

## The Challenge

Paraguay is undergoing a historic transformation towards consolidating its democracy and promoting a fair and licit market economy, both of which are primary U.S. national interests. Despite recent progress, challenges remain including a non-competitive business environment, high levels of corruption, few incentives for sustainable resource management, and a public health system that is centralized, poorly managed and inappropriately deployed. There is a low level of capacity within the public sector to address these challenges. USAID's program in Paraguay aims to institute democratic practices, increase trade and incomes for the poor, improve management of important eco-regions, and improve access to quality reproductive health services.

## Objectives, Sectors and Workforce

Mission Director: Wayne Nilsestuen

MCA Status: Threshold Eligible

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Received

### Program Budget (Appropriations by Objective)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio
526-004 Democracy & Governance	4,907	4,008	3,960	0	N/A	1.06	Met
526-005 Environment	928	929	920	0	N/A	1.11	Exceeded
526-006 Reproductive Health	2,325	1,980	2,884	0	N/A	0.88	Not Met
526-007 Economic Growth	1,287	990	1,485	0	N/A	1.84	Exceeded
526-008 Democracy and Governance	0	0	0	3,830	N/A	N/A	N/A
526-009 Health	0	0	0	2,106	N/A	N/A	N/A
526-010 Economic Growth	0	0	0	1,300	N/A	N/A	N/A
526-011 Environment	0	0	0	1,000	N/A	N/A	N/A
526-020 Paraguay Threshold Country Program - MCA	0	0	37,070	0	N/A	N/A	N/A
<b>Country Total</b>	<b>9,447</b>	<b>7,907</b>	<b>46,319</b>	<b>8,236</b>	<b>-12.8%</b>		

### Program Budget (Appropriations by Account)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Child Survival and Health Programs Fund	2,325	1,980	2,884	2,106	-9.4%
Development Assistance	4,140	3,748	4,385	4,130	-0.2%
Economic Support Fund	2,982	2,179	1,980	2,000	-32.9%
Millennium Challenge Account	0	0	37,070	0	N/A
<b>Total</b>	<b>9,447</b>	<b>7,907</b>	<b>46,319</b>	<b>8,236</b>	<b>-12.8%</b>

### Program Budget by Sector and Account

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Agriculture and Environment DA	928	929	920	1,000	7.8%
Economic Growth DA	1,287	990	1,485	1,300	1.0%
MCA	0	0	13,465	0	N/A
Democracy and Governance DA	1,925	1,829	1,980	1,830	-4.9%
ESF	2,982	2,179	1,980	2,000	-32.9%
MCA	0	0	23,605	0	N/A
Family Planning / Reproductive Health CSH	2,325	1,980	1,782	1,106	-52.4%
Child Survival and Maternal Health CSH	0	0	1,102	1,000	N/A
<b>Total</b>	<b>9,447</b>	<b>7,907</b>	<b>46,319</b>	<b>8,236</b>	<b>-12.8%</b>

### Workforce

	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	2	3	3	3	50.0%
US Non Direct Hires	1	1	1	1	0.0%
Foreign Nationals	22	25	30	36	63.6%
<b>Total</b>	<b>25</b>	<b>29</b>	<b>34</b>	<b>40</b>	<b>60.0%</b>

<b>Operating Expense</b>	<b>FY 2004 (\$000)</b>	<b>FY 2005 (\$000)</b>	<b>FY 2006 (\$000)</b>	<b>FY 2007 (\$000)</b>	<b>Percent Change FY 04-07</b>
Salaries and benefits	243	240	247	268	10.3%
Travel	68	42	19	14	-79.4%
Transportation of things	0	0	15	0	N/A
Rent	167	168	169	169	1.2%
Security	91	110	101	101	11.0%
Equipment	36	75	6	5	-86.1%
ICASS - Operating Expense only	51	54	55	55	7.8%
Other Operating Expense	157	126	96	96	-38.9%
<b>Total OE Budget</b>	<b>813</b>	<b>815</b>	<b>708</b>	<b>708</b>	<b>-12.9%</b>
US direct hire salary and benefits	315	328	270	299	-5.1%
Program Funded Administrative Expenses				764	
<b>Country Total Administrative Budget</b>				1,771	
<b>Percent of Bureau OE Total</b>				1.7%	

<b>Mission Summary</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Program per US Direct Hire (\$000)	4,724	2,636	15,440	2,745
Program per All US (\$000)	3,149	1,977	11,580	2,059
Program per Position (\$000)	378	273	1,362	206
Operating Expense as % of Program Funding				8.6%
Program Funded Admin Expense as % of Total Admin				43.1%
Total Admin Expense as % of Program Funding				21.5%

**Other Major Donors:**

Bilateral: Japan, Germany, Spain, Taiwan, Canada, Sweden, Switzerland, South Korea.

