



# **Social protection systems**

**in Latin America  
and the Caribbean**

**Paraguay**

**Milena Lavigne**



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# **Social protection systems in Latin America and the Caribbean: Paraguay**

**Milena Lavigne**



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## Foreword

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This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing of the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Given that, in 2011, 174 million Latin Americans were living in poverty –73 million of which in extreme poverty– and that the region continues being characterized by an extremely unequal income distribution (ECLAC, 2012), the case studies place particular emphasis on the inclusion of the poor and vulnerable population into social protection systems, as well as on the distributional impact of social protection policies.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. While social protection can be geared to meeting the specific needs of certain population groups –including people living in poverty or extreme poverty and highly vulnerable groups such as indigenous peoples–, it must be available to all citizens. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population, which are laid out in a series of national and international legal instruments, such as the United Nations’ 1948 Universal Declaration of Human Rights or the 1966 International Covenant on Economic, Social and Cultural Rights (ICESCR). These normative instruments recognize the rights to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

The responsibility of guaranteeing such rights lies primarily with the State, which has to play a leading role in social protection –for it to be seen as a right and not a privilege–, in collaboration with three other major stakeholders: families, the market and social and community organizations. Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of developing countries’ efforts to establish these guarantees, by implementing various types of transfers, including conditional cash

transfer programmes and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions (Cecchini and Martínez, 2011).

Social protection is central to social policy but is distinctive in terms of the social problems it addresses. Consequently, it does not cover all the areas of social policy, but rather it is one of its components, together with sectoral policies –such as health, education or housing– and social promotion policies –such as training, labour intermediation, promotion of production, financing and technical assistance to micro– and small enterprises. While sectoral policies are concerned with the delivery of social services that aim at enhancing human development, and promotion policies with capacity building for the improvement of people’s autonomous income generation, social protection aims at providing a basic level of economic and social welfare to all members of society. In particular, social protection should ensure a level of welfare sufficient to maintain a minimum quality of life for people’s development; facilitate access to social services; and secure decent work (Cecchini and Martínez, 2011).

Accordingly, the national case studies characterize two major components of social protection systems –non-contributory (traditionally known as “social assistance”, which can include both universal and targeted measures) and contributory social protection (or “social security”). The case studies also discuss employment policies as well as social sectors such as education, health and housing, as their comprehension is needed to understand the challenges for people’s access to those sectors in each country.

Furthermore, the case studies include a brief overview of socio-economic and development trends, with a particular focus on poverty and inequality. At this regard, we wish to note that the statistics presented in the case studies –be they on poverty, inequality, employment or social expenditure– do not necessarily correspond to official data validated by the Economic Commission for Latin America and the Caribbean (ECLAC).

## I. Introduction: historical context for social protection policies in Paraguay

One inescapable landmark of Paraguay's recent history is the military dictatorship led by Alfredo Stroessner, a member of the Colorado party, who stayed in power for 35 years, between 1954 and 1989. During this period, matters of poverty and indigence were completely disregarded by the authorities (Rivarola, 2006, p.365). In May 1989, the country returned to democracy by holding free elections, and in 1992 a new Constitution was voted establishing the promotion of quality of life as a universal right. Since then, governments were compelled to face poverty as a major issue.

However, the political and institutional structure of Paraguay after 35 years of authoritarian regime was weak. Even after the end of the Stroessner government, the State still had the characteristics of what Peter Evans calls a “predator” State,<sup>1</sup> with the continuity of the Colorado party's hegemony at the head of the State for almost 20 years after the end of the dictatorship, as well as of corruption and pork-barrel practices (Evans 1996, in Richards, 2009). According to Rivarola (2006), the main changes after dictatorship were economic, with the implementation of neo-liberal economic policies and the promotion of a large-scale agro-industry (in particular for the production of soya) that replaced traditional agriculture. These changes created a rural exodus toward cities, with the resulting increase in urban poverty. However, social reforms were also introduced during this period. The first social policy reforms implemented with the return to democracy were the education reform of 1992 and the creation of the Secretariat for Social Action (SAS) in 1995.

The SAS is still today the main instrument for the implementation of social protection and promotion policies by the Paraguayan government. It coordinates and manages actions oriented towards the reduction of poverty and the promotion of greater social equity. The SAS also aims to reduce pork-barrel practices and to improve the transparency of social programmes with the slogan “poverty does not have any colour” (Rivarola, 2006: 365). Currently, the SAS manages the most important poverty reduction and social inclusion programmes in the country, such as the conditional cash transfer (CCT) programmes (*Tekoporâ* and *Ñopytyvô*, see section V.C.) and social pensions.

The successive elected governments adopted different plans to reduce poverty and to promote greater social equity. The government of Luis Gonzalez Macchi (1999-2003) created the Special fund

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<sup>1</sup> Richards defines the “predator State” as a State devoted to the extraction of resources at the expenses of society (Richards, 2009, p.385).



for the fight against poverty ( *Fondo especial de lucha contra la pobreza*) and the Social protection and promotion network (*Red de protección y promoción social*), following the experiences of Mexico or Chile. The network consisted in the coordination of different institutions that offered community services in health, education, nutrition, labour training and social protection (Rivarola; 2006).

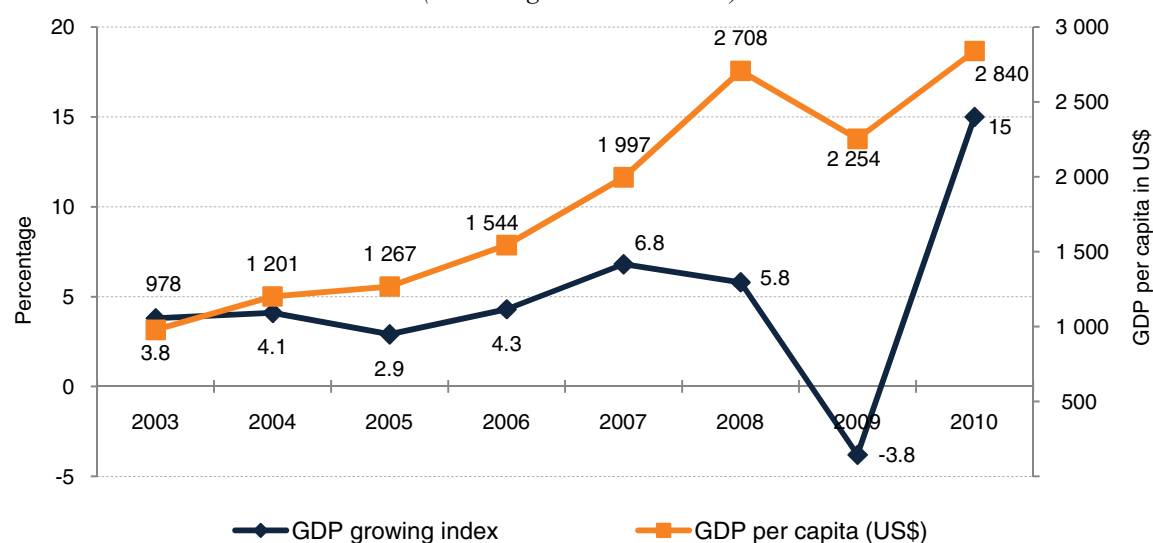
The government of Nicanor Duarte Frutos (2003-2007) continued to promote social protection with the creation in 2004 of the Direction for the strategic plan to fight against poverty (*Dirección del plan de la estrategia de lucha contra la pobreza*, DIPLAN), run by the Presidency of the Republic. In 2005, it also converted the Special fund for the fight against poverty into the Social equity fund (*Fondo de equidad social*) in order to better link social and economic policies. But above all, the plan created the CCT programmes *Tekoporâ* and *Ñopytyvô*.

In 2008, the Paraguayan political context changed when Fernando Lugo, candidate of the Patriotic alliance for change –alternative to the Colorado party–, won the Presidential elections. Fernando Lugo's Presidency gave more strength to social policies, increasing the coverage of social programmes such as *Tekoporâ*. Under its government, the Social Cabinet of the Presidency was reorganized through the Decree no. 1799 of 2009. The Social Cabinet became an "organisation of the executive power which has the faculty and capacity for promoting and running the government's national programmes and public policies in the social sector". The main objectives of the Social Cabinet are: (i) the adequate coordination between social policy and poverty reduction programmes; (ii) the strict cooperation and convergence between the executing agencies; (iii) the elaboration of a strategic agenda shared by public institutions (both local and central) and non government organizations (NGOs), or other agents from civil society; (iv) the identification of the priority areas of support from the international cooperation and (v) reaching the best possible coherence between the social and economic sectors (Decree 1799, 2009).

## II. Paraguay: main economic and social indicators

Paraguay's main production sector is agriculture –strongly focused on soybean production– making the economy quite dependent on climate and environmental changes. Between 2003 and 2008, gross domestic product (GDP) grew steadily. In 2009, the country suffered a steep decrease in GDP compared to the previous year (-3.8%), mainly because of an important drought. According to ECLAC estimations, without considering the agriculture sector, the decrease would have been only about -0.1%. It must be also considered that despite the fact that the impact of the international financial crisis on the Paraguayan economy was quite weak, it affected directly the export sector with a decrease of demand from MERCOSUR countries that constitute Paraguayan main commercial partners. In 2010, GDP rose 15% (the highest rate in the region), due to excellent climate conditions and a high production of soybean (see figure 1) (Arroyo, 2011).

