework**

#### **SO 2 – Sustainable Management of Globally Important Ecoregions Improved.**

IR 2.1 Ecoregional management capacity of local NGOs strengthened.

IR 2.2 Policy, legal, and financial tools for improved ecoregional management developed.

## *Development Hypothesis*

The development hypothesis for environment is the following:

If 1) Paraguayan leaders are trained and targeted NGOs are strengthened and 2) the necessary policy, legal, and financial tools are developed in Paraguay, then overall sustainable management and protection of globally important ecoregions shared with neighboring countries will be improved. Democracy will also be strengthened in Paraguay through the further development of an active civil society, improved local government capacity, and greater stability through environmental protection.

The conservation of biodiversity found in three key ecoregions located in Paraguay, Argentina, Bolivia, and Brazil depends upon the success of Paraguayan coordination with the environmental management activities of these countries. Evidence of success will be adequate and competent Paraguayan participation in the completion and initial implementation of regionally coordinated ecoregional conservation plans. Funding for implementation of these plans will come primarily from non-USAID sources. Paraguayan NGOs, CSOs, and departmental and municipal government leaders will be the primary targets of the Mission's programming efforts, which will be coordinated with USAID programming in Brazil and Bolivia. Successful models, experiences, and lessons learned will also be shared at the regional level.

## *Critical Assumptions*

The success of this Strategic Objective is based on the following critical assumptions. First, multi-donor efforts to strengthen the national GOP's environmental management capacity and to develop new sustainable development models will take place before and during the Strategic Plan period. This is important because the national government's capacity is limited, and USAID/Paraguay does not have sufficient resources to develop and test all appropriate conservation models for the three targeted ecoregions.

Second, basic political stability and the ability of civil society to operate freely must be assumed. As it is expected that civil society, NGOs, and local governments will play an instrumental role in linking local stakeholders to the planning and implementation process. It is also critical that local communities and other stakeholder interests be considered and addressed in ecoregional conservation plans.

Third, political will in Paraguay towards regional integration and towards addressing environmental issues must continue in order to proceed with the proposed collaborative initiatives. Finally, it is assumed that this Strategic Objective can and will be successful without major USAID-supported environmental education efforts at the national level. In partnership with FMB, USAID/Paraguay supported a successful national environmental education program in the past. In addition, donor projects and ecoregional plans may significant environmental education components at local or regional levels.

## *Sustainability*

Capacity building of Paraguayan NGOs, CSOs, and local governments should allow them to promote and achieve environmental initiatives independently. Given the Mission's successful experience in this area it is presumed that chances for sustainability are high. The environment and democracy SOs are mutually complementary in terms of achieving sustainability. The foundation for a vibrant and participatory civil society has already been laid.

This Strategic Objective also emphasizes the development of alternative and sustainable sources of financing (e.g., trust funds, carbon offsets) so that activities will continue after Mission support ends. Significant assistance from other major donors has been confirmed and will complement USAID's efforts.

### **D. Intermediate Results and Illustrative Approaches**

At the Strategic Objective level, development of ecoregional conservation plans will include a series of stakeholder analyses, biodiversity and socio-economic assessments, international planning workshops, and inter-governmental review of ecoregional conservation plans. USAID/Paraguay will facilitate and ensure the dissemination of known and emerging lessons learned, including those provided by other donor activities.

#### Intermediate Result 2.1: Ecoregional management capacity of local NGOs strengthened.

Most Paraguayan NGOs have limited technical capacity and financial self-sufficiency. They also lack the political weight to effectively influence how conservation of these key ecoregions will be implemented. Nevertheless, NGOs and CSOs with interest in these matters do exist. Some are regionally based, while others are dedicated to particular elements of the environment such as environmental law or compatible economic development. In order to fully assume key roles in regional environmental policies, these NGOs require technical training in both internal management and lobbying techniques. To better coordinate with international efforts, they also require improved ties to international NGOs.

Local governments also often lack the requisite technical abilities and environmental awareness to effectively contribute to environmental management. Given other donor support to the national government, and the growing trend towards the decentralization of power, USAID/Paraguay will assist in developing environmental leaders at departmental and municipal levels. It should be noted that a firm foundation has been built for local government strengthening under the Mission's current democracy strengthening activities. NGO and civil society strengthening are a current focus of USAID/Paraguay programming and will continue to be emphasized across the Mission's SOs.

#### Illustrative Approaches

*NGO Capacity Developed:* In order to help NGOs become more effective leaders in environmental activities, staff from partner NGOs will receive training in specific technical areas like administration and management, fundraising, negotiation techniques, conflict resolution, and policy dialogue. Building on the suggestion which emerged during its recent environmental

strategic planning workshop, USAID/Paraguay will also support the establishment of a Paraguayan civil society environmental council to advise the government and donors on key environmental issues.

Targeted local government leaders will receive environmental training and participate in field visits where sound environmental management and economic development initiatives mutually reinforce each other. USAID/Paraguay's current partnerships with the National Governors Council and the National Municipal Association, will be expanded to include environmental issues. Finally, international linkages and networks between NGOs, municipalities and departments throughout the ecoregions will be established. These networks may be strengthened through periodic regional meetings and seminars as well as through Internet connections.

Intermediate Result 2.2: Policy, legal, and financial tools for improved ecoregional management developed.

Conservation effectiveness in Paraguay is currently limited by policy, legal and financial constraints. In order for ecoregional conservation plans to be completed and implemented, it is imperative that Paraguay develop the necessary policy, legal and financial mechanisms to support them. This directly complements planned Mission activities in democracy directed at implementing and sustaining a policy dialogue on key national issues.