Multilateral: World Bank, Inter-American Development Bank, United Nations Development Program and specialized United Nations organizations (e.g.- United Nations Fund for Population Activities and United Nations Education Scientific and Cultural Organization), Food and Agricultural Organization, Inter-American Institute for Cooperation on Agriculture, Pan-American Health Organization, Organization of American States, Global Environmental Fund, European Union, and the Japan International Cooperation Agency.

## Paraguay PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Child Survival and Health Programs Fund	2,325	1,980	2,884	2,106
Development Assistance	4,140	3,748	4,385	4,130
Economic Support Fund	2,982	2,179	1,980	2,000
Millennium Challenge Account	0	0	37,070	0
<b>Total Program Funds</b>	<b>9,447</b>	<b>7,907</b>	<b>46,319</b>	<b>8,236</b>

### STRATEGIC OBJECTIVE SUMMARY

526-004 Democracy & Governance				
DA	1,925	1,829	1,980	0
ESF	2,982	2,179	1,980	0
526-005 Environment				
DA	928	929	920	0
526-006 Reproductive Health				
CSH	2,325	1,980	2,884	0
526-007 Economic Growth				
DA	1,287	990	1,485	0
526-008 Democracy and Governance				
DA	0	0	0	1,830
ESF	0	0	0	2,000
526-009 Health				
CSH	0	0	0	2,106
526-010 Economic Growth				
DA	0	0	0	1,300
526-011 Environment				
DA	0	0	0	1,000
526-020 Paraguay Threshold Country Program - MCA				
MCA	0	0	37,070	0

Mission Director,  
Wayne Nilsestuen

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Democracy & Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	526-004
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$1,980,000 DA; \$1,980,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2001
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** Through a range of technical assistance, training, and grants, the democracy and governance program is working to strengthen the capacity of local governments to deliver services in response to the needs of citizens; improve the ability of civil society to put pressure on the current political system to change and become more responsive; reform judicial institutions to make them more effective and accountable; and develop an open, transparent policy dialogue that allows for the inclusion of all citizens and their organizations. Anticorruption efforts are incorporated throughout the program.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Promote And Support Anti-Corruption Reforms (\$350,000 ESF). USAID is providing technical assistance and training to strengthen the capacity of the business and civil society to fight corruption and promote reforms. Activities are supporting oversight, access to information, transparency and accountability, and promote reforms focusing on anticorruption policies. Prime implementers: Management Systems International (MSI) and the Institute for Penal and Social Science Comparative Studies (INECIP).

Strengthen Civil Society (\$1,130,000 ESF). USAID is extending a successful sub grant program that strengthens civil society organizations in promoting citizen participation in the policy decision making process, citizen oversight and control, and advocacy. Prime implementer: Center for Information and Resources for Development.

Strengthen Democratic Political Parties (\$500,000 ESF). USAID is providing technical assistance and training to political parties to promote public sector accountability and good governance practices to challenge the existing patronage system. Emphasis is placed on building political party capacity so that based on merit, technically qualified people have access to increasingly higher party positions, government positions or elected offices. Technical assistance is also being provided for political party finance reform. Prime implementer: Alter Vida.

Strengthen the Justice Sector (\$1,000,000 DA). Technical assistance is being provided to improve control functions of government institutions, including strengthening the capacity of the Prosecutor's Office to fight corruption. Assistance is being provided to address problems caused by the patronage system in the justice sector, including improving the accountability of judges and prosecutors. In addition, this supports a career system focused on judicial employees that will address recruitment policies, procedures and practices based on merit. Prime implementers: MSI and INECIP.

Support Democratic Local Government and Decentralization (\$980,000 DA). USAID is providing technical assistance and training to strengthen the capacity of newly elected mayors and council

members by helping them implement good governance practices, including service provision, revenue enhancement, citizen participation, transparency mechanisms, and performance measurement. Technical assistance is being provided to local governments and their associations to implement decentralization projects in coordination with the central government. Prime implementer: Alter Vida.

**FY 2007 Program:**

No obligations are planned during FY 2007.