**FIGURE 1**  
**GDP GROWTH RATE AND GDP PER CAPITA, 2003-2010**  
*(Percentages and US dollars)*

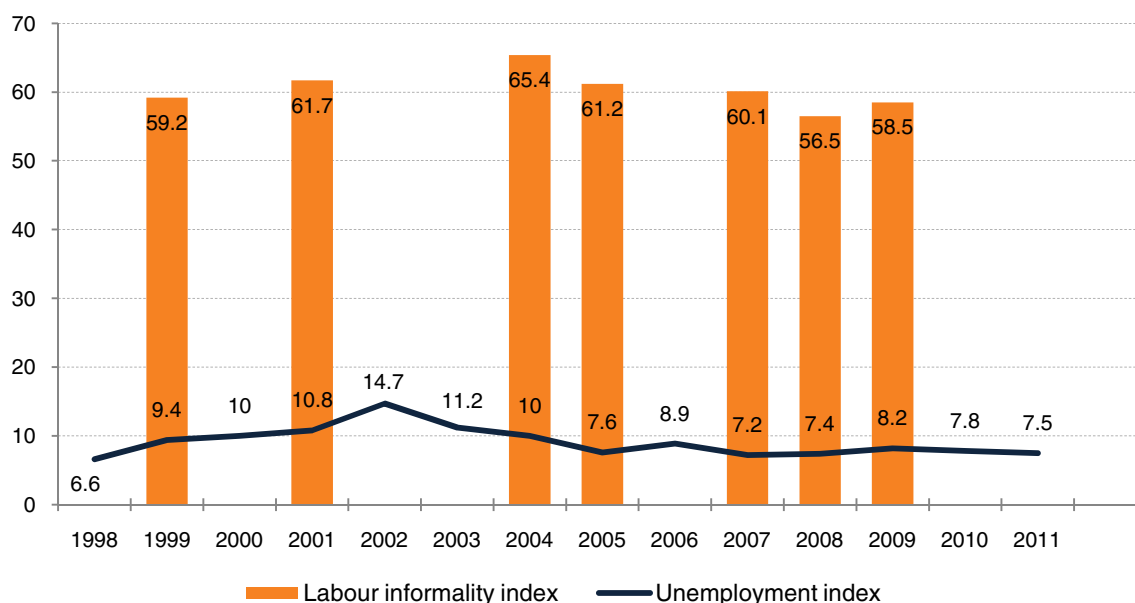


Source: Prepared by the authors on the basis of Central Bank of Paraguay and World Bank indicators [online] <http://data.worldbank.org/indicator>.

Despite the fluctuation of economic growth, unemployment remained quite stable in the 1999-2011 period (see figure 2) and is only slightly higher than the average for Latin America: in 2011, the unemployment rate was 7.5% in Paraguay and 7.0% in the region. Labour informality (employment in the low productivity sector), instead, is quite high and well above the regional average. It also impacts more women (65.9% in 2009) than men (53.0% in 2009).

The tertiary economic sector (services) is the one that creates more employment (53.6%), followed by the primary sector (27.9%) and the secondary (18.5%). The primary sector, however, is the one that registers the highest rate of informality and consequently, non-affiliation to social security: in 2010, only 3.5% of primary sector workers were affiliated to social security (ILO, 2011). The high incidence of informality causes precarious employment and a high proportion of workers who are not affiliated to any social security or health insurance fund. The rate of non-affiliated workers to social security in Paraguay was 87% in 2008, which is the highest rate within Latin American countries.

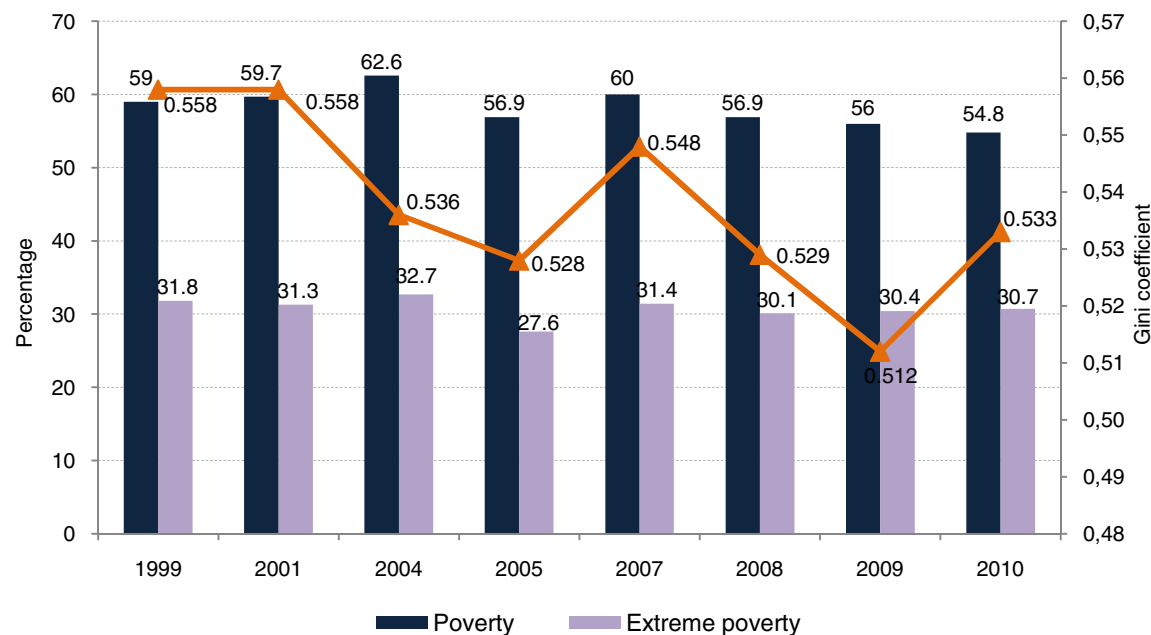
**FIGURE 2**  
**UNEMPLOYMENT AND LABOUR INFORMALITY RATES, 1998-2010**  
(Percentages)



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)-Data Base, CEPALSTAT [online] <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas>.

Paraguay has a very important percentage of its population living in poverty. It is the third country with the highest poverty rate in Latin America, after Honduras and Nicaragua. According to data from ECLAC, the incidence of poverty was about 62.6% in 2004 and decreased to 54.8% in 2010. However, the percentage of population living in extreme poverty has remained stable at around 30% in the last ten years, with only a very small decrease between 2004 and 2010, when it passed from 32.7% to 30.7% (see figure 3). Poverty and extreme poverty are more concentrated in rural areas: in 2010, in rural areas, the poverty rate was 59% and the extreme poverty rate was 38.8%, while in urban areas, the poverty rate was 22.8% and the extreme poverty rate, 12.1%. Large socio-economic inequalities also exist between indigenous and non-indigenous peoples. Indigenous peoples are much more exposed to poverty: in 2009, 72.9% of indigenous peoples lived in poverty, while this percentage was considerably lower (41.4%) for non-indigenous people.

**FIGURE 3**  
**POVERTY, EXTREME POVERTY AND GINI COEFFICIENT, 1999-2010**  
*(Percentages)*



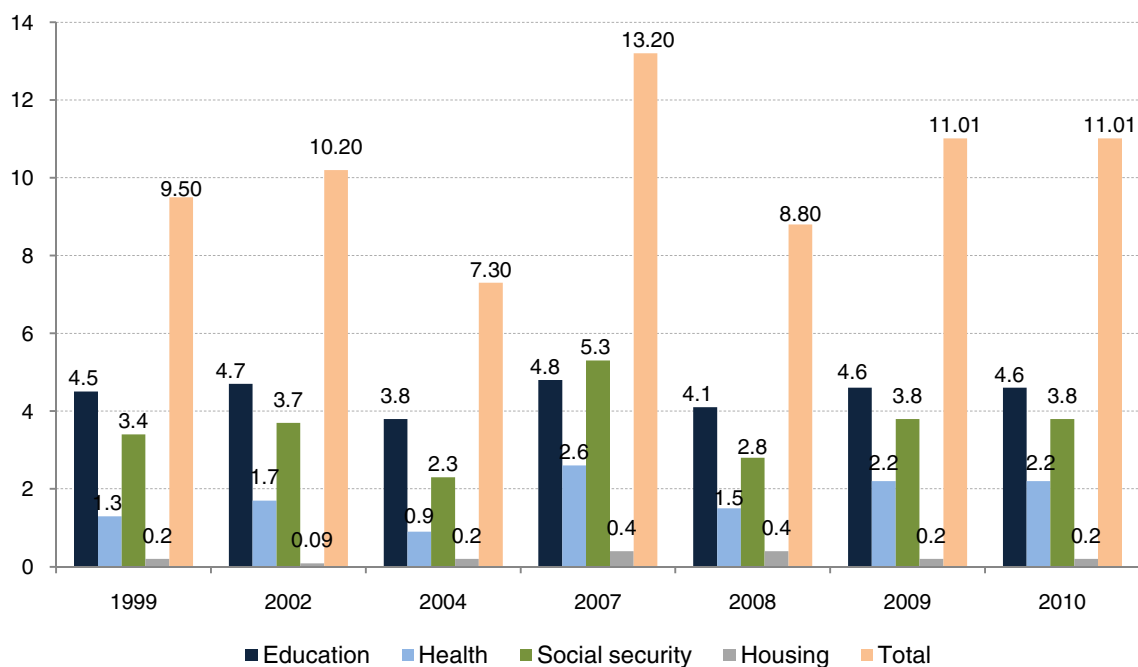
Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)-Data Base, CEPALSTAT [online] <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas>.

Besides high poverty and extreme poverty rates, Paraguay also experiences high –albeit slightly decreasing– income inequality: the Gini coefficient was about 0.558 in 2001 and decreased to 0.533 in 2010. One of the factors limiting redistribution and the reduction of economic inequalities is the low level of direct fiscal collection (3.1% of GDP), which is the second lowest in the region after Haiti. The absence of income taxes has been an important obstacle to increasing fiscal collection. Paraguay is currently the only country of the region without taxes on the incomes of natural persons. However, in May 2012, after having been postponed for four years, the Law on Personal Income Tax (*Ley del Impuesto a la Renta Personal*, IRP) has been approved by the Chamber of Deputies and should be soon be ratified by the Senate. Once approved, the new law should enter into force in 2013.

## A. Social spending trends

Public spending on the social sector in Paraguay is devoted mostly to education and social security, while spending on health remains quite low (see figure 4). Education is the social sector where the Paraguayan government invests the most, although the impacts of this level of spending are not apparent (see section VI.). Spending on social security is the second priority, mostly through spending on pensions and the implementation of CCT programmes.

**FIGURE 4**  
**PUBLIC SOCIAL SPENDING, 1999-2010**  
*(Percentages)*



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)-Data Base, CEPALSTAT [online] <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas>.

Between 1999 and 2010, public social spending has been quite variable, ranging from 7.3% of GDP in 2004 to 13.2% of GDP in 2007. However, between 2009 and 2010, it remained stable at 11%. Moreover, public social spending in Paraguay remains below the Latin American average, both as a percentage of GDP and in per capita terms. Between 2007 and 2008, the average of total social spending in Paraguay was 11.5% of GDP, while the regional average was 18%; social spending per capita in Paraguay in 2008 was US\$ 135, while the regional average was around US\$ 880 (ECLAC, 2010, p. 42).

### III. Contributory pensions in Paraguay

The contributory social protection system in Paraguay is composed of a pension system, which will be analysed in this section, and a national health system, to be analysed in section 4. Hence, the contributory pension system excludes to a large extent informal workers (both in urban and rural areas) and persons who do not manage to make contributions to the system. There is also a non-contributory retirement pension or disability pension system (in practice it concerns only the Chaco's war veterans).