*Illustrative Approaches*

*National policies strengthened and implemented:* Legal, regulatory and policy changes will be targeted in Paraguay, based on ecoregional conservation plans, bi-lateral treaties, and Mercosur agreements. These policy changes may include improving legislation for private land reserves, ensuring public participation in the environmental impact assessment process, and promoting legislative changes which allow citizens to bring suit against those ignoring environmental laws. The Mission will also encourage compliance with current environmental legislation and will convene an Environmental Donors Roundtable, similar to the one already operating in Bolivia, to ensure better coordination and to better leverage advocacy efforts for national government policies. USAID/Paraguay will also facilitate a policy dialogue at the regional level and support regional-level environmental legislation.

Paraguay's capacity in public policy development and environmental law is limited. There are only a small number of environmental lawyers, most of whom do not or cannot devote all of their time to environmental efforts. USAID/Paraguay plans to address this concern through the development of public policy and environment law courses and programs within the current university system.

*Appropriate financial structure and incentives created:* Adequate funding and financial incentives are critical for successful ecoregional management. At present, resource limitations are a significant problem for environmental planning in Paraguay. To address this concern, the development of a Paraguayan national environmental fund will be explored, potentially using the Tropical Forestry Conservation Act to establish an initial endowment. Other possible funding sources include multi-lateral assistance such as Global Environmental Facility and bi-national sources. Financial opportunities will also be pursued through carbon offset projects. These will

provide the additional finances and complement anticipated funding from other donors needed by NGOs to successfully promote and gain implementation of ecoregional conservation. USAID/Paraguay will also support legislation, as well as the establishment of a government institution, to promote and monitor carbon offset projects so that additional financial incentives exist for forest conservation.

#### **E. The Commitment and Capacity of Other Development Partners**

Other donors play a key role in meeting the goals of this SO. Their support will facilitate the sustainability of current activities, as well as in strengthening newly planned programming. USAID/Paraguay is in the process of establishing a regular donors working group. Various donors play a significant role in this SO and biodiversity conservation and environmental management in general.

The Global Environment Facility/United National Development Program (GEF/UNDP) has committed \$8.9 million over seven years to protect four parks, one each in the countries critical ecoregions, plus the Cerrado grasslands. Support will go to the National Park Service. In addition, GEF/UNDP has just committed over \$135,000 to formulate a National Biodiversity Strategy and Action Plan. Results from this will be incorporated, as appropriate, into ecoregional conservation plans.

The German government is providing \$3.8 million to develop a national strategy for the protection of natural resources and to strengthen the national government's capacity in environmental management. The European Union is providing \$18 million for promoting education, health, and agricultural development in the Chaco. Less than \$1 million of this will spent to encourage sustainable development and improved park management in the region.

JICA is investing \$7 million in eastern Paraguay (i.e., in the interior Atlantic rain forest ecoregion) for reforestation. The World Bank is investing \$55 million to improve the agricultural sector, including \$2-3 million for conservation activities. The French government has pledged \$1.2 million to the Moises Bertoni Foundation primarily for upgrading ecotourism facilities at the Mbaracayú Reserve.

## Proposed Performance Indicators: Environment

Strategic Objective/Result	Indicator	Baseline 2000	Target	Means of Verification
Strategic Objective 2: Sustainable management of globally important ecoregions improved.	1- Number of ecoregional conservation plans developed, approved, and implemented with adequate Paraguayan participation.	1- 0	1- FY 2005 target = 3 plans (Atlantic rain forest; Chaco; Pantanal)	External program evaluations.
	2- Non-USAID resources committed through donor coordination activities to fund ecoregional plans.	2- N/A	2- FY 2005 target = 35 million.	Surveys.
IR 2.1: Ecoregional management capacity of local NGOs strengthened.	1- Number of targeted NGOs and civil society organizations strengthened (e.g., technically, administratively, and financially, as well as through improvements in the ability to conduct advocacy, policy development, oversight of public institutions, expand public forums, and improve service delivery).	1- 0	1- FY 2005 target = 8 NGOs/CSOs	External program evaluations.
IR 2.2: Policy, legal, and financial tools for improved ecoregional management developed.	1- Establishment of new sustainable financial mechanisms (e.g., national carbon offset office and development of new carbon offset project in Paraguay; national environmental fund).		1- FY 2003 target: Carbon Offset government office established; Paraguayan National Environment Fund legally Established. FY 2005 target: Project implementation begins with at least an initial \$2 million endowment for the Paraguayan National Environment Fund.	External program evaluations.
	2- Number of innovative models developed for conservation inside and outside of protected areas incorporated into ecoregional plans.	N/A	2- FY 2005 target: To be determined based on additional partner and donor consultation.	Surveys.

## **REPRODUCTIVE HEALTH STRATEGIC OBJECTIVE**

### **A. Statement of the Strategic Objective.**

#### **Strategic Objective #3: *Use of Voluntary Reproductive Health Services Increased.***

**Time Frame:** FY 2001 – FY 2005.

**Definitions:** This Strategic Objective statement refers to the following anticipated changes in Paraguayan reproductive health:

1. Decentralized community based health care will be improved.
2. Access to quality reproductive health services will be expanded.

This Strategic Objective, while strengthening existing public and private family planning programs, envisions a larger program of reproductive health initiatives. It involves a multi-institutional approach that will augment delivery of both reproductive health and family planning services to rural and urban adolescents, single adults, and couples. It will enable Paraguay to approach the goal of “every child a wanted and healthy child, and every mother a survivor.” In order to further strengthen its reproductive health program, the Mission will direct activities towards reducing Paraguay’s maternal mortality rate through the provision of enhanced reproductive health services and maternal health care, thereby also improving early child survival rates.

This SO complements and supports the Mission’s Democracy activities. USAID/Paraguay believes that delivery of health and other basic services is more effective when there is a high level of citizen participation and local-level planning and administration. Under the Democracy SO, local governments will be assisted in providing better services, and citizen participation in decision-making will be increased. Support for decentralization in health and other sectors is a major focus for USAID. This support includes capacity building for local governments, as well as the facilitation of participatory local-level planning. All of these activities will help strengthen the delivery of, and widespread access to, decentralized, community based health services. This plan will be implemented by the Ministry of Health (MOH), municipalities, NGO networks, private sector providers, and donor agencies (PAHO, World Bank, IDB, and UNFPA) and will be led by USAID/Paraguay.