**Performance and Results:** A Judicial Code of Ethics was approved and is being implemented by the Supreme Court. Selection criteria, exams and a computerized registry for judges, prosecutors and public defenders have been developed and are also being implemented. Progress has been made in strengthening the Public Ministry's ability to fight corruption through internal regulations and procedures and an agreement to coordinate investigation of corruption cases with the Controller General's Office. USAID expanded the number of local governments receiving assistance from 30 to 40; and, as part of a new Global Development Alliance, continues to incorporate revenue enhancement, services, citizen participation and transparency as a means to ensure more effective and accountable local governments. More than \$2 million of non-USAID funds have been mobilized to support local economic development and other local projects. The civil society program has supported more than 30 organizations that produced over 25 local reforms via citizen advocacy and oversight. The program also supported five significant non-governmental organization coalitions working on national reforms, an example being the more than 20 civil society organizations and members of the media that drafted and presented a Freedom of Information Act to Congress which received approval by the lower house.

The overall impact of the program will be a deepening of the democratic process through the involvement of national and local institutions, and increasing civil society participation and confidence in a more functional democratic system capable of improving the delivery of basic services at the local level.

## US Financing in Thousands of Dollars

Paraguay

526-004 Democracy & Governance	DA	ESF
<b>Through September 30, 2004</b>		
Obligations	9,371	13,804
Expenditures	7,546	9,777
Unliquidated	1,825	4,027
<b>Fiscal Year 2005</b>		
Obligations	1,829	1,920
Expenditures	2,280	4,512
<b>Through September 30, 2005</b>		
Obligations	11,200	15,724
Expenditures	9,826	14,289
Unliquidated	1,374	1,435
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	1,980	1,980
<b>Total Planned Fiscal Year 2006</b>		
Obligations	1,980	1,980
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	13,180	17,704

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Environment
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	526-005
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$920,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2001
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** USAID's environment program consists of technical assistance and training to improve the capacity of Paraguayan leaders and non-governmental organizations (NGOs) to manage three globally important eco-regions (Pantanal wetlands, Upper Parana Atlantic forest, and Chaco forest). Technical assistance is also being used to develop the necessary policy, legal, and financial tools for improved and effective ecological management that are integrated with efforts in Argentina, Bolivia, and Brazil.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Improve Sustainable Management Of Natural Resources and Biodiversity (\$920,000 DA). USAID is providing technical assistance to NGOs and local governments to increase their capacity to develop legislation to promote financial and structural incentives (such as a national environmental fund and carbon offset projects) for ecological management and forest conservation in three globally significant eco-regions. Technical assistance is being provided to conserve public and private land by establishing resource management areas, conservation easements and leasing, land purchases and zoning, and protecting public parks. USAID is supporting decentralization efforts so that departments and municipal governments have a greater role in addressing environmental concerns in their communities. USAID is supporting NGOs and other local entities in the Chaco and Pantanal eco-regions in improving the capacity of municipal and departmental officials to incorporate environmental designs into local development plans. Incentives will also encourage actions that contribute to compliance with international environmental conventions and increase the capacity of local officials to enforce national environmental regulations. Technical assistance is provided to improve the capacity of national park personnel in the Chaco to implement conservation activities, establish biological corridors, and coordinate efforts with local institutions and institutions in Bolivia and Argentina. In the Upper Parana Atlantic Forest eco-region, funds are used to improve the capacity of five local NGOs to implement conservation efforts and promote the protection of approximately 100,000 hectares through activities that include the training of local and national government officials to enforce environmental regulations. USAID continues to encourage a debt swap between the Government of Paraguay, the U.S. Department of Treasury, and U.S. NGOs. A moratorium policy to protect against indiscriminate deforestation and a coordinated effort with institutions in Brazil and Argentina is also being supported. A Global Development Alliance activity continues to provide support to ensure sustainability of the Tapyta Reserve. USAID provides technical assistance to support conservation efforts in an ecologically sensitive area where few conservation efforts have been carried out. USAID promotes and offers technical assistance and training towards the creation of private protected areas, and improves the capacity of local government officials to enforce environmental regulations. USAID is also supporting the preparation of draft policy and legal tools to improve the current environmental framework. Principal contractor and grantees: World Wildlife Foundation, Institute of Law and Environmental Economics, Moises Bertoni Foundation and one other local contractor.

**FY 2007 Program:**

No obligations are planned in FY 2007.

