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FROM THE AMERICAN PEOPLE

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FY 2009 FOREIGN ASSISTANCE GOALS

The United States Government (USG) and the Government of Paraguay (GOP) share the same long-term vision of a more stable, prosperous Paraguay, which acts as a responsible, productive regional partner in the middle of South America. Over a year after the country's historical political transitioning from 60 years of one-party rule, Paraguay is still adjusting to significant changes affecting the country's nascent democracy. Former Catholic bishop Fernando Lugo took office in August 2008, and was immediately confronted with tremendous internal challenges in most public offices and ministries. He also faced internal political struggles. In support of the new administration, and to strengthen overall support for democracy, U.S. Agency for International Development (USAID) programs made every effort to address and respond to some of the GOP's most urgent programmatic needs.

Foreign assistance is advancing the GOP's top priorities of combating corruption and narcotics trafficking, strengthening good governance and service delivery, creating new jobs and economic opportunities with a focus on poor rural producers and women, improving access to health care, and providing alternatives to the destruction of the country's rich and unique eco-system.

HIGHLIGHTS BY PROGRAM OBJECTIVE

Peace and Security

The U.S. Office of Defense Cooperation in Paraguay supported the USG goal to promote a secure, prosperous Paraguay that has the political will and the ability to professionalize its military. The long-term priorities are to help Paraguay build the capability to prevent, deter, and respond to all forms of terrorism; develop the capacity to deploy peacekeeping operations; develop an effective humanitarian assistance and disaster relief capability; and facilitate the development of a national security policy and strategy, which includes updated defense and military strategies with well-defined roles for military and security forces consistent with their constitution.

- Several aircraft maintenance courses helped improve the technical capacity of the Paraguayan Air Force. Courses such as Counterdrug Operations and Medical Assistance also increased technical knowledge for various units in the Army.
- Training opportunities conducted in English, to include many of the Regional Defense Counterterrorism Fellowship Program courses offered, remain difficult to fill due to the low number of English speakers in the military
- The GOP's National Anti-Drug Secretariat (SENAD) continued to make inroads with its 2009 drug enforcement activities. USG funds supported SENAD's operations and its active demand reduction program, and provided operational support to the Specialized Technical Unit (UTE) that pursues intellectual property violations.
- INL funds also provided technical assistance to the Anti-Money Laundering Secretariat (SEPRELAD)
- SENAD's Prevention Program offered 720 workshops, reaching a total of 21,417 students, teachers, and parents, disseminating 6,501 informational pamphlets to teachers and counselors to use during workshops
- The canine program continues to have success, enhancing the overall efforts of SENAD's drug interdiction program. Canine alerts led to several important seizures and arrests.
- USG funds also provided technical assistance to the Anti-Money Laundering Secretariat (SEPRELAD).
- The Department of State's Office of Antiterrorism Assistance conducted two events related to Paraguay. The first was a senior crisis management course in Washington, DC, held for 17 high-level GOP officials. The course brought together (for the first time) members of several ministries in an attempt to improve crisis management capabilities and coordination. The other event was an assessment in Paraguay to determine what ATA can do going forward to best help the country.
- The USG provided operational support to the Specialized Technical Unit (UTE) that pursues intellectual property violations.
- The UTE made significant progress in investigating major traders of counterfeit goods and seizing pirated goods of higher-valued assets, such high-tech equipment, computer software, general electronics, and other consumer goods. The commercial value of counterfeit and pirated goods seized by UTE reached almost \$6 million.
- A law passed in July 2009, which strengthened SEPRELAD's capacity to investigate terrorist financing by requiring increased reports of suspicious activity by exchange houses, pawn shops, casinos, credit unions, and service providers

Governing Justly and Democratically

In the area of democracy and governance, FY 2009 activities confirmed USAID's success as a leading GOP ally in supporting rule of law and judicial reform in Paraguay. Programs in this thematic area forged and strengthened relationships with non-governmental organizations (NGOs),

bar associations, law schools, judges, and judicial staff, among others. Programs also emphasized transparency and accountability in the justice sector, highlighting the country's judicial ethics system (created with USAID's support) that serves as a model for the entire region. Democracy and governance programs also complement Paraguay's Millennium Challenge Corporation (MCC) Threshold Program Phase 2, which provides tools to the GOP to tackle corruption. USAID's governance programs include anticorruption modules, provide technical assistance to municipalities to help them improve their managerial and governing capacity, and assist the Civil Service Secretariat in improving its human resources management to combat traditional political patronage hiring practices. To promote transparency and reduce corruption, civil society programs focus on increasing citizen access to public information, and assist government institutions to improve their capacity to provide that information. In FY 2009, USG assistance achieved the following:

