

The country must be rebuilt on new foundations



The development models implemented in the country have failed to meet the population's needs. The environment is still being exploited with no thought for the future; inequalities among the different sectors of the population are getting worse. What is needed is a new development plan that enables a better coordination between the State, the organizations of civil society and the market and at the same time lays anew the country's foundations to benefit the good of all. It means moving on from making protests to making proposals and showing that if everyone participates in the effort, it is possible to build a better country.

Decidamos, Campaña por la Expresión Ciudadana
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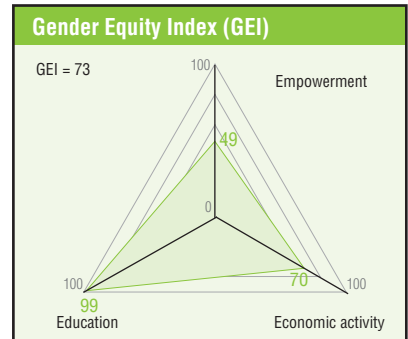
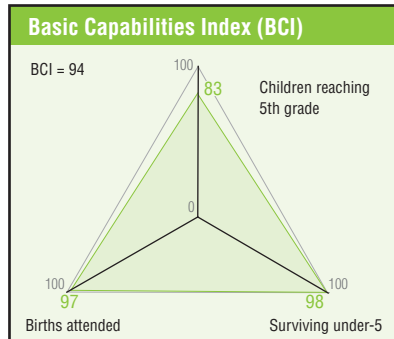
Historically, the development models implemented in Paraguay have depended largely on agricultural exports and their goals have been exclusively focused on economic growth. The results have always been monoculture, progressive deforestation to extend productive land area, concentration of wealth in a few hands, impoverishment, and forced migration of part of the population for economic survival. These unsuccessful models have never met the needs of broad swathes of the population or slowed the serious deterioration of the environment. Their failures reflect an inadequate and incomplete coordination among the State, civil society organizations and the market.

An impoverishing economy

The economy of Paraguay is historically based on exploiting and exporting primary products. Each development model, based in agriculture and highly dependent on foreign trade, has led to an unequal distribution of land. According to the 2008 Agriculture Census, 84% of productive rural units are small farms of 20 hectares or less, and only 9% are enterprises with more than 50 hectares.¹ Families are constantly being driven off the land and moving to urban areas. This internal migration has swelled the slums around big cities. As a consequence, peasant movements have intensified their demands for agrarian reform.

In November 2008, the Government - by presidential decree - set up the Executive Board for Agrarian Reform (CEPRA) with the principal aim of coordinating and promoting economic, social, political and cultural development. CEPRA was also intended to foster the management of public policies in established settlements and contribute to the design and implementation of an agrarian reform. However, this initiative has achieved almost nothing.²

The Paraguayan economy expanded considerably in the period 2003-08, with an average annual growth rate of 4.8%, but the result is still an unequal distribution of wealth. For example, over the same



period, unemployment decreased by only 1.6% and under-employment increased from 24.2% to 26.5%. The inconsistency between the growth of the economy and the weakness of employment indicators clearly shows that economic growth did not generate meaningful numbers of jobs or reduced informal employment.³

Unequal society

Out of 6.4 million Paraguayans, 60% are under 30 years old; 1.7% are indigenous peoples, who face the most unequal conditions throughout the country.⁴ From 1997 to 2008, poverty increased from 36.1% to 37.9%. In rural areas it fell from 51.6% to 48.8%, but urban poverty went up from 22.5% to 30.2%. Half of the people identified as poor (1.16 million) are living in *extreme* poverty.⁵ Around half a million Paraguayans have had to emigrate. According to data from the United Nations Development Programme, in the period 2001-07 alone around 280,000 people emigrated, mainly to Argentina and more recently to Spain.⁶

The environment in danger

During the first decade of the 21st century the Government set in motion a series of initiatives geared to respond to the country's environmental problems and needs, including the National Climate Change Programme (2001), the National Strategy and the Action Plan to Preserve Biodiversity 2004-2009 (2003),⁷ the Paraguay National Environment Policy (2005) and the Paraguay Hydric Resources Law (2007). In spite of these plans and programmes, however, there are more and more environmental problems. For example, there has been a serious loss of forest area, mainly in the Eastern Region, which in 1945 had 55.1% of the country's forest land. By 2005, it accounted for only 7.56%, and resulted in considerable loss of biodiversity.⁸ The lesson to be drawn is that environmental policies can do little in the context of fragile institutions and scarce economic and human resources that are insufficient to establish the required control systems, enforce the law and impose penalties.