#### A. Overview of the contributory pension system in Paraguay

Paraguay does not have a truly articulated pension system, but rather a group of different entities that grant coverage to different groups of workers (Bertranou, Marinakis and Reinecke; 2003:35). The public pension system is administered by numerous funds: the Tax Fund of the Direction of Retirement and Pensions of the Treasury Ministry (*Caja Fiscal, Dirección de Jubilaciones y Pensiones del Ministerio de Hacienda*), the Institute of Social Security (*Instituto de Previsión Social, IPS*), as well as funds administered by municipalities, railways, banks, Parliament, the national administration for electricity (*Administración nacional de electricidad, ANDE*) and Itaipú (the bi-national hydroelectric power plant located between Brazil and Paraguay). There are also six other regulated funds and various private non-regulated funds: retirement funds and mutual societies (Holst, 2003).

The pension system managed by the different public funds is financed through an individual capitalization regime. As part of this regime, the periodic contributions are managed within individual accounts. Profits generated by the fund are distributed proportionally among members and paid into their accounts' balance. The conditions to access old age pensions are very different between funds. Within the public sector, the minimum age to receive a pension is set at 62 years. The contribution period required to redeem a pension ranges between 10 years (Parliamentary and Itaipú funds) and 20 years (IPS, Bank and Tax funds). Wage-earners pay between 5% and 18% of their wages, depending on the fund. The three main pension funds in terms of number of affiliated workers are IPS, Tax Fund and Itaipú.

### **(a) Institute of Social Prevision (Instituto de Previsión Social –IPS)**

Created in 1943, it is the main organization managing social security for wage earners who work in the private sector in urban areas. The IPS is an autonomous and independent institution; however, it is supervised by the executive power through the nomination of the members of the Administration Council. The IPS provides both retirement pensions and health coverage for its affiliates and their families, protecting them against diverse risks, including illness, accidents, maternity, old age and disability. The old age retirement fund is funded by 12.5% of the affiliated wages. The IPS contributory health insurance that includes illness and maternity is funded by workers' contributions (9% of their wage), employers' contributions (14% of the worker's wage), as well as by a contribution made by the State (equivalent to 1.5% of the worker's wages). In 2011, the fund managed by the IPS was about US\$ 400 million, which is equivalent to 1.1% of GDP (Banco de Información de los Sistemas de Seguridad Social Iberoamericanos, 2012).

### **(b) Tax Fund of the Direction of Retirement and Pensions of the Treasury Ministry**

It manages social security for public employees (administrative employees, teachers, professors of the national universities, magistrates and the army and police forces). It covers accident, illness and maternity risks and provides old age and disability pensions. To have access to an old age pension, the contributor must be aged 62 or over and must have contributed for at least 20 years to the fund (except for teachers, who must have made contributions for at least 28 years). Since 2003, the Tax Fund is also in charge of pensions for the disabled and veterans of the Chaco's war through the Non-contributory Pensions Direction (*Dirección de pensiones no contributivas*) (see section V).

### **(c) Itaipú Fund**

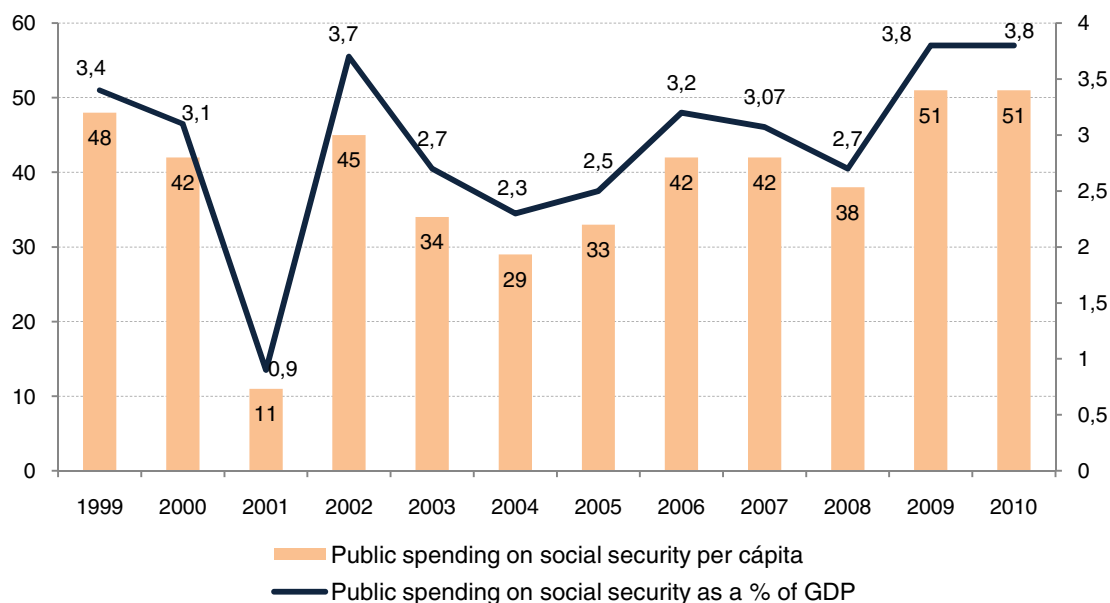
It was created for the employees of the hydroelectric power plant Itaipú. The Itaipú fund does not have a capitalization regime or co-payment system for social security in health (see section IV). It is funded monthly by the company through a special budget for pensions. Yet, old age pensions are funded by both the company contribution (16%) and 6% of the employees' wages.

## **B. Spending on social security and funding of the system**

Spending on social security between 1999 and 2010 suffered some punctual, but high fluctuations. Nevertheless, in per capita terms, this spending has increased slowly from around US\$ 48 in 1999 to US\$ 51 in 2010 (see figure 5).

The main spending sectors within social security are the retirement and disability benefits that correspond to 43% of total social security spending; the other part corresponds to spending on health and maternity, and labour accidents and work-related illnesses (Banco de información de los Sistemas de Seguridad Social Iberoamericanos, 2012).

**FIGURE 5**  
**EVOLUTION OF PUBLIC SPENDING ON SOCIAL SECURITY, 1999-2010**  
*(Per capita and as a percentage of GDP)*



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)-Data Base, CEPALSTAT [online] <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas>.

### C. Coverage of the pension system

Paraguay has the lowest rate of coverage of social security and pensions in Latin America. In 2008, coverage of the pension system was about 13% of the Paraguayan occupied population. Within the public sector, almost the totality of workers is covered by a pension fund, but in the private sector, coverage is only about 30% of workers (40% in urban areas and less than 15% in rural areas).

The Tax Fund of the Direction of Retirement and Pensions of the Treasury Ministry and the IPS include around 91% of the population that is covered by a contributory social pension.<sup>2</sup> The other six regulated private funds cover 5% of the insured population, and private non-regulated funds cover the remaining 4% of the insured population (Holst, 2003).

<sup>2</sup> According to 2003 data by the Technical Secretariat for Planning (Secretaría técnica de planificación de la Presidencia de la República de Paraguay).





## IV. The health sector in Paraguay

### A. Overview of the health system

The health system in Paraguay is regulated by the Law 1032/96,<sup>3</sup> which defines that healthcare services can be offered through public, private and mixed subsectors. The health system also offers health insurance services.

The public health system is managed and financed by the Public Health and Social Welfare Ministry (*Ministerio de Salud Pública y Bienestar Social*) and it is regulated by the Superintendence of Health. The public health system is composed by the services run by the IPS, the army and police forces and the national University of Asunción Health department. On the other hand, the private health sector is composed of profit and non-for-profit organizations, and the Itaipú. There are also mixed organizations like the Red Cross of Paraguay. The articulation between the public and the private sectors is led by the National Health Council (*Consejo Nacional de Salud*) (Decree No 22.385-98). The Decree 19.966-98 established the administrative decentralization of the health system, creating the Local Councils of Health (*Consejos Locales de Salud*) –under the tutelage of the National Health Council–, in order to improve the equity of health access in the different geographic areas.

The superposition of functions and the lack of coordination between the different organizations have created an unequal distribution of services between different geographical areas in the country. To face these inequalities, Paraguay has set up a specialized medical and health offer for indigenous communities. It is composed by medical assistance, medical emergency assistance, mental health, social welfare and improvement of drinking water and sanitation systems in rural areas (Arriagada, Aranda and Miranda, 2005, p. 42).

There are also other social health insurance systems offered by cooperatives in rural areas, for informal workers and wage earners or indigenous populations who are not covered by the main health insurance funds. These cooperative insurances have different organizational structures: some work as mutual insurances; others, like small funds or revolving funds, i.e. funds that remain available to finance new demands, in case of need. The main cooperative insurances are the Paraguayan Workers Confederation Health Service (*Servicio de Salud de la Confederación Paraguaya de Trabajadores*) that counts with around 30,000 adherents and the Credits and Savings Cooperative for Doctors (COOMECHIPAR), that counts with 8,000 members (Holst, 2003).

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<sup>3</sup> The decree 19.996/1998 regulates the decentralization of the health system.

In 2001, the resolution No. 360 established the National Medicines Policy ( *Política nacional de medicamentos*) that seeks to improve the equitable access and use of basic and essential medicines for the entire population. It also aims to stimulate the production of medicines through better integration of the public and private sectors.

**TABLE 1**  
**HEALTH SYSTEM PROVIDERS, RESPONSIBILITIES AND COMPETENCES**

	Subsystems					
	Public		Semi-public Special regime		Private	
Provider	Ministry of Public Health and Social Welfare (MSPBS), University Hospitals.	Armed forces health system.	Social Security Institute (IPS).	Itaipú fund.	Private insurances.	Private services.
Covered population	Universal coverage; but used mainly by non-insured population (indigents, unemployed and their families).	Army and police forces workers and their families.	Active workers (independent and dependent) that contribute to IPS and their families, Chaco's war disabled and veterans.	Itaipú employees and their families.	Active workers (dependent and independent) and passive that contribute to medical insurances.	Non-active population.
Source of financing	Fiscal contributions; co-payments of users.	Fiscal contributions; co-payments of users.	Obligatory health contribution of workers (9% of their wages); co-payments of users.	Special budget of the Itaipú company for social security in health.	Contribution of workers. Insured users' co-payments.	Users' direct payment.
Financing management	State	State	IPS	Itaipú	Private	Private
Benefits	Universal rehabilitation and medical attention; health protection and promotion.	Health protection and promotion; rehabilitation and medical attention for the police and military staff.	Recovery, rehabilitation and medical attention; accidents benefits; medical licenses for sickness; medicines supply.	Recovery, rehabilitation and medical attention; medicines supply.	Recovery and rehabilitation.	Recovery and rehabilitation.
Health services provision	Public, through the services of the Health Ministry.	Public, through the health services run by the army and police.	Semi public through IPS medical centres and in some cases, private services and public from MSPBS.	Own, through the Itaipú bi-national Hospital.	Private, through professional services and private health institutions.	Private, mainly through own institutions.