### **B. Background and Problem Analysis**

*Population and Health Policy.* The Paraguayan Ministry of Health in January 1998 enacted a Reproductive Health Resolution intended to implement the recommendations of the 1994 U.N. Cairo Conference on Population and Development. The resolution expands the government commitment beyond provision of instruction and materials for the informed practice of family planning. It also includes assurance of both prenatal and postnatal care for women and the provision of health services essential to raising and maintaining the health status of children. This resolution parallels the reproductive health initiative of USAID.

Through support of the LAC Regional Initiative to reduce maternal mortality, PAHO/W is analyzing the status of women's health policies in the region. Preliminary results reveal that Paraguay has more comprehensive and explicit policies to protect women's health than the majority of the eleven countries studied. Nevertheless, these policies have not as yet been put into practice.

*The Demographic Situation:* The demographic situation encountered in Paraguay resembles that which was found elsewhere in the developing world at mid-century. The age-sex pyramid discloses that 41% of the population is below the age of 15. A preponderance of women and children make up the clientele for public health services. The recently completed USAID funded decentralization survey confirms that 89% of the patients at MOH facilities are women with young children. Two-thirds have only a primary education. This is reflected in their generally low level of family income.

*Fertility:* The urgent need for a reproductive health initiative is confirmed by a convergent set of recent population indicators. While the average number of births per woman dropped from 4.7 in 1990 to 4.1 in 1998, Paraguay continues to have one of the highest fertility ratios in the region. Moreover, that national figure understates the case by concealing the urban-rural differences in total fertility ratio of 3.2 in the cities and 5.6 in the countryside, where approximately half of the population resides. In the rural areas, less than half of the women use family planning methods and more than one quarter of all rural women have five or more children.

The economy is not prepared to support the annual population growth rate, estimated to be 2.6%. Low levels of female education and employment further exacerbate the situation. A high proportion of the population are primary speakers of the indigenous language, Guaraní, and are limited in their ability to find employment within the current economy. The substantial lag that is found outside the capital city region justifies concentrating the focus of future initiatives by USAID toward rural areas.

*Maternal and Newborn Mortality:* The MOH and USAID/Paraguay give a high priority to maternal and newborn (neonatal) survival. This concern is justified by the 1995 Reproductive Health Survey (RHS) that revealed a maternal mortality ratio of 192 per 100,000 live births. (The maternal mortality rate in the United States ranges between 8-12 maternal deaths per 100,000 live births.) Due to the difficulty in measuring maternal mortality, this figure in Paraguay could be as high as 262 deaths per 100,000 live births. According to MOH reports, poorly performed abortions account for approximately 30% of these deaths.

Access to the services of trained providers is one of the main reasons for high rates of maternal mortality. Over 40% of women are delivering their children at home without the assistance of a skilled health provider. In rural areas, an alarming 60% of women deliver their children at home with only the assistance of traditional birth attendants. Many health providers are limited in their capacity to treat the complications of pregnancy and childbirth that lead to maternal and newborn deaths. Newborn survival is greatly affected by the quality of care mothers receive during labor and delivery. Interventions that address essential obstetric care for the mother also directly impact the health of the newborn.

Earlier this year, the Japanese International Cooperation Agency (JICA) conducted analyses in six regions to determine factors which would contribute to the reduction of maternal mortality. Among the key recommendations are to train midwives, to promote NGO cooperation, and to purchase equipment. Discussions have been progressing between JICA and USAID to collaborate on the topic of maternal mortality under the U.S.-Japan Common Agenda.

*Management of MOH Services:* Adequate oversight and management of health providers at the facility level is required by national MOH officials. In practice, nurses and physicians are only supervised by central level authorities once a year, if at all. This management structure is inadequate on many counts: 1) it is difficult for central staff to be cognizant of local situations; 2) it is not cost-effective in terms of time and resources; 3) incentive structures are rendered useless because there is little follow-up; 4) health facility staff are expected to work only a half day, yet there is a great deal of individual flexibility that further limits the community's access to services; and 5) needed support cannot be identified and provided in a timely fashion.

Local management of health services could ameliorate some of these problems with a decentralized health system. What is missing, however, is a systematic approach to supervision that provides immediate feedback to the providers and a mechanism for instilling incentives and disincentives for health provider compliance. The strengths and weaknesses of the management of health services provided to municipalities in three departments have been highlighted in the MEASURE report. Strong consumer support is provided by measures of satisfaction with services in the 80-90% range. Weakness is evidenced in responses describing lack of both medicines and family planning supplies, especially at the health posts in outlying areas the most accessible service point to the consumer.

*Public Sector Spending on Health:* As we move into the coming century, Paraguay's population will continue to grow at a rate greatly in excess of the capacity of the public sector to provide health care. The absolute budget of the MOH has decreased in recent years. From a regional perspective, the GOP spends very little on health care. The World Bank's World Development Indicators in 1998 noted that Paraguay spends \$72 per capita on health compared to an average of \$193 per capita among the USAID presence countries. This represents 1% of its Gross Domestic Product (GDP) compared to the regional average of 2.6%. Only Guatemala spends less of its GDP on health care than Paraguay. The inference is that expanded reproductive health services must be derived from the private sector that has fewer limits on its growth capacity.

USAID has contributed to important progress in increasing contraceptive prevalence and reducing the fertility rate, as well as to the provision of efficient and cost-effective services through its support to NGOs. Special attention has been placed on community outreach aimed at adolescents and married women of reproductive age.