**Performance and Results:** During the past year, implementation of a Biological Vision for the Upper Parana Atlantic Forest and a Social Pact began, both aimed at decreasing the rate of deforestation. As a result, over 3,000 hectares have been purchased as a part of the San Rafael conservation strategy. One private reserve of 4,700 hectares was created and an effort to create a second reserve of 15,000 hectares is underway. In the Chaco, over seven million hectares (approximately one-fifth of the region) was established by the Government of Paraguay and formally recognized by the United Nations Education Scientific and Cultural Organization. This international recognition is significant because it provides added legal protection and puts additional pressure on all levels of government to enforce environmental laws in this area.

The performance of national and local level institutions charged with environmental management and protection has improved. A guide proposed by the environmental ministry will enhance the ability of prosecutors and others to investigate and suspend activities that violate environmental laws and norms. This has led to greater understanding and enforcement of policy and regulation, as well as compliance with international conventions related to the environment. Departmental and municipal governments have begun to assume a greater role in conservation efforts. With USAID assistance, the governors of two departments in the Chaco, in conjunction with two municipalities, promoted discussion of environmental issues which resulted in identification of environmental concerns and possible ways to address them. Improved coordination amongst and between municipal and departmental governments has also resulted in improved awareness of environmental issues, improved capacity of local level officials, strengthened land zoning, and implementation of a biosphere reserve. Support to governors also resulted in the creation of departmental development councils and legally binding development plans to the year 2010 that were established through an open and transparent participative process. USAID, through a local NGO, provided assistance to one municipality experiencing serious illegal land invasions and related environmental problems, which resulted in a cadastre that is assisting the municipality to determine actions to resolve improper land use and environmental issues. That NGO has established itself as the legal environmental law expert for the congress. This has led to their critical input in policy matters such as the development of the draft Water Law and the draft General Environmental Law. Finally, negotiations for a debt-for-nature swap under the Tropical Forest Conservation Act have begun. USAID and its local environmental partners have provided critical input into the process.

USAID's environment program will result in an improvement in the overall sustainable management and protection of the globally important eco-regions that Paraguay shares with its neighbors. Successful models, experience, and lessons learned will be shared with Argentina, Bolivia, and Brazil.

## US Financing in Thousands of Dollars

Paraguay

526-005 Environment	DA
<b>Through September 30, 2004</b>	
Obligations	3,926
Expenditures	2,563
Unliquidated	1,363
<b>Fiscal Year 2005</b>	
Obligations	929
Expenditures	1,205
<b>Through September 30, 2005</b>	
Obligations	4,855
Expenditures	3,768
Unliquidated	1,087
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	920
<b>Total Planned Fiscal Year 2006</b>	
Obligations	920
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	0
Future Obligations	0
Est. Total Cost	5,775

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Reproductive Health
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	526-006
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$2,884,000 CSH
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2001
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** The Reproductive Health program provides technical assistance and training to improve the provision of decentralized, community-based health care and to expand access to quality reproductive and maternal health services.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City Policy.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Improve Maternal Health and Nutrition (\$1,102,000 CSH). USAID provides technical assistance to strengthen the central, regional and local Ministry of Health (MOH) in the implementation of norms and protocols for maternal mortality surveillance, including support to improve the current public health information system. Principal contractor and grantees: to be determined.

Support Democratic Local Government and Decentralization (\$450,000 CSH). Local government control in the provision of health services is being strengthened through technical assistance to regional and local authorities and through greater community participation in the design, evaluation and financing of health care. USAID's technical assistance continues to help the MOH identify ways it can decentralize authorities and functions including supporting the extension of the community pharmacy concept into new areas by increasing awareness and providing support to two departmental governments and local health councils. USAID is also strengthening the already successful grassroots insurance schemes in three municipalities and disseminating information about the success to other municipalities and departments as well as to the MOH and other donors. Tools developed under this initiative are being transferred to the central MOH in order to implement the experiences at new sites. Discussion is underway to determine if USAID assistance will be provided to help Paraguay address threats caused by the avian flu pandemic. Principal grantee: Center for Information and Development Resources.

Support Family Planning (\$1,332,000 CSH). USAID continues to coordinate with the United Nations Fund for Population Activities in supporting the establishment of a sustainable mechanism for the purchase and distribution of contraceptives. USAID is strengthening the Government of Paraguay's contraceptive distribution system including its capacity for forecasting, financing, and procurement. USAID provides support for family planning services at low cost clinics located in economically depressed areas in the capital and other large cities. In coordination with other donors, USAID is updating and disseminating family planning norms in order to give users informed choices. Principal contractor and grantees: Paraguayan Center for Population Studies and John Snow, Inc.

#### **FY 2007 Program:**

No obligations are planned in FY 2007.