- USAID supported the formulation and implementation of a results-based budget for the judicial circuits in Caaguazu and San Pedro, and continues to support the use of results-based budgeting in the judicial circuit of Misiones. Court personnel have been trained to monitor results and indicators, and the local statistics office has been strengthened to better report reliable information, which is used to measure results. The overall impact is a more transparent and efficient judicial system for the three target areas.
- Five workshops were conducted nationwide aimed at disseminating ethics principles and the appropriate mechanism for reporting ethics violations. USAID continued to support a nationwide public dissemination campaign through radio spots, conferences, and posters designed to raise awareness on three relevant matters related to judicial ethics: sexual harassment, corruption (graft), and abuse of authority. Particularly noteworthy is the fact that 40 cases of alleged ethics violations were filed during 2009, and 12 rulings were adopted by the Tribunal.
- Access to information and citizen participation in the justice sector is fundamental for the advancement of judicial reforms. Mechanisms already established in the judiciary with USAID support were sustained and expanded.
- USAID continued supporting the Supreme Court's website by increasing the scope of information available on the site and making the site more user friendly, particularly in terms of search tools. The website is a fundamental tool for allowing the general public to access information related to the justice system, and for increasing transparency.
- USAID is supporting the civil society sector to implement an external tracking and oversight system of corruption cases. The tool, called "Judicial Warning," exposes criminal cases filed in courts, provides the status of the cases, and details any potential problems or delays in resolving them. The objective of the early warning mechanism is to prevent impunity, and has been an extremely important resource used by journalists, lawyers, and civil society activists.
- USG continued to support the active involvement of civil society and interest groups in the process of reforming the judiciary. A significant accomplishment to report on FY 2009 is the active engagement of law schools' student unions.

- Technical assistance was provided to the Forensic Audit Department of the Controller's Office to increase its investigative capacity to detect and report corruption cases to the Prosecutor's Office
- USAID is supporting judicial excellence and transparency in two circuits of the country: Misiones and Caaguazu. The goal is to expand results to the countryside that have already been achieved in the capital city in the areas of transparency, performance measurement, and access to information. As a result, in these two circuits USAID conducted several activities on access to information, as well as training to judicial staff in budgetary and planning matters.
- The Municipal Organic Law, drafted with USAID's support in previous years, was approved by both branches of Paraguay's Congress with modifications during 2009.
- The USAID Mission in Paraguay supported the implementation of a management performance evaluation tool, which contains over 30 indicators in the areas of financial management, operations management, service provision, democratic practices, and legislative performance. The development of this performance measurement tool and management system allows ministries and public offices to measure their current status in several areas of civil service and human resource management, and compare that against pre-established standards. Measurement results help the participating ministry identify areas of weakness and seek technical assistance for improvements.
- Forty-three municipalities were measured and 17 municipalities received technical assistance to improve their performance. Specific achievements within this overall framework include increased annual own-source revenues in 14 municipalities by an average of 64 percent, the completion of 21 new or improved local services and public works projects in 9 municipalities, and the installation in 13 municipalities of at least 58 transparency and participatory governance mechanisms, such as public budget hearings, rendering of accounts public meetings, access to information policies, and citizen councils.
- USAID continues to support the Ministry of Agriculture's information desk. During FY 2009, two new access points to the information desk were established.
- USAID supported a local law school in developing a second edition of an extremely important study, "Judicial Observatory." The study tracks judicial performance in bringing cases to a timely conclusion and compares them to what is required under the Paraguayan criminal code.
- The social cost of corruption initiative was expanded to the health sector, and resulted in the creation of a digital platform measuring the social cost of corruption in the health system, including a map that allows tracking of corruption allegations and a risk map illustrating the social cost of corruption; the completion of training workshops for journalists, the Public Ministry, and the Controllers Office; and recommendations developed on critical areas.

Investing in People

USAID in Paraguay supports the Ministry of Health (MOH) to improve health care, which is one of President Lugo's main priorities. USAID continued its role as a valued partner of the MOH,

provided technical assistance and commodities to scale up the health decentralization process, and continued to provide essential technical assistance and training in the area of family planning to sustain the positive results achieved in previous years. With the additional funding in health in FY 2009, USAID responded to the Lugo Administration's request to donate maternal and child health equipment to three main hospitals and several rural health centers in the poverty-stricken San Pedro region. It also financed a forensic audit of the division responsible for water and sanitation within the Ministry as requested by the GOP's Minister of Health. In FY 2009:

- USAID supported the Health Information System (HIS) of the MOH, continuing the implementation of the strategic plan developed previously. The conceptual framework, developed with USAID assistance, is now the official framework for the MOH health information system, and the USG is seen as a key ally by the GOP and other donors in this area
- USG assistance supported the development of new software for the Human Resources Department of the MOH, which allows the MOH to have electronic access to more than 20,000 personnel files for the first time ever
- The MOH also established a new policy guide for the procurement of hardware and software
- More than 900 people from 18 sanitary regions, 15 regional hospitals, 25 district hospitals, and 60 health centers nationwide were trained in health information management, and more than 100 services within the MOH have an improved capacity to produce quality data for decision-making
- The MOH process of implementing the new HIS was recognized internationally when the Health Metrics Network chose Paraguay's experience as the most successful model within the LAC region
- The final report of the latest Reproductive Health Survey was carried out by a local NGO, the Paraguayan Center for Population Studies (CEPEP), with assistance from the Centers for Disease Control and Prevention
- USAID ended its 10-year cooperative agreement with the local organization CEPEP, achieving all the desired results, including a 91 percent financial sustainability of the organization
- The family planning logistics system was extended to all basic medicines and supplies within the MOH; this integration process is being supported by the MCC Threshold Program
- The MOH signed agreements with 106 local health councils and transferred more than \$3 million to them to be locally managed
- The social pharmacy model continued to cover more than 374,500 people during FY 2009, providing basic medicines at low cost. At the same time, \$1.9 million were invested by host country institutions to purchase medicines.
- Over 350 people were trained in implementation of the decentralization agreements and 916 on family-planning-related topics