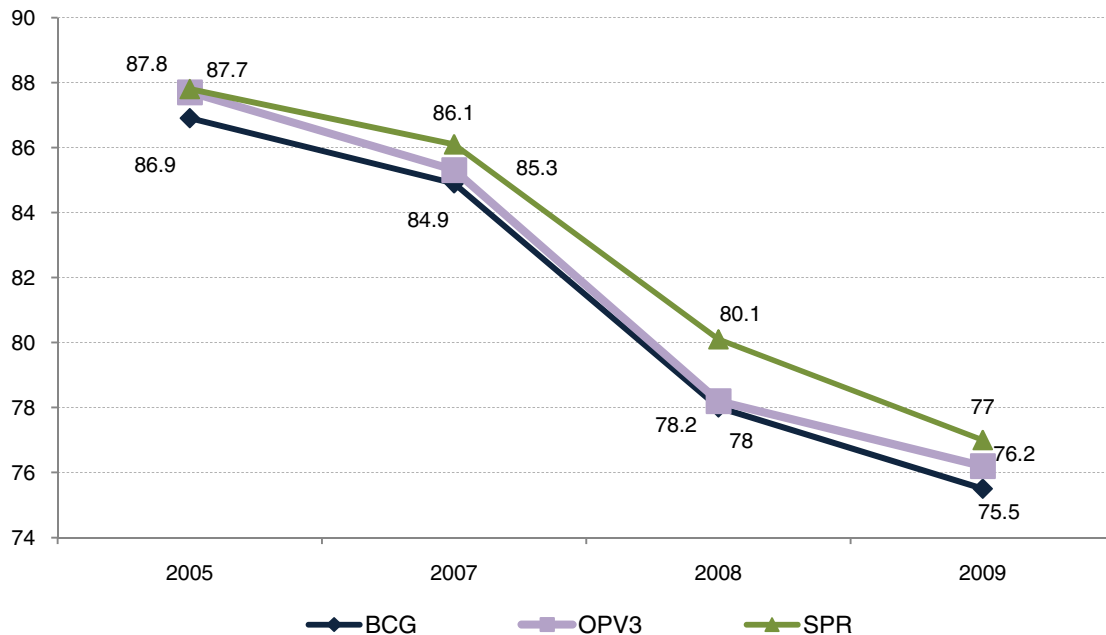
Source: Ministry of Health and Social Welfare, Health National System, World Health Organization (WHO), 2008.

An important problem for public health in the country is the fragility of the drinking water and the sanitation system infrastructure. According to the World Health Organization (WHO, 2007: 23), in 2003 about 39.2% of the population did not have access to drinking water. This proportion was much

higher in rural areas (67.2%) than in urban areas (2.8% in Asunción). The situation has improved and in 2008 86% of the Paraguayan population had access to improved drinking water. The sanitation system infrastructure has also improved between 2000, when only 58% of the population had an access to sanitation system facilities, and 2008, when 70% of the population had access to sanitation system facilities (WHO, 2011).

Child health is an important issue for Paraguay. The coverage of a basic packet of immunization and vaccination for children has decreased since 2005 (see figure 6). According to WHO, in 2009 the percentage of children vaccinated against measles, rubella, mumps vaccine (SPR) was about 72.7%, while it was 87.8% in 2005. The government of Paraguay is now trying to improve childhood healthcare through the establishment of specific programmes for indigenous peoples and the *Tekoporá* and *Abrazo* programmes (section V). In spite of government's efforts and results,<sup>4</sup> it seems that the country will not achieve the fourth Millennium Development Goal on child mortality.

**FIGURE 6**  
**CHILDREN AGED LESS THAN ONE YEAR WHO HAVE BEEN VACCINATED**  
**AGAINST BCP, OPV3 AND SPR, 2005-2009<sup>a</sup>**  
(Percentages)



Source: Prepared by the authors based on data from World Health Organization (2011).  
<sup>a</sup> BCG = Bacillus of Calmette-Guérin (tuberculosis) vaccine; OPV3= third doses of anti-poliovirus vaccine; SPR= measles, rubella, mumps vaccine.

<sup>4</sup> A 2008 evaluation made by FAO on the impact of *Tekoporá* on malnutrition shows an improvement of the situation with the increase of consumption of eggs, fresh vegetables and dairy products (Barrios, 2008).

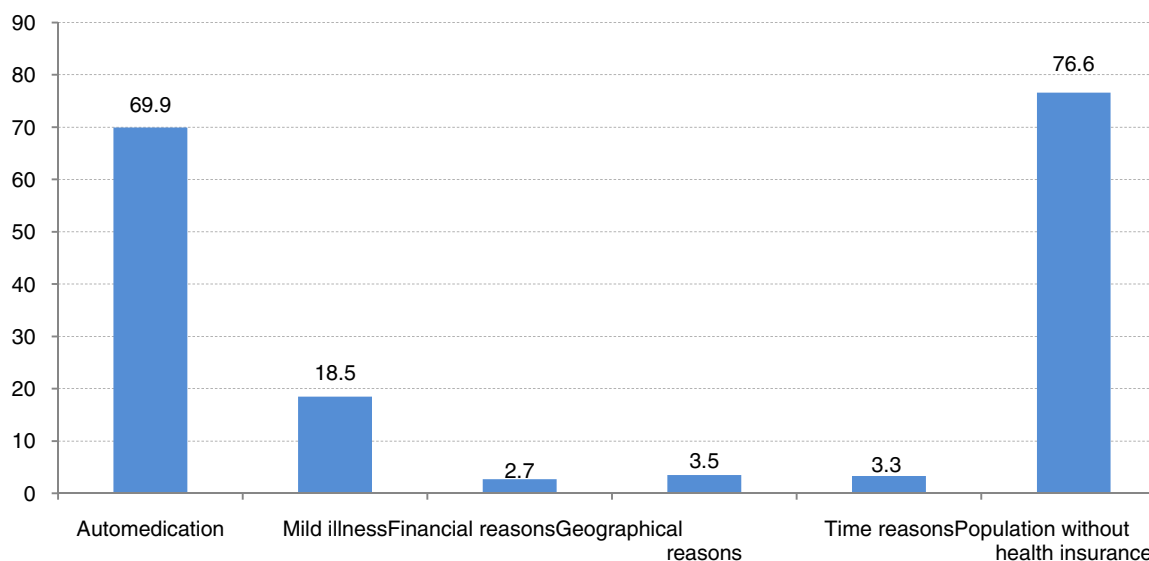
## B. Coverage of the health system

The public health system is supposed to have a universal coverage, but the reality is quite different. Still, coverage of the public subsector has increased over time, and has passed to attend mainly the population from the second to the fourth quintile of the income distribution in 2003, to attend mainly lower-income population in 2004 (from the first to the third quintile) (WHO, 2008).

There are still great coverage gaps and inequalities in public health access: according to the national census, in 2010 only 23.4% of the Paraguayan population had a medical insurance, the lowest percentage in Latin America excluding Haiti. The urban population has a higher coverage than the rural population: in 2010, 34% of urban population had a medical insurance, while only 8.1% of rural population had a medical insurance (DGEEC, 2011). Out of the total insured population, 16.4% was covered by the IPS and 7% was covered by private health insurances.

Moreover, according to the Public Health and Social Welfare Ministry, in 2010, 28% of the persons who suffered an accident, did not attend a medical centre. The main reasons are the lack of health insurance and auto medication (see figure 7).

**FIGURE 7**  
**POPULATION THAT DOES NOT ASSIST TO A MEDICAL CENTRE,**  
**BY CAUSES, 2010**  
(Percentages)

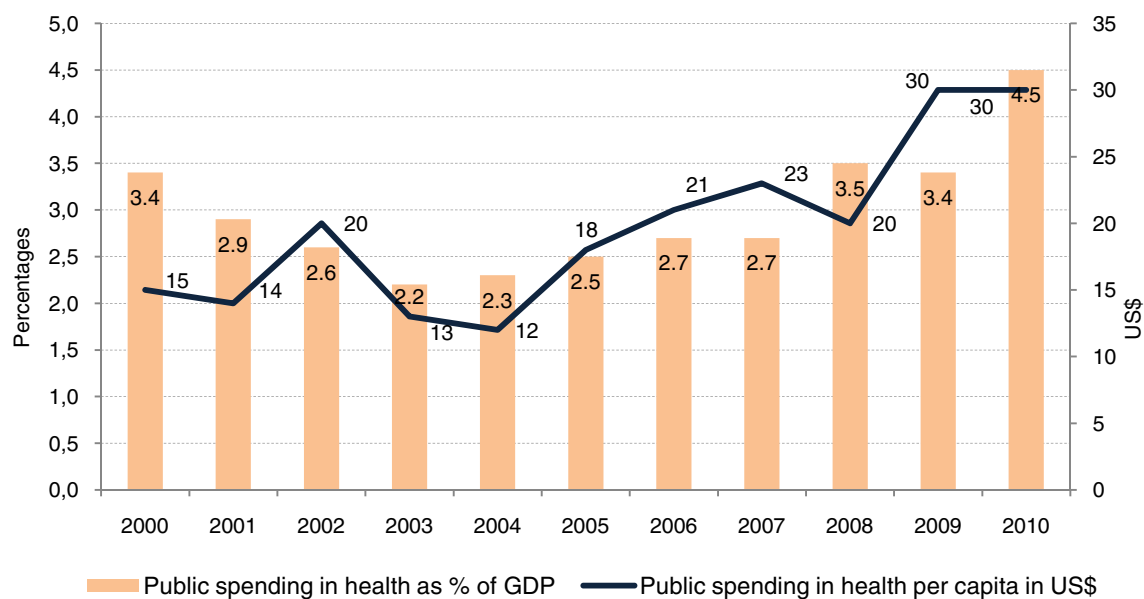


Source: General Direction of Statistical, Surveys and Censuses (DGEEC) (2011).