**Performance and Results:** In FY 2005, the community pharmacy program was successfully expanded and now includes a total of over 160 pharmacies. Prices are kept low through bulk purchases and low operating costs. In areas where the pharmacies operate, pregnant women now have access to low cost medicines and supplies necessary during birth. The social pharmacy system distributed medicines to approximately 250,000 people during the year. Alternatives to health coverage, such as low cost health insurance, were offered in one new municipality during the year to help finance basic health care costs. The MOH has requested assistance to replicate the model in the northern part of the country, a region with a high level of poverty and difficulties in accessing health care. The system is being revised to expand the number of services offered to the public. This model was selected by the Organization of American States as one of the most successful decentralization efforts in Latin America.

Quality health services were improved during the year by strengthening the capacity of health facilities. Approximately 75% of the 19 facilities where USAID is providing support have reached the capacity to provide basic essential obstetric care. Health centers are staffed by trained health providers and offer counseling to clients on family planning methods and alternatives.

A high level of community participation is occurring through local health councils to improve preventive health measures and promote reproductive health. During FY 2005, the number of communities offering basic health services increased by two during FY 2005, for a total of 15. The system includes trained promoters that raise awareness of services, undertake surveys to increase knowledge of the local health situation, and help identify health services for children and women. USAID continued to support a non governmental organization that operates a system of clinics to provide family planning and other reproductive health services at affordable prices. The clinic has achieved the expected target of 80% of cost recovery and has purchased a new clinic in with their own revenues. During the year, 31 agreements were implemented between the MOH, local health councils and local governments to decentralize some health functions and authorities. USAID provided support to implement 12 of these agreements. In those health facilities where assistance has been provided, the number of users has increased dramatically and new services and personnel were incorporated as a result of the availability of resources. In addition, technical assistance was provided to regionalize the five year Reproductive Health Plan in five departments.

Finally, the results of the Reproductive Health Survey are widely available. Paraguay has seen a steady improvement in reproductive health. The total fertility rate has decreased from 4.3 children per woman measured during the period from 1995 to 1998 to 2.9 children per woman measured from 2001 to 2004. Contraceptive prevalence increased from 47.7% of women aged 14 to 44 years in 1998 to 60.5% in 2004. The survey serves as a snapshot of the maternal and reproductive health situation in the country and provides baseline information for the National Reproductive Health Plan.

Continued progress will result in a reduction in Paraguay's fertility, maternal, and infant mortality rates. Family planning services will have been expanded to marginalized populations. Local participation will have ensured that the services demanded are actually provided and that the concerns of local customers are addressed.

## US Financing in Thousands of Dollars

Paraguay

526-006 Reproductive Health	CSH	DA
<b>Through September 30, 2004</b>		
Obligations	6,269	2,445
Expenditures	2,886	2,070
Unliquidated	3,383	375
<b>Fiscal Year 2005</b>		
Obligations	1,980	0
Expenditures	3,385	0
<b>Through September 30, 2005</b>		
Obligations	8,249	2,445
Expenditures	6,271	2,070
Unliquidated	1,978	375
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	2,884	0
<b>Total Planned Fiscal Year 2006</b>		
Obligations	2,884	0
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	11,133	2,445

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	526-007
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$1,485,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2006

**Summary:** The economic growth program consists of business development services provided to individual firms to expand sales and generate employment, and technical assistance to the private and public sectors to reduce constraints to trade and investment.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Improve Private Sector Competitiveness (\$1,485,000DA). USAID continues to provide business development services such as marketing assistance for agricultural products and supply chain management to help firms expand their sales and generate employment. Through technical assistance provided to companies in the poorest areas of the country, the program plans to generate over \$5,400,000 in additional sales of Paraguayan products. It is anticipated that at least one third of these sales will be exports. The generation of this amount in sales is expected to lead to the creation of at least 450,000 labor days of additional employment during the year and additional investment of \$250,000. Principal contractor: Chemonics and various Paraguayan subcontractors.

#### **FY 2007 Program:**

No obligations are planned in FY 2007.

**Performance and Results:** The program generated more than \$9 million in sales from firms in Paraguay in FY 2005. Exports were more than three-fourths of these sales contributing to a greater insertion of Paraguay in global markets. The employment generated by these sales is estimated to be almost 1.3 million labor days of employment in FY 2005 alone. The program also contributed to reduce constraints to formal trade in the tri border area with Brazil and Argentina. By supporting private sector demands for reforming the regulations and policies for cross border trade for information technology products, the program contributed to private-public dialogue enabling this sector to pursue the formalization of their economic activities.

