

**The Republic of Korea's
Country Partnership Strategy for
the Republic of Paraguay
2016-2020**

The Government of the Republic of Korea

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The Republic of Korea's Country Partnership Strategy for the Republic of Paraguay

I. Summary

Plan Nacional de Desarrollo (PND) Paraguay 2014-2030
<p>Building a democratic, transparent, open, and sustainable welfare nation that has competitiveness based on a knowledge-based economy, the most advanced social development in South America, and where social justice is realized.</p>



Objectives of the Republic of Korea's Development Cooperation for the Republic of Paraguay
<p>The Korean Government will support the Government of Paraguay to realize the National Development Plan focusing on the following objectives:</p> <ul style="list-style-type: none"> ▪ Improved access to water management and health services ▪ Improved logistics and distribution system ▪ Improved self-subsistence capacity of smallholders and family farmers; and building a sustainable, ecological city ▪ Digital inequality reduction focusing on job creation and new growth engines



Priority Cooperation and Support Plans	Water Management and Health
	<ul style="list-style-type: none"> ▪ Support capacity development for comprehensive and systematic water resources management and planning ▪ Support improvement of access to health services based on the establishment of an innovative health system and health service delivery system
	Transport
	<ul style="list-style-type: none"> ▪ Support improvement of an interregional logistics and distribution system ▪ Support improvement of the SOC of transport system
	Rural and Urban Development
<ul style="list-style-type: none"> ▪ Support rural development with focus on improving self-subsistence capacity of smallholders and family farmers ▪ Support urban development with focus on establishment of a foundation for an ecological city where the nature, people, and environment are in harmony 	
ICT (Communication)	
<ul style="list-style-type: none"> ▪ Support reduction of digital inequality ▪ Support ICT foundation for contribution to economy and job creation 	

1. **(Vision)** The Government of the Republic of Korea will make development cooperation efforts to support the Government of Paraguay **to achieve the three axes of the National Development Plan (PND 2014-2030)**: poverty reduction and social development, inclusive economic growth, and the advancement of Paraguay.

2. **(Objectives)** Korea's Country Partnership Strategy (CPS) 2016-2020 for Paraguay will focus on **improving water resource management and planning capacity, increasing access to health services, enhancing the interregional logistics and distribution system, promoting self-subsistence of smallholders and sustainable city development, and reducing digital inequality.**

3. **(Priority Cooperation Areas)** The priority cooperation areas reflect Paraguay's development needs identified in the national development strategies and Korea's strengths in development cooperation based on its own development experiences. Korea aims to allocate 70% of its bilateral ODA for Paraguay to the following priority cooperation areas during the second CPS period.
 - **Water Management and Health** including comprehensive and systematic water resources management and planning and access to health services
 - **Transport** including the interregional logistics and distribution system
 - **Rural and Urban Development** including smallholders and family farmers' capacity for self-subsistence and sustainable, eco-friendly city development
 - **ICT** including digital inequality, ICT infrastructure, and job creation

4. **(SDGs Implementation)** Korea's development cooperation efforts for Paraguay will be geared towards Paraguay's implementation of the Sustainable Development Goals (SDGs) through close consultation between Paraguay and Korea in formulating eligible projects to fit into these initiatives.

II. Priority Cooperation Areas and Implementation Strategy

A. Water Management and Health

1. Needs Assessment

Despite the abundance of water resources in Paraguay, there is a strong demand for improved water supply and sewerage system in suburbs, rural and mountain areas, and aboriginal villages. The proportion of households with access to a satisfactory drinking water source stood at 85% in 2013. However, **access to a water supply network is extremely limited and most households rely on ground water as a drinking water source.**

With limited access to a sewerage system which reaches 11% of the population; domestic, agricultural, livestock, and industrial wastewater are being discharged without adequate treatment causing surface and groundwater pollution and leading to significant and negative effects on the environment and health conditions.

Despite a notable promotion of universal health service, insufficient funds remain as a challenge for its full delivery in Paraguay. Due to the present limitations, it was observed that patients of some hospitals shoulder a portion of medical supply costs.

Interregional disparity in the quality of health infrastructure and professionals and access to health service are another serious national concern. There is a need to sustain efforts to improve the comprehensive referral system and maternal and child health conditions while paying more attention to non-communicable diseases (NCD) which is becoming a major threat to national health.