Development Plans 2003-2013

As the 21st century opened, the Nicanor Duarte Frutos Government (2003-08) established a development plan called "Agenda for a Better Country," which had four strategic aims:

- To rebuild confidence in State institutions and their representatives.

1 Government of the Republic of Paraguay, *Censo Agropecuario Nacional 2008*, Vol. 1, (Asunción: 2009).

2 Ibid., Presidency of the Republic, *Segundo Informe al Congreso Nacional. Periodo 2009-2010*, (Asunción: July 2010).

3 D. Borda, "Efectos macroeconómicos e impacto social de la crisis global," in *Políticas sociales en Tiempos de Crisis: Memoria del Seminario Iberoamericano*, (Asunción: UNDP - Secretaría General Iberoamericana, 6 and 7 August 2009).

4 UNDP, *Informe Nacional sobre Desarrollo Humano 2008. Equidad para el Desarrollo*, (Asunción: 2008).

5 Government of the Republic of Paraguay, Dirección General de Estadística, Encuestas y Censos, *Estadísticas Recientes sobre Pobreza. Encuesta Permanente de Hogares 2007*, (Asunción: August, 2008); and *Mejora de la metodología de medición de pobreza en Paraguay. Resultados 1997-2008*, (Asunción: 2009).

6 UNDP, *Informe Nacional de Desarrollo Humano 2009. Ampliando horizontes. Emigración internacional paraguaya*, (Asunción: 2009).

7 SEAM- UNDP, *Conservación de la Diversidad Biológica en el Paraguay: Una Propuesta de la Secretaría del Ambiente para la Guía de Acciones*, Vol 2, (Asunción: 2006).

8 Ibid.

- To promote the active participation of the country's citizens in constructing democratic institutions.
- To reactivate the economy and generate jobs within a new model of sustainable development.
- To combat poverty, corruption and insecurity.

These aims were set out in 14 guiding core objectives, including 1) a modernized public administration; 2) a reliable economic environment; 3) sustainable economic growth; 4) a revolution in education aimed at improving human capital; 5) health priorities and policies; 6) public works and the construction of affordable housing; 7) energy for development; 8) defence of the environment; 9) establishment of a new model of international relations 10) development of new spaces in the State and society; 11) respect for human rights; 12) reduction of poverty and social exclusion; 13) elimination of corruption; and 14) a modernized State security force.

In order to operationalize the plan, in 2006, the Government laid out the National Strategy to Fight against Poverty. Subsequently social investment increased from USD 400 million in 2002 to USD 1,507 million in 2007.⁹ The Government sought to modernize the public administration apparatus and managed to achieve an average annual economic growth rate of 4.8%.

The Government also tackled agriculture with its National Plan to Re-activate Family Agriculture (2003-08), which included a Programme to Support the Development of Small Cotton Farms and a project called Food Security. In 2007 the Ministry of Agriculture and Livestock set up the Fund to Support Family Agriculture, which not only provided financial incentives but also introduced the Agronomic Certificate and the Family Agriculture Register. This programme made it possible to directly support peasant family farming with the transfer of PYG 33,470 million (about USD 8.43 million) to 88,948 beneficiaries.¹⁰

But both the "Agenda for a Better Country" and its programmes fell short of expectations. In 2005, the Government of Paraguay had selected 66 priority districts in programmes to combat poverty. By August 2008 at the end of the mandate of the Duarte Frutos Government, these programmes reached only around 12,000 families. In that same period,

unemployment was reduced from 7.3% in 2004 to 5.7% in 2008, but under-employment increased from 24.2% to 26.5%.¹¹

In August 2008, Fernando Lugo of the newly formed Patriotic Alliance for Change became president, bringing to an end more than 60 years of Colorado Party administrations. The following month the Strategic Economic-Social Plan 2008-13 was launched with the declared aim of improving the living conditions of everyone in the country. It had six strategic objectives:¹²

- To pursue economic growth and generate more jobs;
- To strengthen State institutions in order to make public policy more effective;
- To increase and improve investment in social development, mainly education and health, and focus public expenditure in the fight against extreme poverty;
- To foster diversification in the productive sector of the economy while preserving the environment and developing the country's energy and human resources;
- To promote the participation of civil society and private sector organizations in the economy in order to strengthen micro and small enterprises; and
- To harmonize and coordinate Government action to support the decentralized development of regions in the country.