By the end of this program, USAID expects to have significantly strengthened the capacity of Paraguayan firms to participate in international markets as suppliers, clients, and competitors, and thus, has fostered market led growth and employment generation in Paraguay.

## US Financing in Thousands of Dollars

Paraguay

526-007 Economic Growth	DA
<b>Through September 30, 2004</b>	
Obligations	2,233
Expenditures	841
Unliquidated	1,392
<b>Fiscal Year 2005</b>	
Obligations	990
Expenditures	1,694
<b>Through September 30, 2005</b>	
Obligations	3,223
Expenditures	2,535
Unliquidated	688
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	1,485
<b>Total Planned Fiscal Year 2006</b>	
Obligations	1,485
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	0
Future Obligations	0
Est. Total Cost	4,708

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Democracy and Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	526-008
<b>Status:</b>	New in FY 2007
<b>Planned FY 2006 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$1,830,000 DA; \$2,000,000 ESF
<b>Year of Initial Obligation:</b>	2007
<b>Estimated Year of Final Obligation:</b>	2011

**Summary:** The democracy and governance program will address the extremely high level of corruption, government ineffectiveness and poor rule of law. Anticorruption will be the cornerstone of the democracy program, working with both government and nongovernmental institutions to reduce corruption in key sectors. USAID will promote judicial independence, strengthen transparency and accountability in key government institutions, support greater access to public information, and increase civil society oversight. USAID will also strengthen local government institutions, practices, capacity and functions to replace the discredited, corrupt past practices, so that good policies and governance are institutionalized. In addition, USAID will build the capacity of political parties to govern responsibly in elected positions in national, regional and local level government.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

No obligations are planned in FY 2006 as the program will begin in FY 2007.

#### **FY 2007 Program:**

Promote And Support Anti-Corruption Reforms (\$1,000,000 ESF). USAID plans to provide technical assistance in promoting broad anticorruption efforts in such areas as, transparency and accountability in the justice sector, greater access to public information, civil society oversight, and tracking and monitoring of corruption cases. Prime implementer: to be determined.

Strengthen Democratic Political Parties (\$1,000,000 ESF). USAID intends to provide technical assistance and training to political parties to promote public sector accountability and good governance practices to challenge the existing patronage system. Emphasis may be on building political party capacity so that technically qualified people have access to increasingly higher party positions, government positions, or elected offices based on merit. Political party finance reform may also be supported. Prime implementer: to be determined.

Strengthen Justice Sector (\$830,000 DA). USAID plans to provide technical assistance to strengthen such institutions as the Supreme Court, Public Ministry, Controllers Office, and the Council of Magistrates in coordination with civil society to promote transparency, fight corruption, promote judicial independence, and strengthen the rule of law. Prime implementer: to be determined.

Support Democratic Local Government and Decentralization (\$1,000,000 DA). USAID plans to expand the number of local governments implementing good governance practices by evaluating governance performance against independent, objectively verifiable municipal performance indicators specific to Paraguay. Indicator results may be used to determine where to provide technical assistance, to promote transfers and coordination by central government actors, and to

promote specific local projects. In addition, a local database on municipalities' performance will be developed to promote competition and provide citizens access to municipal performance information. Support may be provided to help expand local development and economic growth by working with the private sector, local entities, international donors, and other actors through the Global Development Alliance. Prime implementer: Alter Vida.

**Performance and Results:** This program will begin in FY 2007. By the end of the program, corruption will have been decreased and the rule of law and government effectiveness improved.

## US Financing in Thousands of Dollars

Paraguay

526-008 Democracy and Governance	DA	ESF
<b>Through September 30, 2004</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2005</b>		
Obligations	0	0
Expenditures	0	0
<b>Through September 30, 2005</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	0	0
<b>Total Planned Fiscal Year 2006</b>		
Obligations	0	0
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	1,830	2,000
Future Obligations	8,000	8,000
Est. Total Cost	9,830	10,000

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Health
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	526-009
<b>Status:</b>	New in FY 2007
<b>Planned FY 2006 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$2,106,000 CSH
<b>Year of Initial Obligation:</b>	2007
<b>Estimated Year of Final Obligation:</b>	2011

**Summary:** The Health program will provide technical assistance and training to improve the provision of decentralized, community based health care and ensure a sustainable provision of family planning services and products.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City Policy.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

No obligations are planned in FY 2006 as the program will begin in FY 2007.

