



The United Nations Sustainable Development Cooperation Framework (UNSDCF) and Poverty Eradication: The Experience of Paraguay

PREPARED FOR THE INTER-AGENCY EXPERT GROUP MEETING ON IMPLEMENTATION OF THE 3RD UNITED NATIONS DECADE FOR THE ERADICATION OF POVERTY (2018-2027)

OFFICE OF THE UNITED NATIONS RESIDENT COORDINATOR IN PARAGUAY



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I. The UN Sustainable Development Cooperation Framework (2020-2024) in Paraguay and Poverty Eradication

Paraguay is situated in the heart of South America and has experienced positive trends towards poverty eradication despite its status as a Land-locked Developing Country (LLDC). In the last decades, the total poverty rate fell from 41.6% in 2009 to 23.5% in 2019 (INE, 2021). Economic growth and other macroeconomic indicators also showed positive trends that contributed to the decline in poverty. However, these trends mask high levels of inequality and acute vulnerabilities in this middle-income country of 7.3 million inhabitants.¹

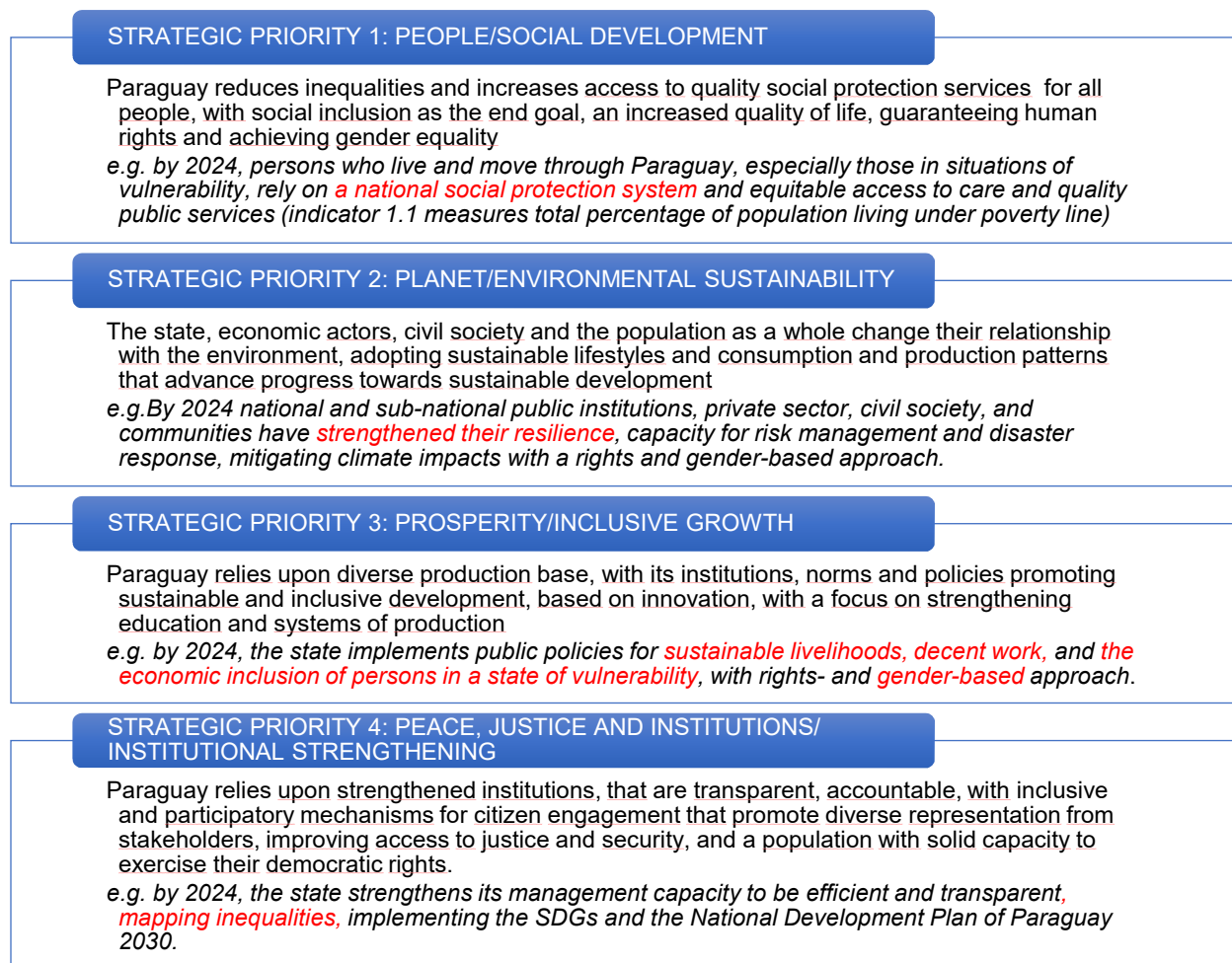
The United Nations Sustainable Development Cooperation Framework (UNSDCF) aims to achieve key results as agreed with the government of Paraguay for the 2020-2024 period to ensure progress in achieving the Sustainable Development Goals. The framework places a strong focus on continuing the trend of poverty eradication and social inclusion, with much of it addressing the ten principles of the UN System-wide Plan of Action for the 3rd UN Decade for the Eradication of Poverty (SWAP). The policy directions from the SWAP point to a focus on expanding social protection systems for example, which underpins poverty eradication especially as the world battles the socio-economic impacts of the COVID-19 pandemic.