Sixty percent of Paraguay's population is under 25 years of age and at risk of unintended pregnancies that may result in unsafe abortions and sexually transmitted diseases. Population Services International (PSI) has been addressing this population segment with a multidimensional program, including a teen-age dramatic troop which visits a rotating schedule of schools with a performance promoting both abstinence and safe sex. An equally important

component of the PSI program is the provision of family planning at points of contact other than health service providers. PSI provides a low-cost condom (*Pantera*) which is made available through pharmacies and non-traditional outlets.

Married women in need of reproductive health services including, but not restricted to, family planning may make use of a network operated by Paraguayan Center for Population Studies (CEPEP), under joint support from International Planned Parenthood Federation (IPPF) and USAID. The network consists of five directly operated clinics and ten associated clinics that share in the program, but are self-financed. CEPEP provides ultrasound examinations, PAP tests, and cervical exams as well as lab work at discount rates. Comprehensive family planning medical information from specially trained professionals is also available. Through its network of primary clinics, associated clinics, and related service points, CEPEP also engages in family planning outreach activities, including social marketing of pills and condoms through community based distribution networks. USAID/Paraguay has worked closely with CEPEP to increase its institutional sustainability.

*Capacity Building:* The Mission has provided capacity-building and technical assistance in several ways, including the Management of Reproductive Health Services course for program managers, which is coordinated between the MOH, the Pan-American Health Organization (PAHO), the United Nations Fund for Population Activities (UNFPA), the German Technical Cooperation Agency (GTZ) and USAID. The increased coordination between donors has been invaluable in this effort. Training and institutional strengthening, such as a quality service delivery model, are also being provided in a variety of other fora. Finally, additional outreach activities have been conducted through an extensive information, education and communication (IEC) campaign which will serve as a model for future Primary Health Care projects funded by other donors.

*Health Decentralization:* USAID/Paraguay has been a strong proponent of health decentralization, believing that access to and quality of reproductive health services will be improved through strengthening decentralized, community based health services. At the municipal level, local health councils are of key importance. They are representative of all sectors of the community and, under existing legislation, have a wide range of responsibilities in a decentralized health system. These include elaboration and monitoring local health plans, recommendation for hiring of key health center personnel, and public oversight duties carried out in coordination with local authorities.

USAID/Paraguay's primary role has been to provide technical assistance at the municipal level in the implementation of decentralized health services, as well as evaluation of health decentralization activities. Currently, the Mission supports two primary contractors, under its Democracy SO: the Center for Information and Resources for Development (CIRD) and the Project for Decentralization in Paraguay (PRODEP). To date, decentralization has been limited, both geographically and in scope with fewer than 25 municipalities having signed agreements with the MOH. Little real transfer of resources, infrastructure, and authority has taken place from the MOH to the municipal level and many of the basic terms of the MOUs have yet to be fulfilled. Factors contributing to the slow progress include numerous changes within the MOH (i.e. three Ministers of Health in a six-month period); lack of political will for health

decentralization, especially under the Cubas regime; and insufficient guidance and clarity in existing legislation regarding specific roles and responsibilities.

Nevertheless, significant progress has been made. Local Health Councils have been established, and there is a higher level of community participation in health services, including the creation of participatory local health plans. Gains in transparency and accountability can be seen. At present there appears to be a higher level of interest within the Ministry of Health to move the process forward. USAID/Paraguay will continue to work with local governments, as well as with the Ministry of Health, towards full implementation of health decentralization during the new Strategic Plan.

*Program Focus:* In its new Strategic Plan, USAID/Paraguay will build on its past programming, maintaining a focus on increasing access to and use of reproductive health services. USAID/Paraguay will also focus in on improving decentralized community health care, increasing community participation, improving local-level management of health providers, and building NGO capacity. Technical assistance will be directed at services provided through local governments and the private sector, including continued support of health decentralization. The Mission will strengthen community outreach programs, including the development of a Reproductive Health-specific IEC and will continue to enhance donor coordination. The Mission's Health Strategic Objective is closely linked with its Democracy Strategic Objective, and activities will be mutually reinforcing.

### **C. Description of the Results Framework**

#### **SO 3 - Use of Voluntary Reproductive Health Services Increased.**

IR 3.1 Decentralized Community Based Health Care Improved.

IR 3.2 Access to Quality Reproductive Health Services Expanded.

#### *Development Hypothesis*

If (1) local communities are able to participate in the design and evaluation of health care and local governments are directly involved in the management of health care services, and (2) if reproductive health services are provided from both public and private sources within the context of comprehensive maternal and child health care, improving access, quality and sustainability of these services, then voluntary use of these services will increase. The rationale is that local participation means that services demanded are provided, and concerns of local customers are addressed. The provision of services from both public and private sources should increase quality and availability, in an efficient and cost-effective manner.

This Strategic Objective represents the desire of the Mission to create more synergy among its SOs. Greater civic participation, coupled with the decentralization of essential services such as health care, and broader transparency in the operations of all levels of government, are critical components of both the reproductive health and democracy strategic objectives. The SO

anticipates a progressively greater reliance on the private sector to reach this objective and will implement capacity-building assistance to NGOs and other private-sector providers accordingly.

### *Critical Assumptions*

Success depends on a few critical assumptions. First, it is assumed that increased use of reproductive health services will in fact lead to lower fertility and improved maternal and neonatal health. Second, the political will within the GOP to sponsor and authorize health sector reform, and health decentralization of both authority and resources must continue. Third, various donors will continue to fulfill their reproductive health commitments. Finally, the GOP must continue to support family planning services, maternal and child health care, with the MOH assuming its role of coordinator through the National Council of Reproductive Health. Other partners and stakeholders from the civil society, private sector, including NGOs will play an active part in the planning and implementation of programs and projects.