#### **FY 2007 Program:**

Improve Maternal Health and Nutrition (\$1,000,000 CSH). USAID plans to strengthen selected essential public health functions of the Ministry of Health (MOH), focusing on maternal health and nutrition. Technical assistance may be provided to assure improved public health information for policy and decision making. This would benefit all stakeholders and reinforce ongoing health sector decentralization and logistics strengthening activities. This assistance will help the MOH assume its functions as a regulatory and enforcement arm of the Government of Paraguay by providing quality public health information for planning and evaluation purposes. Principal contractors and grantees: to be determined.

Support Democratic Local Government and Decentralization (\$250,000 CSH). USAID plans to continue to strengthen local government and community control in the provision of health services with a focus on family planning; disseminate financial models of providing health services; and develop community models for information, education, and a communication strategy that will help increase access to family planning and prevent unwanted pregnancies in those areas. Technical assistance will be used to improve the structure of the health services network so those in need of health services where (e.g. hospital, health center, health post) they will receive the services required. Support will continue to be provided to the MOH to promote policy issues related to health reform including reforms aimed at further decentralization of the health system and to design and implement activities that complement the Maternal and Child Health Insurance system, financed by a World Bank loan. Principal contractors and grantees: to be determined.

Support Family Planning (\$856,000 CSH). USAID intends to begin graduating from the family planning program. In coordination with the United Nations Fund for Population Activities, USAID plans to continue improving the capacity of the MOH to provide quality family planning services to poor and rural areas of Paraguay. Technical assistance will improve public sector provision of contraceptives including continued support to improve the MOH's capacity to forecast, finance, procure, and distribute contraceptives. This assistance will be expanded to the Social Security Institute to ensure that all actors within the health sector are assuming their responsibility in

providing contraceptives. Principal contractors and grantees: John Snow, Inc. and others to be determined.

**Performance and Results:** The program will begin in FY 2007. By the end of the program, the provision of decentralized health care will have improved and the provision of family planning services and products will be sustainable without USAID assistance.

## US Financing in Thousands of Dollars

Paraguay

526-009 Health	<b>CSH</b>
<b>Through September 30, 2004</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2005</b>	
Obligations	0
Expenditures	0
<b>Through September 30, 2005</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	0
<b>Total Planned Fiscal Year 2006</b>	
Obligations	0
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	2,106
Future Obligations	8,000
Est. Total Cost	10,106

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	526-010
<b>Status:</b>	New in FY 2007
<b>Planned FY 2006 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$1,300,000 DA
<b>Year of Initial Obligation:</b>	2007
<b>Estimated Year of Final Obligation:</b>	2011

**Summary:** The economic growth program consists of business development services to individual firms to foster private sector growth, and support to private-public dialogue to improve the business environment conducive to increased trade and investment.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

No obligations are planned in FY 2006 as the program will begin in FY 2007.

#### **FY 2007 Program:**

Improve Private Sector Competitiveness (\$1,000,000 DA). A follow-on program to the highly successful Paraguay Vende activity will be implemented to continue supporting private sector growth through technical assistance to individual firms. Technical assistance will be used to provide marketing and general business expertise. This will include supply chain development services that allow firms facing immediate business opportunities to utilize the assistance to increase sales in the short term. The program will emphasize the importance of generating exports and improving market access in order to strengthen private sector ties to the global economy. Principal contractor or grantee: to be determined.

Increase Trade and Investment (\$300,000 DA). USAID plans to support efforts to reduce regulatory, policy, and institutional constraints affecting trade and investment by providing technical expertise to business associations and Government of Paraguay initiatives. This assistance is planned to facilitate public-private dialogue and advance reforms to the business environment conducive to increased trade and investment. Principal contractor or grantee: to be determined.

**Performance and Results:** This program will begin in FY 2007. The by end of the program, USAID expects to have significantly strengthened the capacity of Paraguayan firms to participate in international markets and improved the business environment to attract trade and investment.

## US Financing in Thousands of Dollars

Paraguay

526-010 Economic Growth	DA
<b>Through September 30, 2004</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2005</b>	
Obligations	0
Expenditures	0
<b>Through September 30, 2005</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	0
<b>Total Planned Fiscal Year 2006</b>	
Obligations	0
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	1,300
Future Obligations	5,200
Est. Total Cost	6,500

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Environment
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	526-011
<b>Status:</b>	New in FY 2007
<b>Planned FY 2006 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$1,000,000 DA
<b>Year of Initial Obligation:</b>	2007
<b>Estimated Year of Final Obligation:</b>	2011

**Summary:** The environment program continues efforts in the conservation of ecologically important areas within Paraguay's three globally important eco-regions (Pantanal wetlands, Upper Parana Atlantic forest, and Chaco forest).