## C. Social spending and funding of the health system

Paraguay is among the Latin American countries with the lowest public spending on the health sector (Arriagada, Aranda and Miranda, 2005), which is also quite low compared to spending on other social sectors, in particular education and social security (see figure 4). Furthermore, social spending on health has increased between 2000 and 2010, from about 3.4% to 4.5% of GDP. In per capita terms, public spending on health has doubled, increasing from US\$ 15 to US \$ 30 between 2000 and 2010 (see figure 8).

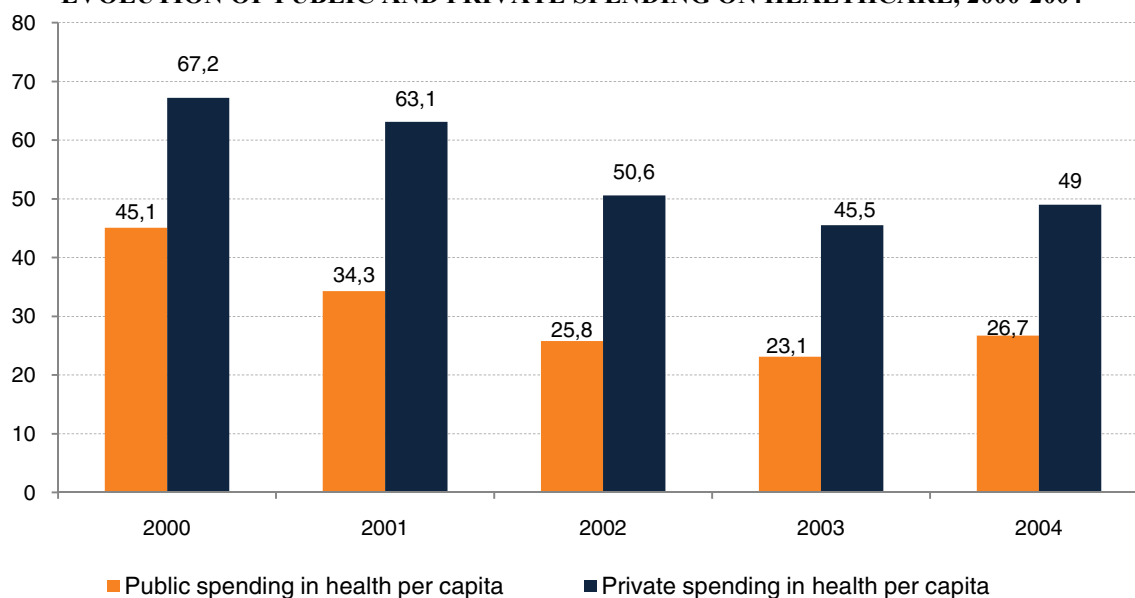
**FIGURE 8**  
**SOCIAL SPENDING IN HEALTH AS A PERCENTAGE OF GDP**  
**AND PER CAPITA, 2000-2010**  
*(Percentages and US\$)*



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)-Data Base, CEPALSTAT [online] <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas>.

Between 2000 and 2004, healthcare in Paraguay was financed mainly through the private sector, which accounted on average for 64.4% of total expenses. Public resources contributed to the remaining 35.6% of total expenses. Furthermore, public spending on health decreased during the 2000-2004 period, giving more importance to the private sector (see figure 9).

**FIGURE 9**  
**EVOLUTION OF PUBLIC AND PRIVATE SPENDING ON HEALTHCARE, 2000-2004**



Source: World Health Organization (2008).



## V. Non-contributory social protection in Paraguay

Non-contributory social protection and promotion in Paraguay includes social pensions, programmes focused on indigenous communities and CCT programmes such as *Tekoporá*, *Abrazo* and *Ñopytyvo*.

Beginning in 2012, the implementation of the *Sáso Pyahu* system as part of the Public Policy for Social Development 2010/2020 "Paraguay for all" (*Política pública para el desarrollo social 2010/2020 "Paraguay para todos y todas"*) will aim to improve the efficiency of social protection policies and to spread their coverage in order to deal better with the multidimensional aspects of poverty and indigence.

### A. Social pensions

The Constitution of the Republic of Paraguay stipulates that every elderly person has the right to integral social protection. However, in practice the access to a non-contributory pension is very low. In 2004, the Paraguayan government created a non-contributory pension system that is completely independent from the contributory pension system. Until 2003, this system was regulated by the Social Action Secretariat (SAS), but since 2011 it is regulated by the Direction of Non-Contributory Pensions of the Ministry of Treasury (*Dirección de pensiones no contributivas del Ministerio de Hacienda*). Its main goal is to administer pensions for vulnerable populations. The beneficiaries of non-contributory pensions are elderly living in poverty, persons belonging to vulnerable indigenous communities and war veterans and disabled of the Chaco's war and their heirs.

The food pension for older adults in poverty situation (*Pensión alimentaria para adultos mayores en situación de pobreza*) was established by the Law No. 3728 of 2009 and implemented in 2011. It consists of a monthly income (equivalent to a quarter of the minimum salary: about US\$ 98.5 in 2011) destined to older adults –aged more than 65 years– who live in poverty. Moreover, since 2012, the programme has been extended to indigenous persons aged more than 65, without any necessity to prove their poverty situation. The government recognizes the vulnerability of indigenous peoples in Paraguay, as well as the difficulties in verifying age and other information because of the weakness of official statistics. The programme reached 25.000 persons in 2011 and currently covers 31.454 persons with a budget of 232 billion Guaraní (around US\$ 550 million) (Ministry of Treasury, 2012). The goal is to cover 50.000 persons by the end of 2012.



The programme for veterans and disabled of the Chaco's war aims to improve health and nutrition of older adults that participated at the Chaco's war and live in a situation of extreme poverty and social exclusion. The programme has three components: (i) a monetary transfer (since 2009 of about US\$ 241 per month); <sup>5</sup> (ii) the control of co-responsibilities (living in a caring environment surrounded by persons who have been identified by the programme – in general the families–, having access to medicines, decent hygienic conditions and basic nutrition); and (iii) social services that provide materials such as wheelchairs. According to the SAS, in 2009 the programme covered 2,478 persons. However, it has been identified that these persons often are "exploited by their family members"<sup>6</sup> to receive a social State pension and then are abandoned to their chance.

## B. Social protection programmes focused on indigenous communities

The integral plan for indigenous peoples is destined to indigenous communities in conditions of vulnerability. The programme aims to cover over 70 communities from the regions of Caaguazú and Canindeyú. In these regions live Avá Guaraní, Mbyá Guaraní, Aché and Pa'í Tavyterá peoples. The goal of the programme is to improve the nutrition and the sanitary conditions of these populations. The programme has various components:

- (i) The provision of a food basket composed of products that the communities cannot produce during four months. This provision helped 11,286 families of the Oriental Region in 2009 (SAS, 2010)
- (ii) Installation of wells in communities that suffer lack of water or are exposed to water resources contamination
- (iii) Promotion of communitarian production, self sufficiency and commercialization of craftwork.

## C. Food Security Programmes

Malnutrition and food security are important issues for Paraguay, closely linked to poverty and social development. Child malnutrition indicators are particularly worrying: according to UNICEF, in 2005, 14.2% of children suffered chronic malnutrition. This problem is particularly acute among indigenous children, 41.8% of which suffered chronic malnutrition.

To face this issue, the government of Paraguay created in 2005 the Nutritional and Alimentation Assistance Programme (*Programa de Asistencia Alimentaria y Nutricional*, PROAN) through the Presidential Decree no 5.273. This programme was implemented by the Ministry of Health and Social Welfare, with the objective of reducing malnutrition among children under five. The programme consisted on a food assistance support through the delivery of a food and vitamins basket to children under five and pregnant women at risk of malnutrition (Martínez and Fernández, 2009). In 2009, the programme covered 12,522 beneficiaries in 45 districts with a budget of US\$ 4,539,104 (Ministry of Health and Social Welfare, 2009). In 2011, the programme was integrated to the National Institute for Food and Nutrition (*Instituto Nacional de Alimentación y Nutrición*, INAN), whose name was changed to Food and Nutrition Integral Programme (*Programa Alimentario Nutricional Integral*, PANI).

Furthermore, the National Plan for Food and Nutritional Sovereignty and Security (*Plan Nacional de Soberanía y Seguridad Alimentaria y Nutricional del Paraguay*, PLANAL) was established in 2009 by the Decree No 2879 under the supervision of the Social Cabinet with the

<sup>5</sup> Estimation based on US\$ of 2009.

<sup>6</sup> See [online] [http://www.sas.gov.py/xhtml/DGPSyDH/dgpsydh\\_dadulmayores.html](http://www.sas.gov.py/xhtml/DGPSyDH/dgpsydh_dadulmayores.html).

cooperation of the FAO. It aims to reach universal access to food and alimentation in 2025, through the development of seven objectives: (i) to strengthen food production capacities for risks population; (ii) to guarantee food access to the most vulnerable sectors of population; (iii) to improve food use and consumption habits of the population; (iv) to generate positive changes in the cultural system related to issues of sovereignty and food security; (v) to improve the educative and human development system through nutritional education; (vi) to strengthen institutions in the health and nutrition sectors; and (vii) to improve and stabilize food provision and access. The PLANAL works through the implementation of three new programmes: the National Programme of Food Security Sovereignty for Familiar Agriculture (*Programa Nacional de Soberanía y Seguridad Alimentaria para la Agricultura Familiar*, PRONSADAF), the National Programme of Food Security Sovereignty and Development of Indigenous Economy and Agriculture (*Programa Nacional de Soberanía y Seguridad Alimentaria y Desarrollo de la Agricultura y Economía Indígena*, PRONSADAI) and the National Programme for the Development of Organic and Agroecologic Production (*Programa Nacional de Fomento de la Producción Orgánica y Agroecológica*, PRONAOR). It also aims to improve three existing programmes: the National Programme for Nutrition and Food Safety (*Programa Nacional de Nutrición, Alimentación e Inocuidad*, PRONAIN), the National Programme of Social Protection and Inclusion (*Programa Nacional de Protección e Inclusión Social*, PRONAPRIS) and the National Programme of Education Strengthening for Food and Nutritional Sovereignty and Security (*Programa Nacional de Fortalecimiento de la Educación para la Soberanía y Seguridad Alimentaria y Nutricional*, PRONAFED).<sup>7</sup> Through its six programmes, the PLANAL aims to cover 335.000 households in 2013 with a four years budget (2009-2013) of 659.7 million US\$.

## D. Conditional cash transfer programmes in Paraguay

### 1. The *Tekoporá* programme

The *Tekoporá* conditional cash transfer (CCT) programme was created in 2005 by a Presidential Decree, as part of the social protection initiatives of the Paraguayan government that included also the creation of the *Propais II* and the *Ñopytyvo* programmes. It is managed by the Secretariat of Social Action (SAS) under the tutelage of the Office of the President of the Republic.