<Public Health Facilities in Paraguay>

Region (Departments)	General Hospital	Regional Hospital	District Hospital	Health Center	Family Health Unit	Health Post	Total (2015)
Concepción	-	1	2	4	38	17	62
San Pedro	1	1	2	8	71	18	101
Cordillera	-	1	2	10	42	19	74
Guairá	-	1	1	9	52	18	81
Caaguazú	-	1	4	9	42	34	90
Caazapá	-	1	2	6	49	9	67
Itapúa	-	1	4	9	57	40	111
Misiones	-	1	2	1	36	14	54
Paraguarí	-	1	3	9	47	15	75
Alto Paraná	-	1	4	7	75	30	117
Central	-	3	15	5	104	35	162
Ñeembucú	-	1	1	3	26	44	75
Amambay	-	1	2	1	23	-	27
Canindeyú	-	1	1	3	48	10	63
Pdte. Hayes	-	1	1	3	15	11	31
Alto Paraguay	-	1	-	2	8	4	15
Bosqueron	-	1	-	-	10	10	21

Asuncion	11	4	-	9	30	7	61
Paraguay	12	23	46	98	773	335	1,287

Source: Paraguay Ministry of Health (2015)

2. Implementation Strategy

Korea's support strategy for Paraguay will focus on **water resources management and planning, a comprehensive referral system, and health services**. Effective and efficient water resource management, involving various stakeholders, is complex in nature. Korea's experience in irrigation, flood control and water quality management, and IT-based integrated water supply systems covering a wide range of ecological environments – such as rivers, streams, lakes, and dams – will be shared in the process along with the current initiative to approach river and stream as one organic entity through a single management system, Integrated Water Resources Management (IWRM), involving respective authorities.

In the past, Korea's development cooperation for Paraguay in the area of water management has been carried out through invitational training limited to small groups. Considering Paraguay's current development needs, Korea recognizes the need to increase its assistance in this area.

On the other hand, Korea's development cooperation in the health sector will move away from previous focus on hardware, such as hospitals and medical supplies/equipment, and shift toward support through comprehensive consultation on policy, institution, and management capacity that reflects the Paraguay context. Korea's experience in health workforce, medical technology, and health services and infrastructure will be shared.

Korea's CPS will support:

a. Comprehensive water resources management and planning capacity building

- Korea will support Paraguay's capacities for **Integrated Water Resources Management (IWRM)** and **water supply and wastewater treatment planning and management** in urban, rural, and isolated areas.

b. Access to health services, quality of referral system, and innovative health services

- Korea will support Paraguay's efforts to improve the **access and quality of health services** with a focus on human and physical infrastructure, vulnerable groups, and a referral system. Korea will continue to support **maternal and child health care** while extending it to capacities for prevention, management, and control of **non-communicable diseases (NCD)**.
- In line with the efforts to improve capacity for health facility management, the use of the **Q-health program** will be explored. Capacity building for **health statistics** would contribute to evidence-based policy making and result monitoring.

B. Transport

1. Needs Assessment

To transform from an agriculture-oriented economy and overcome the challenges of being a landlocked country, the Paraguay government is interested in the promotion of exports and foreign investment for employment opportunities and national economy. However, **the low level of national connectivity; lack of transport infrastructure including roads, railways, marine, and air transport; and their poor conditions and management capacity hinder mobilization and economic activities.**

Despite being one of the first to have functioning railways in South America, Paraguay and its infrastructure and transport services, in general, show difficulties or disadvantages for socio-economic development as well as some basic components related to the quality of life, employment opportunities, productivity, and foreign investment attraction. Present-day railway operation is severely limited and, on the other hand, road infrastructure is concentrated in the populous mid-southern region and is in need of improvement caused by management limitations.

According to the 2016 World Economic Forum's Global Competitiveness Report, **Paraguay is ranked 128th among 138 countries on infrastructure**, maintaining low level of achievement within the region. In turn, **the government of Paraguay has placed transport infrastructure development as a main policy priority**, aiming to take advantage of the geographical location of the country to build a regional distribution network in South America.

2. Implementation Strategy

The past development cooperation in the transport sector included road and railway feasibility studies and transport management system development projects which were well received by the Paraguay government. A feasibility study on national road extension was used in the following construction of national road no. 2 and 7 through PPP. Korea's experience in building and maintaining a transport network and research and investment in various modes of transport will continue to be shared in future development cooperation efforts.