### *Sustainability*

During this strategy period, a cross-section of rural and urban areas will be systematically monitored by decentralized field health personnel to detect the impacts of expanded reproductive health services. Among the strategies to be implemented during this period, the Mission will seek a shift in emphasis from acceptance of services (e.g. number of reported clinic visits, number of contraceptives distributed), to the effective use of services (e.g., sequences of prenatal/postnatal visits completed, continuation rates for contraceptive use). Competence in implementing this strategy will be sought among appropriate USAID/W staff, experienced consultants, and NGOs as appropriate. Measurable identification of cost-effective interventions will be more easily identifiable. These results will be incorporated in policy recommendations to the MOH and private sector suppliers of services and will assist in planning future services that have maximum long-term effectiveness.

Sustainability will also be obtained through the development of cost-effective programs in the private sector, as increased efficiency and cost-effectiveness will improve the ability of private sector providers to operate with fewer outside resources. Finally, the CSO and local government strengthening activities which will be provided under this SO are additional mechanisms to foster sustainability in the future, as local-level providers develop the capacity and expertise needed to provide effective basic services. USAID/Paraguay has incorporated the strengthening of local governments, NGOs and the Paraguayan civil society in all areas of its Strategic Plan which will enable change to be implemented locally and independently in the future.

## **D. Intermediate Results and Illustrative Approaches**

### Intermediate Result 3.1: Decentralized community based health care improved.

With the implementation of health decentralization now in progress at all levels and the continued downward transfer of both authority and responsibility, the Mission believes that a framework exists for improved delivery of basic reproductive health services. Other multilateral donors, NGOs, and private sector providers will be engaged in extending coordinated

reproductive services to appropriate components of the Paraguayan population. The division of labor (both geographical and categorical) among all contractors should enable widespread coverage of the populated areas of Paraguay.

USAID/Paraguay's democracy programming will support the achievement of this IR. Under the democracy SO, local governments will receive technical assistance in support of decentralized service provision, which will be further reinforced by activities under this IR. Local health councils, NGOs and other private sector providers will receive the technical assistance necessary for quality reproductive health services to be provided locally and independently. The strengthening of decentralized services and the capacity of local-level actors in both the public and private sectors will clearly contribute to the formation of an active and viable civil society in Paraguay.

### *Illustrative Approaches*

*Reproductive health policies:* The MOH has recently finalized a new National Reproductive Health Plan for the country. USAID/Paraguay will, in coordination with national-level authorities, including the Technical Planning Secretary, the National Women's Secretary, the MOH and others, support the effective implementation of this and other national-level policies throughout the country. The Mission will also support the implementation of effective reproductive health policies as part of Paraguay's national reproductive health plan currently being debated amongst the parties that form the National Unity government.

*Improved health care provider management:* USAID/Paraguay programming will support capacity-building and management expertise assistance to health care providers, primarily at the local level. This assistance will be directed both to private-sector providers and NGOs, as well as to local health councils, which will play a critical oversight role.

Improved management by health providers could be accomplished through continued expansion of the client oriented provider efficient (COPE) methodology where facilities manage their own problems. On another level, local health councils will provide a good forum to act as patient advocates for quality care. Council members can speak to the efficiency and effectiveness of their local hospitals and clinics and apply pressure to increase performance of providers. The MOH also needs to be equipped with the capacity and tools to enhance its capacity to monitor and supervise health providers in the departments.

*NGO Strengthening:* USAID/Paraguay is committed to continue with institutional strengthening efforts with private NGOs. CEPEP will receive funding to improve its management capabilities and diversify its income generation. CEPEP is interested in collaborating with the World Bank to study the elasticity of the demand for its products. CEPEP also has a long-term goal of using its recovered costs to purchase a clinic and office space in Asuncion.

*Community participation in the design and evaluation of health care:* Local health councils will be an integral part of community participation activities related to health planning. The Mission will build on current successes in increasing community participation in the health sector, as well as in other areas. Strengthening community participation, through local health councils and

other appropriate means, will result in the delivery of appropriate services that meet local demands. Strengthened participation in health service delivery will contribute to more transparent public management in general and the creation of an empowered civil society.

The Mission also plans to implement a demonstration model of a maternal health system. The model uses design teams whose members include local MOH officials, hospital and clinic health administrators, health providers, traditional birth attendants, and community members. These teams identify the most significant barriers to the provision of quality maternal health services and devise local solutions to their problems. Interventions are directly aimed at increasing the demand for services through IEC activities and assuring essential obstetric care is provided to women during pregnancy and childbirth.

Intermediate Result 3.2: Access to quality reproductive health services expanded.

USAID/Paraguay believes that enhanced community outreach is a fundamental component of increased access to and use of quality reproductive health services. In particular, community outreach will focus on public awareness and education directed at marginalized groups such as rural women and adolescents. Local health councils will play a key role, as will the private sector, in these activities.

This IR will be achieved by implementing municipal and private clinic programs to train and monitor staff and outreach workers in maternal and child health and family planning. Other key initiatives will include developing media messages targeting adolescent sexuality; helping rural government medical teams to reach distant poorly served areas; and expanding the distribution of quality family planning supplies, while at the same time carrying out information, education, and communication (IEC) campaigns through selected government clinics, NGOs, and private sector outlets.

*Illustrative Approaches*

*New outreach initiatives:* Resources exist for the creation of a demonstration project for a reproductive health care network serving the Greater Asuncion metropolitan area, which contains more than one-fourth of the total population, with a special focus on marginalized urban and peri-urban areas. This initiative would link multilateral donors, government resources, and private sector contributors. CEPEP and PSI, two important entities supported by USAID/Paraguay, currently are delivering complementary reproductive health services to adolescents and women in the metropolitan area. The GOP is a partner in developing neighborhood sponsored day care centers in the poorer sections of the city for which the World Bank furnishes the infrastructure. There are five day care centers presently in operation, with thirty more proposed for the next five years. Each center has 40 to 50 children with supervision provided by their mothers on a rotating basis. The proposed inter-institutional collaboration sponsored by USAID/Paraguay would encourage linkages through which PSI could reach these women with their IEC messages, while CEPEP could deliver appropriate clinic services.