Then in 2010, the Lugo Government formulated a plan called "Paraguay para todos y todas 2010 -20," which comprised a series of initiatives and resource allocations designed to meet the population's demands and needs and generate opportunities for the people to enjoy and exercise their rights. As part of this plan the Government initiated a social protection system called "Saso Pyahu," designed to alleviate extreme poverty by establishing a package of public policies that would reduce economic and social vulnerability and improve the quality of life of Paraguayan families, mainly in the poorest municipal areas.

The Lugo Government had begun its term of office by setting as one of its priorities the intensification of social policies - above all, those to fight poverty and reduce inequality. It immediately expanded poverty-reduction programmes such as *Tekoporá* (Live Well), a conditional cash transfer and family support programme in select communities, resulting in an increase in the numbers of families

receiving help – including new beneficiaries such as persons over 65 years old and the disabled – of 800% (from 14,000 to 112,000) from 2008 to June 2010.¹³

Up until 2008, the country's health services provided insufficient coverage, reaching only 65-70% of the population. In August 2008, the development of a basic model for health services was given priority, which led to the building of 503 family health units. These services now reach some 1,500,000 people who were not covered previously.

To build a better country

The Chilean sociologist and political scientist, Manuel Antonio Garretón¹⁴, has said that no country (especially in Latin America) has been able to develop without the State playing a predominant role. Nonetheless, we are witnessing the emergence of a new development model, transnational in essence, which reverses the relation between the State and society and erodes the State's guiding role. Of necessity, this change requires a re-definition of the State's role in preserving not only the idea of autonomous development but also the notion of the "National Project." It means that when it comes to building a national effort - a "National Project" - there will have to be greater coordination among all of the actors of a society, each putting their own narrow interests aside and joining forces to lay anew the foundations of their country. This year, 2011, the bicentennial of Paraguay's independence, would be an appropriate time to undertake such a task. Perhaps in this way the Paraguayan State might be able to move towards meeting the very serious challenges faced by its people.

The key is to build a generalized sense of the common good – of a shared destiny – and to establish better coordination between the State, civil society organizations and the market. It requires a broader and more inclusive national agenda, moving on from making protests to staging proposals, and above all, demonstrating that it is possible to build a better country if everyone becomes involved in the effort. ■

9 Government of the Republic of Paraguay, Presidency of the Republic, Secretaría Técnica de Planificación-Secretaría General de la Presidencia-Secretaría Privada de la Presidencia, *Informe Presidencial al Congreso de la Nación*, (July 2008).

10 Ibid. See also: Government of the Republic of Paraguay, Secretaría Técnica de Planificación-Secretaría General de la Presidencia, *Por un País Mejor. 400 días, Cuarto Informe de Gestión*, (July-September 2004).

11 D. Borda, op cit., (6 August 2009).

12 Government of the Republic of Paraguay, Equipo Económico Nacional, *Plan Estratégico Económico y Social –PEES– 2008-2013. Propuestas para un crecimiento económico con inclusión social en Paraguay*, (Asunción: 2008).

13 Government of the Republic of Paraguay, Contraloría General de la República, Dirección General de Control de Recursos Sociales, *Informe Final. Auditoría a la Secretaría de Acción Social "Programa Tekoporá."* Ejercicio fiscal 2007, (Asunción: July 2009); and Secretaría de Acción Social, Dirección General de Protección Social y Desarrollo Humano, Programa de Transferencias Monetarias con Corresponsabilidad, *Informe Trimestral 1º, Informe Trimestral 2º*, (Asunción: 2009).

14 Garretón, Manuel Antonio, "La indispensable y problemática relación entre partidos y democracia en América Latina", en *Programa de las Naciones Unidas para el Desarrollo. La Democracia en América Latina. Hacia una democracia de ciudadanas y ciudadanos. Contribuciones para el debate*, (Buenos Aires: Altaguara, septiembre 2004).