*Tekoporá* is targeted to vulnerable populations living in extreme poverty, with a focus on pregnant women, children, older adults, indigenous communities and disabled persons. In 2011, it reached 115,960 households. The main objectives of *Tekoporá* are pulling the new generations out of poverty and providing social protection to older adults and disabled persons. To reach these goals, the programme has been constructed around four main elements:

- (i) A bimonthly food support transfer of US\$ 19 that aims to improve the nutrition of children from an early age, together with the promotion of breastfeeding
- (ii) A bimonthly transfer for education and health, which –according to family composition– can reach from US\$ 8.3 to US\$ 33.3. The transfer is conditional on children and adolescents fulfilling regular school attendance (at least 85% of school attendance) as well as attending healthcare centres and accomplishing with controls and vaccinations. Pregnant women must attend ante-natal and post-natal check-ups. The education support transfer also provides a literacy programme for adults. The health component includes an immunization plan for children
- (iii) A bimonthly transfer of US\$ 8.3 for older adults and disabled persons living in poverty, conditional on the regular attendance to health controls

<sup>7</sup> For thorough information about the PLANAL and its sub-programmes, see FAO and STP (2009) : *Plan Nacional de Soberanía y Seguridad Alimentaria y Nutricional del Paraguay, vol. I Documento Principal* [online] [http://www.stp.gov.py/?mid=publicacion\\_publico&page=2&document\\_srl=10673](http://www.stp.gov.py/?mid=publicacion_publico&page=2&document_srl=10673).

- (iv) Family support through the regular visits of agents that visit families to check the fulfilment of co-responsibilities and to provide information and orientation in order to improve their habitat, hygienic practices, and access to health and food. They also help families to access different public services.

Transfers are granted through both magnetic cards and cash delivery, paid directly to the mother of the beneficiary family or to the direct beneficiary in the case of older adults or disabled persons. The maximum monthly transfer amount per household is US\$ 68.9 (ECLAC, 2011b).

## 2. The *Abrazo* programme

The *Abrazo* programme was created in 2005, and in 2009 reached 1,108 families and 1,538 children. It aims to combat child labour among children living in poverty and extreme poverty. The programme started from the observation that chronic child malnutrition and the lack of health access for poor children restrains their psycho-social and physical development. These elements constitute an obstacle to the reduction of poverty and have to be fought from an early age to prevent the reproduction of poverty and extreme poverty. The focus on children is thus seen as an investment for the future economic and social development of the most vulnerable population. The *Abrazo* programme has four components:

- (i) The fixed solidarity bonus, which consists in a monthly transfer. In 2009, it varied between US\$ 26.2 and US\$ 44.3 depending on the number of children under 14 in the households. The transfer is given to the mothers of the beneficiary families to supply for lost income from child labour
- (ii) The implementation of health centres that offer paediatric and dental services, as well as healthcare for pregnant women. It also implements actions towards the spread of immunization coverage for children
- (iii) The establishment of “open protection centres” where children go outside school hours when there are not adults supervising them at home (for children between 6 and 14, but also for babies and younger children)
- (iv) A nutrition support through the offer of a equilibrate food basket for the beneficiary families and provision of lunch and afternoon snacks for children. According to ECLAC, in 2009, 317 families received the food basket (ECLAC, 2011b).

The programme includes co-responsibilities, such as the improvement of child nutrition and health, through visits to medical centres. Children also have to fulfil an 85% rate of school attendance and avoid working. *Abrazo* has also established a component called BANSOCIAL that provides income generation alternatives for families through micro-credit facilities and help in the search for work opportunities (ILO and SAS, 2007).

## 3. The *Ñopytyvô* programme

The *Ñopytyvô*<sup>8</sup> programme was created in 2005 by the same Presidential Decree that created the *Tepokorâ* programme. It is coordinated by the SAS and funded by national resources.

*Ñopytyvô* is a CCT programme targeted to indigenous communities and peasants of the *Alto Paraguay* region, with a special focus on the Maskoy community, whether living in urban areas or in rural settlements. Programme beneficiaries are families with children under 14 years of age or pregnant women living in extreme poverty. The co-responsibility of beneficiaries consists in improving nutrition, education and health habits, and it has also a component of community work (i.e. construction of a community vegetable gardens and cleaning neighbourhoods). According to SAS, the programme reaches 700 families or 3,774 persons –about a third of which are children under 12 years of age. Of these families, about 215 belong to the Maskoy indigenous community.

<sup>8</sup> *Ñopytyvô* is a term in Guaraní which means reciprocal help.

## 4. The *Sâso Pyahu* system

*Sâso Pyahu* is a new social protection system that will start in 2012, focused on the reduction of vulnerability among the population living in poverty and extreme poverty. It takes in consideration the multiple aspects of poverty (such as the context and the family dynamics within households, identification, education, nutrition, health and housing) in order to combat it efficiently.

The *Sâso Pyahu* system pursues the strengthening of the already existent social protection programmes, in order to guarantee the offer of social goods and services to the most vulnerable population, giving them a preferential access to social services. It also aims to improve the coordination and management of the different institutions in charge of social services such as the SAS, the Ministry of Education and Culture and the Ministry of Health, and to increase funding for social protection and promotion. It is coordinated by the Social Cabinet of the Presidency, but includes the participation of NGOs and private companies. The programme places a special emphasis on the role of municipalities and local governments in its implementation, with the idea that decentralization gives a better control of the programme action through the knowledge of specific needs of local population.

*Sâso Pyahu* is constituted by three main axes of action: (i) improving social protection and promotion programmes that already exist, in particular CCTs ( *Tekoporâ*, *Ñopytyvô*, *Abrazo*); (ii) implementing family monitoring and caring programmes; and (iii) facilitating the access to social promotion programmes. The *Sâso Pyahu* system will organize and implement the public offer of social services taking into account specific goals that concern the different dimensions of poverty (see table 2). It will cover first households that are already receiving benefits from *Tekoporâ* and *Abrazo* programmes.

**TABLE 2**  
**BASIC CONDITIONS FOR QUALITY OF LIFE AND OBJECTIVES**  
**OF THE *SÂSO PYAHU* SYSTEM**

Dimensions Basic conditions for quality of life	
Identity	All newborns must have their birth certificate. All family members must have their birth certificate and a valid identity document.
Food security	All families, both in urban and rural areas, must be integrated into food security programmes. All children under 5 must receive nutritional support.
Health	All pregnant women have to attend to antenatal checks and an institutional birth. All children under 6 must have their vaccines and health controls updated. All the persons suffering diabetes and arterial hypertension must receive a special treatment and medical control. Disabled persons have to be taken in charge by the responsible institution. Older adults must have their medical checks updated.
Education	All children under 18 must have access and regular attendance to school (at least until the end of third grade). All children under 18 benefit of a utensils basket, grant or any other programme of school attendance. All adults must have access to literacy programmes if they need it.
Income creation	All young adults that need to improve their employability must have access to labour insertion programmes, temporal employment and labour training. All young adults have preferential access to government programmes and projects to improve their incomes. All families might receive co-responsibility cash transfers. Older age persons (65 and above) and disabled persons can receive co-responsibility cash transfers.
Housing	Families' houses must have at least two rooms, one of these being a bedroom. All the families' members must have their own bed. All the families' houses must have a bathroom, stove and floor. All the families must have access to drinking water and sanitation system and to rubbish collection.

Source: Social Cabinet of the Presidency of the Republic (2011).

## E. Sources of funding and coverage of the programmes

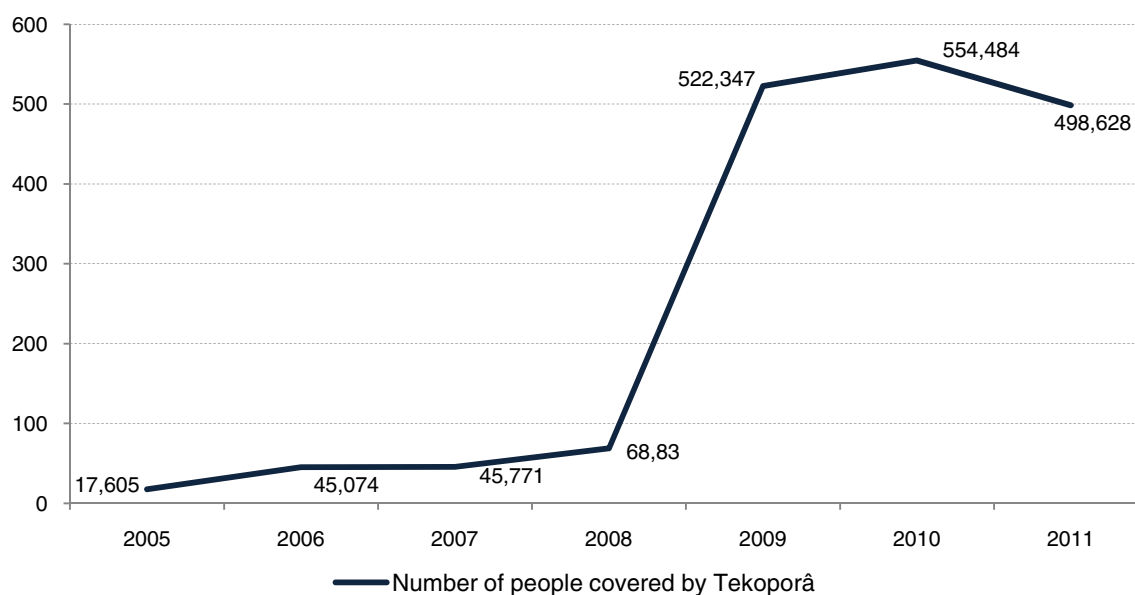
Since *Tekoporá* was created, its budget has sharply increased from US\$ 1,876,850 in 2006 to US\$ 44,629,448 in 2011. The programme is mainly financed by the Inter-American Development Bank (IDB), the World Bank and other bilateral and multilateral donors (Cecchini and Madariaga, 2011, p.180).

The coverage of the programme has also increased over time. In 2005, it covered 17,605 persons, while in 2009, with the arrival of Fernando Lugo at the Presidency of the Republic, the coverage of *Tekoporá* had spread to 522,374 persons. In 2011, the programme covered 498,628 persons (19.4% of the population living in poverty) (see figure 10).

The *Abrazo* programme has a much lower coverage, as in 2009, only 1,904 persons were part of it. Its budget for 2009 was US\$ 2,479,766 and its main source of funding is the UNICEF special fund for childhood.