Korea's CPS will support:

a. Logistics and distribution system

- With focus on interregional mobility and accessibility, Korea will support the Ministry of Public Works and Communications (MOPC)'s Plan Estratégico (Strategic Plan) on a **logistics and distribution system in principal cities and the countryside** wherein considerations to on-going urban planning need to be reviewed. The Strategic Plan aims to improve the quality, management, and investment for socioeconomic infrastructure. In line with the plan, Korea will support Paraguay's effort to expand land, marine, and air transport infrastructure and build operation and maintenance capacity for the far-reaching effects on logistics cost and trade.
- Korea will also take an integrated approach in development cooperation in the transport sector including the training and planning of **intermodal** (multiple ways) **transport**

systems involving land, marine, and air transport networks to induce diversification of industries and boost tourism.

C. Rural and Urban Development

1. Needs Assessment

Paraguay has one of the most stable macroeconomic indicators in South America, but its economy is highly dependent on international agriculture and livestock prices. Due to favorable conditions for agriculture and stock-farming, such as a mild climate and fertile land and water resources, agriculture and stock farming take up an important proportion of the economy.

The income level of Paraguay has tripled for the past 10 years and the poverty rate is decreasing; however, the Human Development Index indicator remains low at 112th place out of 188 countries in 2014. Maintaining the Gini coefficient of 0.480 in 2013, **the continuous increase of developmental gaps between regions, urban, and rural areas and social groups are a serious national concern in Paraguay.** This is also linked to the progress of national land development, which currently meets only short-term demands, but the challenge remains for the promotion of comprehensive, macroscopic long-term goals.

The gap between smallholder/family farmers and large-scale corporate farmers illustrates the challenge of unbalanced growth in Paraguay. **The inflow of people, who have lost their livelihood in rural Paraguay due to increasing concentrations of land among large-scale commercial farming, to cities has intensified.** The rush of former rural residents and the resulting rapid city expansions without proper city planning has placed heavy pressure on urban development. Considering the closely linked development in urban and rural Paraguay, regional characteristics and context of both rural and urban areas need to be integrated in development plans.

2. Implementation Measures

Korea's development cooperation in Paraguay will be based on the selected goals of the Ministry of Agriculture and Livestock (MAG, Ministerio de Agricultura y Ganadería) specified in the **Plan Estratégico (Strategic Plan) 2014-2018. Korea's support will focus on balanced urban and rural development including self-subsistence capacity of smallholder/family farmers and a sustainable, eco-friendly city.** Korea's experience in comprehensive national land development plans and rural and urban development; including building new industrial districts, cities, and metropolitan sub-centers; redistributing city functions and facilities; and reconstructing urban area developed without proper planning will be shared in the process.

Korea's CPS will support:

a. Self-subsistence capacity of smallholders and family farmers

- Korea will support Paraguay's efforts to improve **agricultural and livestock industries** and strengthen products' competitiveness in domestic and international markets. This includes **capacity building of smallholders and family farmers** to improve their food security and entrance into the value chain, strengthening the **capacities of Ministry of Agriculture and Livestock (MAG)**, and **promotion of effective and sustainable use of the land, water, and forest resources**.

b. Foundation for a sustainable, eco-friendly city

- Recognizing the increasing urbanization problem, Korea's support for urban development will focus on **improving, repairing, and rearranging existing urban functions and facilities** with the consideration of nature, residents, business environment transport system, and **strengthening city management capacity** to improve the quality of life in the city. In line with this, a **feasibility study and master plan** for new city development could also be considered.

D. ICT (Communication)

1. Needs Assessment

In recent years, **the ICT sector in Paraguay has exhibited two-digit annual growth rate, which significantly contributed to job creation and the national economy**. However, **the latest WEF's 2016 Networked Readiness Index (NRI) observed that Paraguay remains at the lower quartile, facing a need to improve the ICT environment**.

The National Secretariat for Information and Communication Technologies of Paraguay (SENATICS, Secretaria Nacional de Tecnologias de la Informacion y Comunicacion), launched in 2013, is working on the promotion of ICT-based socioeconomic development, job creation, and improving the quality of public services through the e-government.