- A new supervision system was also designed and implemented, providing the tools to monitor the quality of family planning provisions in more than 20 health services

Economic Growth

USAID's economic growth programs in Paraguay continued generating new income and employment opportunities with an increased emphasis on more marginalized agricultural regions. Programs targeted micro-entrepreneurs and small producers leading to 14,000 full-time equivalent new jobs, increased sales of \$45 million, along with a \$20 million growth in exports. USAID's flagship economic growth program, Paraguay Sells, launched a new initiative linking small producers with previously inaccessible market opportunities in domestic supermarkets. In the environment arena, USAID is strengthening local civil society groups to protect some of the world's most fragile, yet important, eco-regions such as the Gran Chaco Americano and the Atlantic Forest. USAID works closely with private sector actors that adhere to a "triple bottom line" philosophy, for results that encompass long-term economic gain, environmental stewardship, and social inclusion. In FY 2009:

- USG assistance increased sales of \$45 million, almost four times the FY 2009 target of \$12 million, along with an increase in exports by \$20 million, which was also four times the FY 2009 target of \$5 million.
- The Paraguay Sells program launched a new initiative (Take Your Product to the Supermarket), which links small producers with the previously inaccessible market opportunities that supermarkets present for them. The new initiative addressed the barriers presented by a lack of business formalization, which hinders increasing sales, employment, and access to credit for the vast majority of these enterprises.
- USAID promoted agreements with various government ministries in which they committed to facilitate the formalization of 354 small producers
- The Ministry of Industry and Trade agreed to waive the registration fee for all micro and small enterprises (MSEs) in the program
- USG assistance supported formalization along with market research, and enhanced knowledge and skills that translated market trends into practical solutions for supported firms. The project activities worked mainly with 40 firms and over 350 small producers that, because of the technical assistance, increased sales by \$45,000,000, and exports by \$20,000,000.
- The USG organized a training and orientation course for both the public and private sectors on the benefits of the Generalized System of Preferences, and how better to target and access the U.S. market
- Improved the trade and investment capacity of more than 1,000 MSE firms
- An innovative Paraguay Sells client, Proorgánica, introduced organic cotton in a region where most conventional cotton farmers are abandoning the crop. The firm also introduced organic canola and, with the help of a Development Credit Authority-leveraged bank loan, the firm established a small oil press to produce special oils from seeds like canola and sesame. Currently, 100 producers are cultivating for Proorgánica.

- Effectively implemented Sustainable Business Initiatives in Paraguay under a Global Development Alliance (GDA) with a local NGO and a private sector firm, with a cost-sharing ratio of 1 to 1. This program is decreasing pressure on the use of natural resources for income-generating purposes that threaten sensitive biological areas, and is developing a sustainable model for the creation of economic, social, and environmental value in the northern portion of Paraguay's Atlantic Forest (AF). Under this GDA, important agreements were also struck with five large landowners to reinforce the implementation of legal regulations in environmental and forestry issues in the AF. A forest monitoring program, which identified main threats and designed a mitigation plan to protect important areas of the AF, is being implemented in this area. Additionally, local leaders and hundreds of small producers were trained on sustainable production and agricultural best practices as well as environmental issues.
- Through the collaboration of the GOP and the U.S. Forest Service, under an agreement with USAID, technical assistance to local partners and the GOP was provided, improving the local capacity for natural resource management, reforestation, and restoration of degraded lands, as well as improved fire management capacity
- Thirty-four leaders of 17 institutions trained in the first International Course on Forest Fire Prevention and Control. This program also generated a communication campaign and initial recommendations for a national strategy on fire management.
- USAID's support to the World Wildlife Fund for the implementation of the "Biodiversity Vision" and the promotion of sustainable uses helped to generate noticeably increased public awareness about the value and services that forests provide and the importance of protecting the Atlantic Forest remnants
- USAID's program with Foundation Desdelchaco, which is ending in FY 2009, successfully promoted institutional strengthening in the sustainable management of prioritized areas of the Chaco and Pantanal. Selected government agencies improved their management capacity through participatory and democratic land use planning processes. This program also strengthened civil society and communities in environmental issues and built capacity in sustainable production alternatives, with an important gender participation component.