In 2011, the *Ñopytyvô* programme covered 700 families. It had a budget of US\$ 232,554 with the same sources of funding than *Tekoporá* (IDB, World Bank and other bilateral and multilateral donors).

**FIGURE 10**  
**TEKOPORÁ PROGRAMME COVERAGE, 2005-2011**  
(Number of persons)



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), "Non Contributive Social Protection Programme in Latin America and the Caribbean Data Base" [online] <http://dds.cepal.org/bdptc/>.

## VI. The education sector in Paraguay

### A. Description of the education sector

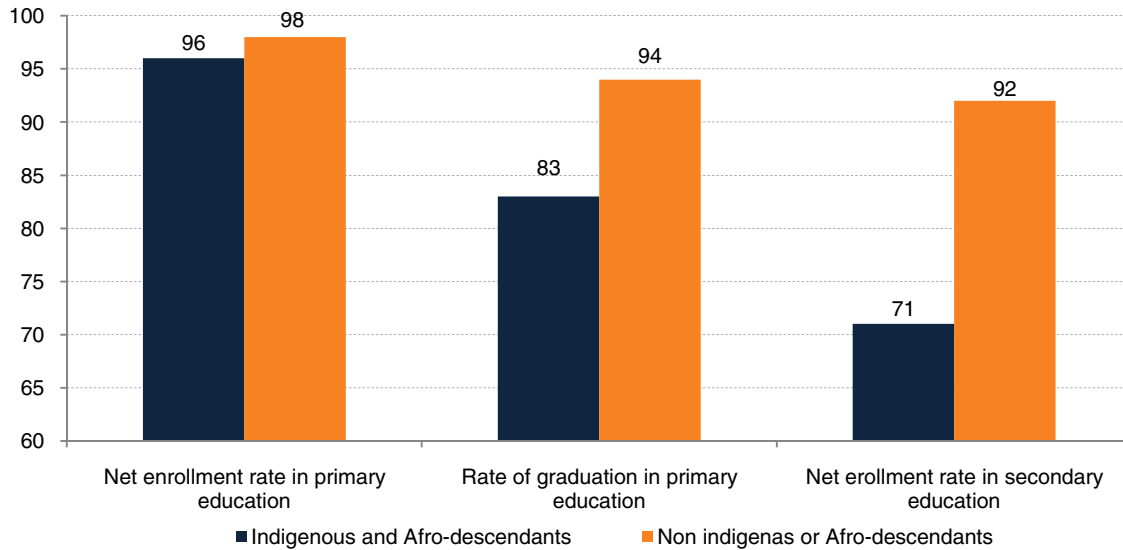
The education system in Paraguay has been shaped by the reform implemented during the democratic transition, under the general law of Education N° 1264. The Ministry of Education and Culture regulates the education system. In its ministerial resolution number 15, it establishes the implementation of a Primary School Education Plan ( *Plan de Educación Escolar Básica*, EEB), making education obligatory and universal (UNESCO-OEI, 2010, p.24).

The education sector in Paraguay is composed of a public and a private sector, financed by the national budget and out-of-pocket disbursements, respectively. The large majority of children attend public school: according to UNESCO, between 2006 and 2008, only 28% of the Paraguayan children attended private school at the pre-school level, 17% at the primary education level and 20% in secondary education. The education system is structured in four cycles:

- (i) Pre-school education, for children between 0 and 5 years in nursery schools. It is divided in three cycles: the first, for children aged between 0 and 3; the second, for children between 3 and 4; and the third for 5 years old children
- (ii) Primary school education, for children aged between 6 and 14 years of age. This cycle is obligatory, universal and free. It is composed by nine grades divided in three cycles of three years
- (iii) Middle education (secondary school), for young people aged 15 to 17 years of age. Secondary school has been included in 1998 to the EEB and is obligatory, universal and free
- (iv) Higher education for people from 18 years and above.

The main challenges for the education system in Paraguay are inequality of access, low attendance in secondary education (Operti, 2010, p.59), the cultural and linguistic variations of the different groups that constitute the Paraguayan society, and the quality of education. The inequalities in attendance mirror socio-economic inequalities between different population groups, as well as the gap between indigenous and non indigenous and afro descendent communities. Indigenous peoples and afro-descendant communities have a lower school attendance in primary school and, especially, in secondary education than the non-indigenous people. Figure 11 shows that 83% of children who belong to indigenous peoples completed primary education in 2008, while 94% of non-indigenous children completed it. Furthermore, the attendance rate in secondary education is 71% for indigenous peoples, while it is 92% for non indigenous persons.

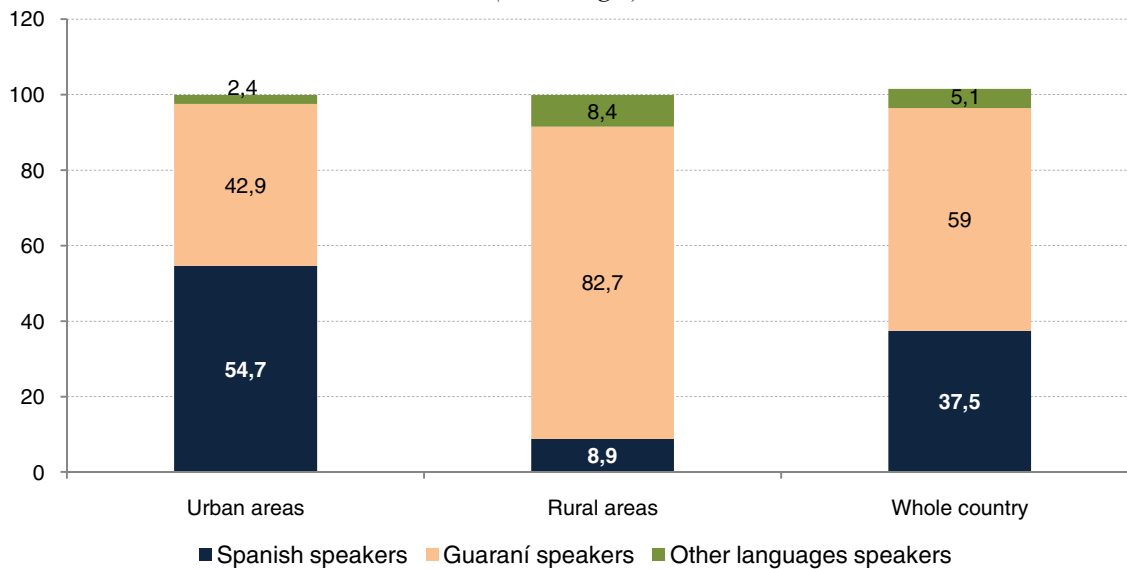
**FIGURE 11**  
**ENROLLMENT AND GRADUATION RATES IN PRIMARY AND SECONDARY SCHOOL,**  
**BY ETHNIC BACKGROUND, 2008**  
*(Percentages)*



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2010* (LC/G.2481-P), Santiago, Chile. United Nations Publication, Sales No. S.10.II.G.6, 2010.

The bilingual education reforms of 1994 and 2006 established the use of both Spanish and Guaraní as official languages in the education system. This reform intends to improve the quality and pedagogy of learning, but it has also an equity goal: to reduce the inequalities between Spanish speakers and Guaraní speakers. In fact, according to the national census of 2002, 59% of the population of Paraguay declares being Guaraní speakers, 37.5% declares to be Spanish speakers and 5.1% declares being speakers of other languages (see figure 12).

**FIGURE 12**  
**LANGUAGES SPOKEN IN PARAGUAY, 2002**  
*(Percentages)*



Source: National census on population and housing, 2002.

Regarding access to school by the native population, in 2007, the Law n° 3231 created the General Direction for Native School Education ( *Dirección General de Educación Escolar Indígena*), as part of the Ministry of Education. This Direction aims to ensure a specific education for indigenous communities that promotes their identity and respects their culture and community norms and values. It also aims to improve inclusion and participation of indigenous peoples in national life and enhance their knowledge concerning how to defend their interests.

The quality of education is another great challenge for Paraguay. In fact, the 2005 Second Comparative and Explicative Regional Assessment (SERCE, 2005), showed that, despite the good level of attendance rates, indicators assessing skills in mathematics and reading (for pupils from third to sixth grade) are well below the regional average.

## **B. The *Escuela Viva* programme to promote education**

The programme *Escuela Viva* (*Hekokatuva*) which started in 2001, aims to improve the access and permanence in basic school of vulnerable populations. The programme tries to decrease the gap between rural and urban areas and between different socio-economic groups. More precisely, the programme has six objectives:

- (i) to improve the pedagogic process in basic school
- (ii) to fight inequalities in the educative system
- (iii) to improve access to secondary education
- (iv) to promote the participation of parents in school life
- (v) to improve the initial formation of teachers
- (vi) to strength management practices at the Ministry of Education and Culture.

In 2007, the programme benefited 150 urban schools, 1,000 rural schools and 27 indigenous schools (UNDP, 2007, p. 18).

Indicators of desertion and repetition in schools that participate in the *Escuela Viva* programme show that the programme has had an important and positive impact. According to the Ministry of Education and Culture, between 2001 and 2007, the repetition rate decreased from 10% to 7% in rural schools and from 6.5% to 3% in urban schools. The rate of desertion also decreased from 5.4% to 3.4% in rural schools and from 5% to 3% in urban schools (Programa *Escuela Viva*, 2008).

After the success of the *Escuela Viva* programme, the government decided to continue and implement a second phase called " *Escuela Viva II*" that started in 2008. The aim is to improve the results of *Escuela Viva* and to spread its coverage to more schools in rural areas, by implementing infrastructure for the 1,000 schools that are already covered by the programme and extending it to 1,700 additional schools. In urban areas, the actions will be more focused on decreasing repetition rates. The programme also covers indigenous schools and aims to improve bilingual education (IDB project resolution, 2007). The IDB is the main source of funding of the programme that has a budget of US\$ 45 million.

## **C. Education programmes for young people and adults**

In 2007, the illiteracy rate of the Paraguayan population aged 15 and above was 5.2%. The rate is much lower among non-indigenous population (5.4%) than among indigenous peoples and afro descendent communities (38.9%) (Social Cabinet of the Presidency, 2009).



Illiteracy among adults has also become a social issue in the fight against poverty in Paraguay, as people with low levels of education are excluded from the productive system and the labour market. For this reason, the government started literacy programmes for young people (15 years and above) and adults.