A complementary rural demonstration activity for reproductive health care delivery by means of outreach health workers is also planned. The elements once again would be USAID supported NGOs, multilateral agencies, and MOH services. In several municipalities where

decentralization of services is taking hold, mobile clinics operated by the local government make scheduled visits to surrounding villages. Trained resident outreach workers provide supplementary and basic care as appropriate. The World Bank is initiating similar mobile health clinics in five remote rural northern departments. A similar commitment to provide rural health care has been made by the Interamerican Development Bank (IDB) in five primarily rural departments of southern Paraguay. Although the funding and support for these activities exists within the two banks they are still in need of guidance on how to implement these projects. USAID/Paraguay is in the unique position to be able to carry out on the ground pilot projects which will serve as examples for its other donor partners in this area.

Another model which will be investigated by USAID for possible implementation is maternal waiting homes. The feasibility of maternal waiting homes could be a possible intervention to provide access to services to rural women. Maternity waiting homes have been quite successful in other countries. There is special promise for successful outcomes in Paraguay given the high proportion of rural women delivering at home. During the last couple weeks of pregnancy, rural women could come to a waiting home affiliated with a hospital to assure immediate access to services. These homes should be staffed by nurses with access to daily prenatal check-ups by physicians. During the period that a women stays at the home, she could learn about nutrition, breast feeding, family planning, well childcare, and childhood development.

*Strengthening existing outreach programs:* USAID/Paraguay will also work to strengthen existing successful outreach programs, such as those of PSI. Building PSI's capacity to expand coverage so they have a permanent presence in regions outside the Capital would have implications for institutional strengthening as well as increasing access of services to the rural poor. PSI has an excellent track record for the development and promotion of effective IEC strategies. The organization could play an integral role in coordinating a national IEC strategy by pulling together the various existing interventions into a coherent program that would reflect the priorities of the National Reproductive Health Plan. The MOH has highlighted this as an important priority and has requested that the Mission take the lead in this design.

#### **E. The Commitment and Capacity of Other Development Partners.**

USAID/Paraguay is assuming a leadership role in donor coordination and is leveraging additional resources toward key reproductive health results. The Management of Reproductive Health Services course demonstrates this. The sponsorship and attendance includes the MOH and various international organizations. The MOH in collaboration with donor agencies and national ministries has formed an interagency task force whose mandate is to promote an integrated approach to assure women's health throughout their entire lifecycle. USAID's Policy Project has begun preliminary policy work and will try to improve the adherence of national policies at the local level. The interagency task force will be an important mechanism through which USAID/Paraguay can develop their policy dialogue both at the national and local levels.

Under the new Strategic Plan, USAID/Paraguay will develop new approaches that can be followed by other partners. The World Bank has budgeted \$21.8 million to decrease maternal and infant mortality in six departments in the rural northeast through improved hospital facilities and equipment, mobile health clinics, procurement of medicine and supplies, human resources

training and IEC activities with community outreach. The Interamerican Development Bank is planning a similar \$38 million loan to provide a parallel range of services in five rural departments in the southeast. USAID will carry out demonstration projects that both of the banks can replicate on a larger scale.

The Pan-American Health Organization in Paraguay is working in health sector reform, the institutional development of the MOH, epidemiological surveillance of infectious diseases, food control, veterinary public health, health promotion and prevention in maternal, child and mental health, sanitation and water. PAHO also provides technical cooperation to the MOH for regional health initiatives. The Mission collaborates closely with PAHO on policy development.

The United Nations Fund for Population Activities (UNFPA) is a key partner in the strategic plan. Success in attaining family planning goals is facilitated by UNFPA's assurance of continued provision of contraceptive materials through 2002 and possibly beyond. USAID will continue to provide technical support toward improvement of the contraceptive commodities logistic management system in order to assure provision of adequate supplies at all MOH facilities at all levels. PAHO and UNICEF also provide technical assistance to primary care programs in family planning and reproductive health. The International Planned Parenthood Federation (IPPF) provides funding to its local affiliate CEPEP, for both administrative and program costs and GTZ provides support for a targeted adolescent reproductive health program.

The Japanese International Cooperation Agency (JICA) has been disbursing \$1 – \$2 million per year to develop a decentralized health management model in the Department of Caazapa and is coordinating with USAID and the GOP under the U.S.-Japan Common Agenda to realize recommendations in reproductive health, such as training midwives and conducting IEC campaigns.

## Proposed Performance Indicators: Reproductive Health

Strategic Objective/Result	Indicator	Baseline 2001	Target	Means of Verification
Strategic Objective 3: Use of voluntary reproductive health (RH) services increased	1. Increased percentage of institutional deliveries	1- 64 % (estim.)	1- 2005 – 75 %	Civil registry.
	2. Increased Contraceptive Prevalence Rate – modern methods	2- 51 % (estim.)	2- 2005 – 58 %	Surveys.
IR 3.1: Decentralized community based health care provided	1. % of targeted local governments operating community health care programs.	1- 0	1- TBD	External program evaluations.
	2. % of targeted local governments with active local health councils.	2- N/A	2- TBD	External program evaluations.
IR 3.2: Access to quality RH services expanded	1- Number of facilities in target areas certified as Quality Service Delivery sites.	1- 30	1- 2005 – 100	Facility based surveys in targeted regions.
	1- % of targeted facilities that have the capacity to provide basic essential obstetric care.	2- 0	2- TBD	Facility based surveys in targeted regions.