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

No obligations are planned for FY 2006 as this program begins in FY 2007.

#### **FY 2007 Program:**

Improve Sustainable Management Of Natural Resources and Biodiversity: (DA \$1,000,000). USAID plans to improve the conservation of biodiversity in prioritized areas of globally important eco-regions. Training and technical assistance are planned to improve conservation measures in private and public protected areas and in buffer zones around them. On a pilot basis, this may involve areas which are concessioned. Technical assistance in buffer zones may focus on alternative and ecologically friendly economic activity. Support will also be provided to increase public awareness of local environmental issues, formulate management plans, and train local officials. Development of mechanisms for land purchases to promote biodiversity and assistance in the creation of biologically important corridors will also be supported. Environmental and natural resources policy and regulatory frameworks will be reinforced. USAID may provide training and technical assistance to strengthen selected local governments with the intent to improve their capacity to undertake zoning and land use surveys, as well as enforcement activities. USAID may provide technical assistance to assure that protected areas have title or legally definitive status, seek to promote citizen participation in identifying and addressing local environmental issues, and strengthen communities' and municipalities' capacity to respond. An important emphasis will be given to communities living in buffer zones surrounding protected areas. Assistance to these poor communities will be based on participatory studies involving the residents. Principal contractor and grantees: to be determined.

**Performance and Results:** This program begins in FY 2007. By the end of the program, the conservation of ecologically important areas within Paraguay be improved.

## US Financing in Thousands of Dollars

Paraguay

526-011 Environment	DA
<b>Through September 30, 2004</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2005</b>	
Obligations	0
Expenditures	0
<b>Through September 30, 2005</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	0
<b>Total Planned Fiscal Year 2006</b>	
Obligations	0
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	1,000
Future Obligations	4,000
Est. Total Cost	5,000

## Data Sheet

<b>USAID Mission:</b>	Paraguay
<b>Program Title:</b>	Paraguay Threshold Country Program - MCA
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	526-020
<b>Status:</b>	New in FY 2006
<b>Planned FY 2006 Obligation:</b>	\$37,070,000 MCA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$0
<b>Year of Initial Obligation:</b>	2006
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** Technical assistance will be provided to the Government of Paraguay (GOP) in the implementation of the Millennium Challenge Corporation's Threshold Country Program. The program will support the GOP's efforts to reduce impunity in Paraguay and to formalize economic activities. Impunity and informality are inextricably linked and have adverse and cross-cutting socioeconomic and financial consequences.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Improve Economic Policy and the Business Environment (\$13,464,759 MCA). Technical assistance is being provided to reduce informal economic activity by increasing the formality, operational efficiency, and transparency levels within the government Tax Authority; increasing the number of enforced sanctions imposed for customs related crimes; increasing the Ministry of Finances' internal investigative capabilities to reduce tax and customs related corruption; reducing the number of days to open a business through simplified processing and call centers that cut through red tape; and encouraging formal investments in duty-free assembly and re-export activities to provide a legitimate alternative to black market activities. Principal contractors: To be determined by a competitive process.

Promote and Support Anti-Corruption Reforms (\$23,605,489 MCA). Technical assistance is being provided to strengthen key institutions in the fight against corruption and impunity. Impunity is being reduced by: strengthening the investigative capability and internal controls of the Public Ministry; strengthening the Supreme Court by setting up an effective internal control and disciplinary system to deter illegal conduct; increasing the integrity and effectiveness of government operations by adopting an effective internal auditing system in the five most important ministries; designing and implementing an integrated public information management and registry control system that will allow information and coordination between the National Police Department, the Motor Vehicles Registry, and the Office of Court Records of the Judiciary; and improving the capacity of the National Congress to provide oversight of public finances and increase citizen participation in the oversight process. Principal contractors: To be determined by a competitive process.

#### FY 2007 Program:

No obligations are planned during FY 2007.

**Performance and Results:** This program is expected to begin during FY 2006. At the end of the program, corruption and impunity will be reduced and economic activities will be more formalized.

## US Financing in Thousands of Dollars

Paraguay

526-020 Paraguay Threshold Country Program - MCA	<b>MCA</b>
<b>Through September 30, 2004</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2005</b>	
Obligations	0
Expenditures	0
<b>Through September 30, 2005</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	37,365
<b>Total Planned Fiscal Year 2006</b>	
Obligations	37,365
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	0
Future Obligations	0
Est. Total Cost	37,365