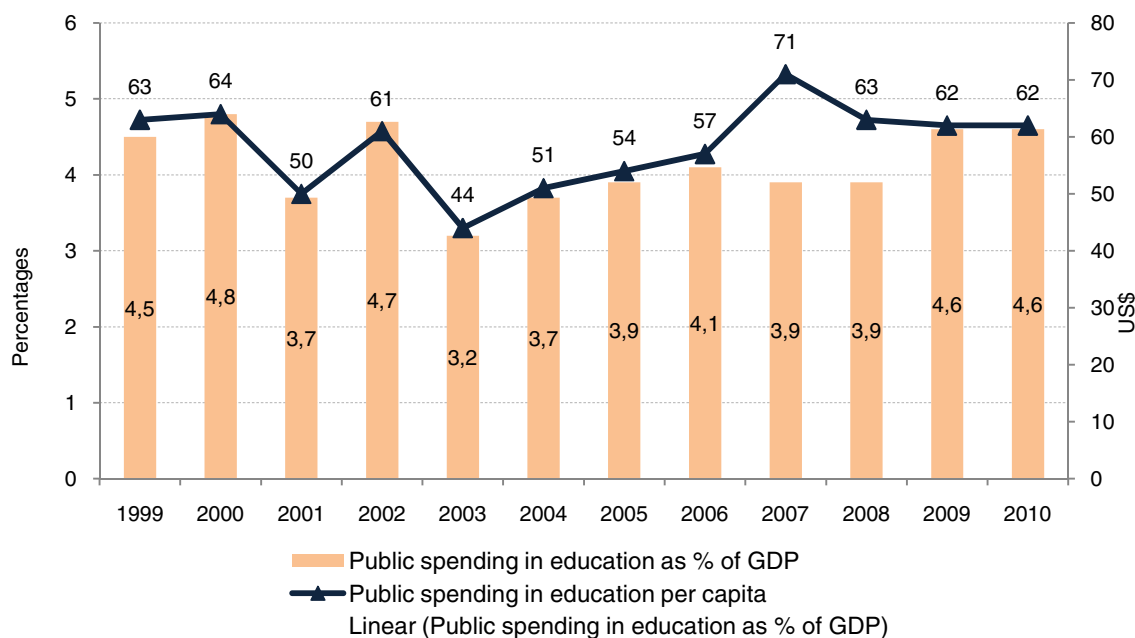
The *Paraguay reads and writes* programme is the main education programme for adults. It is composed by a formal literacy component and an informal one. The formal literacy component consists in adult classes that follow the EEB (from first cycle to fourth). The informal literacy component offers eight-month courses to teach reading, writing and mathematics to young persons and adults. The principle is to create discussion groups working around four thematic areas: citizenship participation, communitarian organization, human rights recognition and work and production.

This programme is complementary to *Tekoporâ* and *Abrazo*. About 85,000 persons are targeted by the programme; however, in 2011, it covered only 15,961 persons aged 15 and above (Paraguay para todos y todas, 2011).

## D. Social spending and financing of the education sector

Education constitutes the social sector with the highest public spending (see figure 13) which was about 42.3% of total social spending in 2010. Spending on education has remained quite stable since 2000. As figure 13 shows, it represented around 4.8% of GDP in 2000 and 4.6% in 2010. In per capita terms, public spending in education has also not suffered many fluctuations, as it was US\$ 63 in 1999 and US\$ 62 in 2010.

**FIGURE 13**  
**PUBLIC SPENDING ON EDUCATION, 1999-2010**  
(Percentages and US\$)



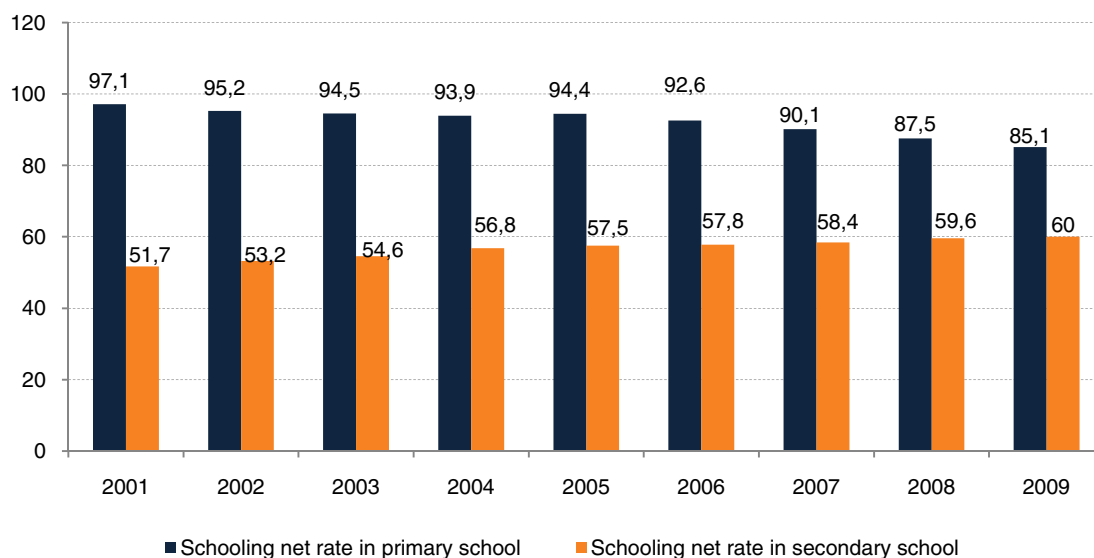
Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)-Data Base, CEPALSTAT [online] <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas>.

## E. Coverage of the education system

The Constitution establishes education as universal and compulsory. Accordingly, education is the social sector where the government of Paraguay invests most efforts. The net enrolment rate is quite equal between male and female pupils. However, even if Paraguay has made important progress in the evolution of enrolment rates since the end of dictatorship, the coverage of the education system in the country does not reach the whole population in age to be enrolled at school, especially in the case of secondary school. In fact, in 2009, if the primary education net enrolment rate was 85.1% and the secondary school net enrolment rate was 60%.

Figure 14 shows a marked tendency towards the decrease of net enrolment in primary education between 2005 (94.4%) and 2009 (85.1%), which is quite worrying. On the contrary, the secondary school net enrolment rate has slowly increased between 2001 (51.7%) and 2009 (60%). However, it remains low and not all pupils succeed completing secondary school. Hence, education remains a great challenge for Paraguay in spite of the efforts made.

**FIGURE 14**  
**NET ENROLMENT RATES IN PRIMARY AND SECONDARY SCHOOL, 2001-2009**  
(Percentage)



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)-Data Base, CEPALSTAT [online] <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas>.

Finally, access to tertiary education (university) is quite close to the regional average. According to ECLAC, in 2009 the net enrolment rate for tertiary education in Paraguay was 30.2% for men and 43.2% for women, while the regional average was 32.9% for men and 41.5% for women.



## VII. The protection of employment in Paraguay

The decent labour agenda has become a challenge for Latin American countries and Paraguay is no exception. In Paraguay, in 2006, around 59.9% of the employed population lived in poverty, and 24.9% in extreme poverty (ECLAC, 2008).

The establishment of a minimum wage is supposed to be a protection instrument to guarantee decent labour and life conditions. Since 1943 Paraguay has a particular wage system made of a general minimum wage (for non specified activities) fixed by the National Commission for Minimum Wages (*Comisión Nacional de Salarios Mínimos*, CONASAM) and an important number of minimum wages for specific activities. The high level of the minimum wage (around US \$394 per month in 2011) creates a situation where in practice the minimum wage does not protect workers against poverty, mainly because it is not respected by the employers that consider it more as a ceiling wage. In Paraguay, 61.6% of rural workers receive less than the minimum wage

The *Ñamba'apo Paraguay* programme, part of the *Sáso Pyahu* system, has been implemented to promote decent labour and improve labour skills for people living in poverty and extreme poverty. The programme, which started in 2010, is focused on the population in situation of socio-economic vulnerability and unemployment or under-employment. The programme includes both training actions for the unemployed and a non-contributory assistance grant called "employment promotion insurance" (*Seguro de fomento al empleo*). The programme offers public transitory jobs for nine months which are complemented by the attendance to literacy or training courses. The beneficiaries have to fulfil attendance to labour activities in public interest sectors for six hours a day and four days a week. It is estimated that the programme will cover 15,000 persons by 2012, but there is no information about the effective coverage of the programme at the moment. The budget for *Ñamba'apo* in 2012 is US\$ 757,854, totally funded by the State (Social Cabinet of Presidency website).



## VIII. Final remarks

Since the transition to democracy, Paraguay has made considerable progress in confronting poverty and social inequality. The fact that poverty became a major issue in the public agenda since the beginning of the 1990s has furthered the development of social protection and promotion programmes. Clearly, these do not have a universal coverage, but rather have been focused on the poorest.

During the past years, in particular, the government has aimed to cover the multiple aspects of poverty. The implementation of programmes has focused not only on education, health and pensions, but also on youth, employment protection and housing, showing a new approach to poverty and vulnerability.

Education is the sector where the State has invested more, but there are still great challenges in terms of enrolment, as primary school rates are going down, instead of increasing, and secondary school enrolment rates are quite low. However, the reduction of inequalities in attendance rates between male and female students must be acknowledged.

The strengthening of social security policies and CCT programmes also attests a notable progress in the efforts to improve social development in the country. Yet, although the coverage of CCT programmes has increased in an important way since 2008, the coverage of the population is still limited, and actually it is the lowest of Latin America (Cecchini and Madariaga, 2011, p.105). Moreover, non-contributory pensions only cover the Chaco's war veterans.

Paraguay also faces serious challenges with respect to the coverage of health, which is also among the lowest of the region. Public health does not have a universal coverage and does not cover the non-insured population's necessities and demands when confronted to a situation of illness or accident. This situation highlights the persistent social and economic inequalities that remain in the country, which are deepened by geographical gaps between rural and urban areas (in terms of access to sanitation services and hospitals) and ethnic inequalities between indigenous peoples –that suffer considerably more from child malnutrition and mortality– and non-indigenous persons.

Hence, the universal fulfilment of social rights is still quite far to be reached and constitutes a great debt for Paraguay. This is due in part to the lack of economic resources to implement social protection measures, but also to the deficit of coordination and articulation between different public institutions devoted to social policy. As a result, it is unlikely that Paraguay will achieve the Millennium Development Goals (MDG) by 2015, in particular MDG1 on poverty and hunger and MDG5 on maternal health.



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This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population—to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of efforts to establish these guarantees by implementing various types of transfers, including conditional cash transfer programmes and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions.



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