2. Implementation Measures

Korea's development cooperation in Paraguay will focus on **digital inequality reduction and ICT infrastructure**. Globally recognized in the area of ICT competency, the accumulated experience of Korea on ICT-related policy, regulation, e-government, and personnel training will be shared in the process.

Korea's CPS will support:

a. An ICT-based education environment in schools

- Korea will support the setting up of **e-learning classrooms** in elementary, middle, and high schools. Building an **e-learning center** targeting marginalized and vulnerable social groups and development of **Guarani and Spanish e-learning content** will be considered.

b. ICT personnel training and ICT-related regulation and policy consultation

- Support of human resources will focus on the introduction of an **information processing skill qualification system** and provision of **relevant policy consultation and advice**, while institutional support will be given through a **capacity-building program and consultation to the SENATICS or on e-government**.

c. Promotion of ICT startups

- When opportunities arise, support for **ICT startup support centers** will be considered.

IV. Country Partnership Strategy (CPS) Evaluation Framework

Paraguay National Development Plan (PND 2014-2030)

Building a democratic, transparent, open, and sustainable welfare nation that has competitiveness based on a knowledge-based economy, the most advanced social development in South America, and where social justice is realized

CPS Strategic Goals

Priority Areas	Goals	Expected Challenges	Achievements	Evaluation Index
Water Management and Health	Strengthen capacities for integrative water resources management (IWRM) and water treatment	<ul style="list-style-type: none"> - Decentralized management authorities - Different approaches taken by stakeholders 	<ul style="list-style-type: none"> - Strengthened Integrative Water Resources Management (IWRM) capacities - Increased amount of water treated 	<p>CPS Conformity (whether a project has been appropriately identified and developed in accordance with CPS goals)</p> <p>Project Implementation Status (whether projects have been implemented in alignment with CPS)</p>
	Increase access to health services and strengthen capacity for prevention and control of non-communicable diseases (NCDs)	<ul style="list-style-type: none"> - Lack of health budget - Unhealthy dietary practices - Low level of understanding on common health knowledge 	<ul style="list-style-type: none"> - Expansion of health facilities - Increase in the number of primary healthcare users - Improved management of NCD 	
Transport	Improve efficiency of logistics and distribution system	<ul style="list-style-type: none"> - Low level of government funding and private sector investment and transparency 	<ul style="list-style-type: none"> - Aviation industry development master plan - Improved ICT-based transport management system in the capital, Asuncion 	
Rural and Urban Development	Improve productivity of smallholder/family farmers and competitiveness of agriculture sector	<ul style="list-style-type: none"> - Logistics and distribution costs - Shortage of storage facilities - Limited domestic market - Fluctuation of agricultural product costs 	<ul style="list-style-type: none"> - Increase in the crop yield of smallholders and family farmers - Integration into global value chain 	
	Establish a foundation for an eco-friendly city	<ul style="list-style-type: none"> - Lack of budget - Conflict with residents' interests 	<ul style="list-style-type: none"> - Capital region comprehensive development master plan 	
ICT (Communication)	Reduce digital inequality and contribute to job creation and economy	<ul style="list-style-type: none"> - Lack of budget - Poverty and inequality - Limited domestic market 	<ul style="list-style-type: none"> - Increase in a number of classroom with ICT facility - Increase in a number of ICT startups - Increase in ICT sector growth rate 	

IV. Mid-Term Allocation Plan

Korea aims to allocate 70% of its bilateral ODA to the **priority areas**, while some flexibility will be applied in order to accommodate urgent humanitarian needs and socio-economic changes in Paraguay.

In addition, resource allocation will be adjusted based on program implementation, policy dialogue, interim monitoring, and delays in projects and other possible changes in circumstances.

The budget allocation could also be adjusted during budget discussions and project planning stages, and is subject to parliamentary decision.

V. Partnership Plans

1. Partnership between donors and private sector

Development cooperation projects with public and private sectors, international organizations, other donor organizations, academia, citizen's groups, and various stakeholders will be explored. Korea will actively participate in UNDP's donor meetings and donor committees to provide assistance that is more effective.

2. Alignment with national development plan

Korea will plan, develop, and carry out assistance projects that are aligned with Paraguay's National Development Plan (PND 2014-2030), the Strategic Plan (Plan Estrategico) of each ministry, and development plans of Paraguay local governments while respecting the Paraguay government's ownership and leadership.