*Section III*  
***Resource***  
***Requirements***

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### **1. INTRODUCTION**

This section presents the program and operating expenses (OE) resources required to achieve the Strategic Objectives and Intermediate Results set out for this Strategic Planning period. The Mission believes that it will be capable of achieving the proposed SOs if the proposed funding levels set forth in this section are provided. However, USAID/Paraguay does provide a brief description of what programming areas would be limited if a budget shortfall were to occur. A matrix that portrays possible programming mixes at estimated high, medium, and low funding levels accompanies this narrative. The medium funding level is based on Mission resource requirement discussions with LAC. If program resources dip below the medium level on the chart the Mission will not be capable of achieving this Strategic Plan as presented.

Funding for this Strategic Plan is fully consistent with the Agency's sustainable development framework and reflects the collaborative targeting of limited resources that emphasize the Mission's comparative advantages in Paraguay. USAID/Paraguay will continue to leverage and coordinate with other donors in country as well as with its key partners, stakeholders, and customers to achieve the greatest possible development impact for its investment.

The Mission has held operating expenses at an even level, with the exception of the increase due to the move of the Mission to a new building. Part of the increase has been partially absorbed by the constant devaluation of the local currency against the dollar, which is expected to continue in the future.

### **2. PROGRAM RESOURCES**

The program budget table presents the Mission's best estimates on funding requirements to achieve its three Strategic Objectives. These levels are based in part on Congressional Presentation levels and on discussions with LAC. USAID/Paraguay believes that a minimum of an average of \$8.68 million of program funding per year is necessary to meet the Strategic Objectives and Intermediate Results designed for this Strategic Plan. At this level the Mission believes that it would be able to effectively leverage other donor resources, possibly directing resources that are double or triple USAID/Paraguay's own programming budget towards accomplishing these Strategic Objectives.

USAID/Paraguay will continue to use significant Global Bureau field support in all areas, although it will be slowly reduced in the reproductive health SO over the planning period. However, the Mission activities involved in meeting the environmental SO have required a shift of significant portions of the Mission budget to Global assistance mechanisms.

**FUNDING RESOURCES TABLE**  
(\$000s)

<b>Funding Category</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Democracy: Total</b>	<b>4,600</b>	<b>4,600</b>	<b>4,700</b>	<b>4,800</b>	<b>4,900</b>
* <b>Development Assistance (DA)</b>	<b>3,100</b>	<b>3,300</b>	<b>3,500</b>	<b>3,700</b>	<b>3,900</b>
<i>Field Support Component</i>	<i>250</i>	<i>300</i>	<i>300</i>	<i>250</i>	<i>250</i>
* <b>Economic Support Funds (ESF)</b>	<b>1,500</b>	<b>1,300</b>	<b>1,200</b>	<b>1,100</b>	<b>1,000</b>
<b>Environment Total</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
* <b>Development Assistance (DA)</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<i>Field Support Component</i>	<i>400</i>	<i>400</i>	<i>400</i>	<i>400</i>	<i>400</i>
<b>Reproductive Health Total</b>	<b>2,900</b>	<b>2,900</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
* <b>Development Assistance (DA)</b>	<b>2,600</b>	<b>2,600</b>	<b>2,700</b>	<b>2,700</b>	<b>2,700</b>
<i>Field Support Component</i>	<i>1,000</i>	<i>800</i>	<i>750</i>	<i>600</i>	<i>500</i>
* <b>Child Survival (CS)</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>
<b>Grand Total</b>	<b>8,500</b>	<b>8,500</b>	<b>8,700</b>	<b>8,800</b>	<b>8,900</b>

### 3. PROGRAMMING OPTIONS

The Resource Request Summary Matrix below presents a concise breakdown of possible high, medium, and low funding levels. The Mission's resource request is reflected in the medium funding column and is considered the minimum necessary for USAID/Paraguay to achieve its Strategic Objectives in democracy, environment, and reproductive health.

The low option reflects the FY 2000 Congressional Presentation and a flat lining of current resource levels. This funding amount would not allow USAID/Paraguay to accomplish the three SOs developed in this strategy. It would call for a complete restructuring of this Strategic Plan and for a radical redesign of the environmental SO. Key activities in anti-corruption, civil society strengthening, and the national democratic reform process would have to be curtailed. Additionally, the rule of law program would have to be completely closed-out.

The high option represents a full-fledged and robust democracy program that could accelerate and deepen new anti-corruption initiatives as well as expand the planned civil-society strengthening interventions. This is based on an estimated 15% program funding increase and could be easily accommodated into this Strategic Plan without adding any additional Intermediate Results or programming alternatives.

#### Resource Request Summary Matrix for the period FY 2001 - FY 2005 (\$ millions)

<b>Strategic Objectives</b>	<b>Low Option</b>	<b>Medium Option</b>	<b>High Option</b>
<b><i>SO1 Democracy:</i></b> Key Democratic Governance Practices Instituted	\$19	\$23.6	\$27.14
<b><i>SO2 Environment:</i></b> Sustainable Management of Globally Important Ecoregions Improved	\$2.63	\$5	\$5.75
<b><i>SO3 Reproductive Health:</i></b> Use of Voluntary Reproductive Health Services Increased	\$11.5	\$14.8	\$17.02
TOTAL	\$33.13	\$43.4	\$49.91
FY Average	\$6.63	\$8.68	\$9.98

#### **4. OPERATING EXPENSES AND STAFF REQUIREMENTS**

In response to cables from the U.S. Embassy in Asuncion in the wake of the East Africa bombings, USAID/Paraguay received notification during FY 1999 that its office had to be immediately relocated for security reasons. In cooperation with the Regional Security Officer at the Embassy and the USAID Office of Security in Washington, D.C., a suitable location has been identified. Appropriate clearances are now in process, and the move should be completed in the near future. The Embassy Chief of Mission, supported by the Regional Security Officer, strongly recommends that funds be provided in the future to construct a new facility in the Embassy compound for USAID in order to provide the best possible security for USAID employees.

The Mission has projected its operating expense calculations on the costs of the new office facility. These calculations are based on the belief that the major expenses related to the move to the new office building will be incurred prior to the start of this Strategic Plan. It is also understood that security related expenses would not be funded from the Mission's operating expense funds. The tables also take into account that the last FSN direct hire position is being eliminated in FY 2004 due to the mandatory retirement of the incumbent. Beyond that fiscal year that position will be filled by an FSNPSC.

Total operating expenses are held almost constant at a level slightly about \$900,000 per year. Small fluctuations from year to year are based on changes in allowances and travel. ICASS changes are projected to increase at a rate of 10% per year from a FY 2001 level of \$81,000.

USAID/Paraguay is planning to hire a Computer Specialist in FY 1999 or FY 2000 prior to the start of the Strategic Plan to manage all system communications. Currently one person, who must split time between duties as a development program specialist and the responsibilities as system manager, is performing this task. The move to a new office will increase the demands on the systems manager position. These demands will include the installation of an independent communications system, the installation of the local area network (LAN) to a new office space with a completely different layout, and higher maintenance demands from the users in a new working environment.

The workforce levels listed in the chart reflect the current staffing level agreed to during the Mission's last R4 review, plus the addition of the Computer Specialist. These levels will be maintained throughout the Strategic Plan period despite the increased levels of program funding envisioned.

<b>Mission Staffing Requirements</b>															
	FY 01					FY 02					FY 03				
	USDH	USPSC	FSNDH	FSNPSC	Fellows	USDH	USPSC	FSNDH	FSNPSC	Fellows	USDH	USPSC	FSNDH	FSNPSC	Fellows
OE Funded	2		1	11		2		1	11		2		1	11	
Program funded		1		5	2		1		5	2		1		5	2

Total FY 2001 22

Total FY 2002 22

Total FY 2003 22

<b>Mission Staffing Requirements</b>										
	FY 04					FY 05				
	USDH	USPSC	FSNDH	FSN	Fellows	USDH	USPSC	FSNDH	FSN	Fellow
OE Funded	2			12		2			12	
Program funded		1		5	2		1		5	2

Total FY 2004 22

Total FY 2005 22

## **Annex I: Biodiversity and Tropical Forests**

Paraguay harbors significant biodiversity among the four globally-important ecological regions within its borders (e.g., the interior Atlantic rain forest in the east; the Chaco dry forest in the west; the Pantanal wetlands in the north; and small patches of the Cerrado savannas in the northeast). The interior Atlantic rain forest is one of the most important in the Hemisphere, due to its unique biodiversity. The Chaco contains important mammal diversity and populations, and the Pantanal wetlands, 10-15% of which is located in Paraguay, is the largest wetland in the world and the most important in the Hemisphere. Very little of the Cerrado grasslands are located in Paraguay – the vast majority is found in Brazil and one-half of which have been lost to soybean farms and cattle ranches

At the species level, Paraguay is highly diverse, containing around 13,000 vascular plant species, including 760 species of trees and shrubs. There are an estimated 167 mammal species, around 700 bird species and possibly around 100,000 invertebrates. The major river systems (e.g., Paraguay and Parana) are also important sources of fish species. A recent Rapid Ecological Assessment by Conservation International of the rivers near the Pantanal counted 166 different fish species.

Paraguay also contains important populations for many threatened and endangered mammal and bird species. These include: mammals--jaguar, mountain lion, the marsh deer, the Chaco peccary (thought to be extinct until its “discovery” in 1974), the giant armadillo, the short-tailed possum, the bush dog, the giant otter, the maned wolf; and birds--Hyacinth macaw, helmeted woodpecker, white-winged nightjar, rufous faced crane, russet-winged spadebill and the crowned eagle. There are thought to be at least 86 threatened or endangered bird species in Paraguay.

Migratory birds also find important habitats in Paraguay. Twenty-eight bird species are neotropical migrants (e.g., summer in the USA and Canada), most of which live also in Paraguay’s two “Parks in Peril” sites (Defensores del Chaco National Park in the Chaco, and Mbaracayu Reserve in the interior Atlantic forest). An additional sixty species migrate from Chile and Argentina.

Environmental trends in Paraguay vary among ecoregions. The interior Atlantic rain forest is highly threatened and fragmented. At current deforestation rates, none of this forest will remain in twenty years in Paraguay. The two largest remaining fragments are in protected areas, the Mbaracayu Reserve and the San Rafael National Park. Unfortunately, San Rafael lacks any on-site protection, but domestic and international concern for the site is increasing. The Pantanal and Chaco ecoregions remain relatively intact but may be endangered as the region becomes more developed. Current losses from the growth of agricultural frontier are small but increasing. These ecoregions are threatened by expected development (roads, gas pipelines, and railroads) within Mercosur.

Only limited conservation efforts are taking place in Paraguay. USAID, The Nature Conservancy, and Fundacion Moises Bertoni, a local NGO with an international reputation, were instrumental in establishing and conserving the Mbaracayu Reserve in the interior Atlantic rain forest. This reserve has become a model for private reserves in the Hemisphere, has

demonstrated successful alternative economic development and carbon offset activities, and has garnered support from multiple donors (most recently the French government). USAID, The Nature Conservancy and Desdel Chaco, a new Paraguayan NGO, have recently begun an innovative public-private partnership for park management in the Defensores del Chaco National Park near the Bolivian border. Other donors, especially the Global Environment Facility/UNDP, are also trying to promote biodiversity conservation in Paraguay, especially in partnership with the public sector.

In 1994, the Master Plan for the National System of Protected Areas (SINASIP) was legally adopted. SINASIP outlines priority areas for conservation within 39 proposed protected areas covering around 41,000 square kilometers (approximately 10%) of the country. To date, over 20 protected areas have been legally established. However, almost all of these are paper parks that lack on-site protection, with the exception of those receiving Parks in Peril support from USAID.