In the case of Paraguay, social protection is directly linked to UNSDCF's Strategic Priority 1 on People and Social Development with the goal that *“by 2024, persons who live and move through Paraguay, especially those in situations of vulnerability, rely on a national social protection system and equitable access to care and quality public services.”* Due to the integrated nature of poverty with the environment, economy and governance, this is also linked with Strategic Priority 2 on Planet/Environmental Sustainability, Strategic Priority 3 on Prosperity and Inclusive Growth, and with Strategic Priority 4 on Strengthened institutions (See Figure).

¹ National Institute of Statistics of Paraguay - latest population data and projections available at: https://www.ine.gov.py/Publicaciones/Biblioteca/documento/7eb5_Paraguay_2021.pdf



Figure 1. The Strategic Priorities of Paraguay's UNSDCF - Social protection's link with key expected results



As the COVID-19 pandemic spread in 2020, the focus of the UN Country Team has been on mobilizing a system-wide response to the pandemic that focuses on health first, protecting people, the economic response and macroeconomic expansion to ensure social cohesion and a rapid, inclusive recovery.²

The UN System continues to support the country through these unprecedented times. Paraguay has launched 105 response measures, including 14 social protection measures to mitigate the impact of the pandemic.³

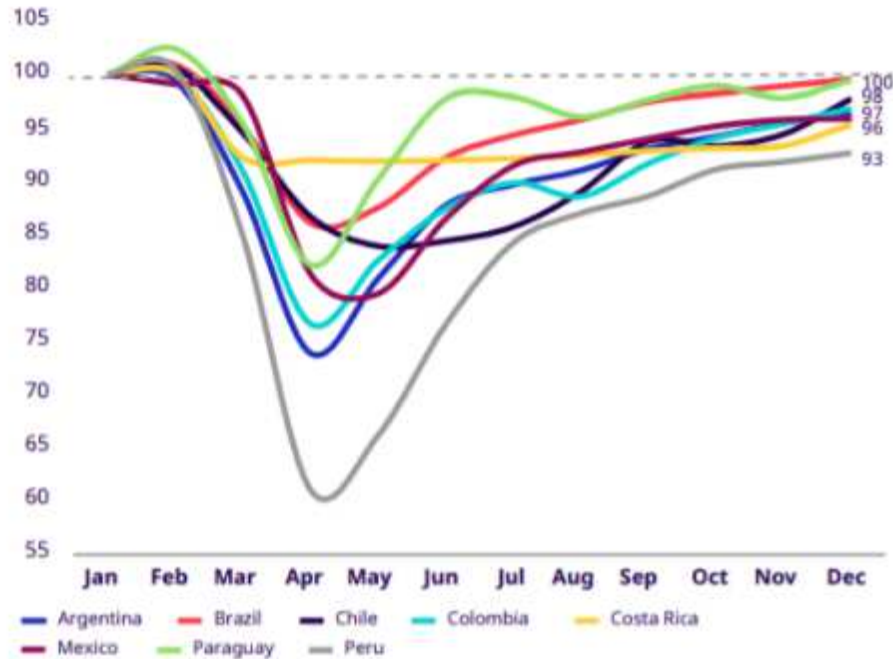
² United Nations COVID-19 Data Portal. https://data.uninfo.org/Home/_CountryProfile/Paraguay

³ United Nations Economic Commission for Latin America and the Caribbean, COVID-19 Dashboard. <https://cepalstatprod.cepal.org/forms/covid-countrysheet/index.html?country=PRY>



Thanks to this, in 2020, Paraguay had the least economic impact from the pandemic compared to its neighbors (See graph). As a result of initial closures and COVID-19 restrictions in the early months of the pandemic, there was a sharp drop in economic activity in many regional countries. However, as policies and response measures adapted the economy returned to near pre-pandemic levels.

Figure 1. Changes in Levels of Economic Activity during the COVID-19 Pandemic in 2020



Source: ILO, based on official data.

International institutions and the country’s central bank estimate positive growth 2021, but this is also contingent on vaccination efforts proceeding at a steady pace this year.⁴ Unfortunately, in recent months Paraguay has entered its most challenging phase with the pandemic with the highest case and death counts yet.

Despite the continuing impacts from the pandemic, the United Nations in Paraguay has proceeded with the implementation of the UNSDCF and its governance mechanism. Last month, the UN-Government joint High-level Steering Committee for the framework was formalized to better steer coordinated implementation.

⁴ International Monetary Fund, 2021. <https://www.imf.org/en/Countries/PRY> and Ministry of Finance of Paraguay. <https://www.hacienda.gov.py/web-presupuesto/archivo.php?a=2323262c3730363135f02531382b26f0322334232937233be123303627e12e23e132233026272f2b232138312ee1f4e1e138f8ef322628230c1&x=29290c7&y=11110af>



To ensure an inter-agency approach to implementation, these four strategic priorities are led by inter-agency results groups in cooperation with the government. Support for strengthening the country's social protection system for example has been a key priority in this past year, led by the agencies, funds and programmes members of the Social Development/People strategic priority, including the Food and Agricultural Organisation, with the United Nations Development Programme, the United Nations Children's Fund, the International Labour Organisation and other agencies in Paraguay.

II. Negative impacts of the COVID-19 crisis on Poverty Eradication in Paraguay

The Economic Commission for Latin America and the Caribbean notes that in 2020, poverty and extreme poverty in Latin America reached levels not seen in the last 12 and 20 years, (33.7% poverty, 12.5% extreme poverty) setting back progress on achieving the first Sustainable Development Goal.⁵ While the impact in Paraguay has not been as severe as for other countries, the pandemic has set back the country's progress on poverty eradication by four years. From 2019 to 2020 the country experienced a 3.3% increase in total poverty placing the country back to 2017 levels (INE, 2021).⁶ This brought the total number of persons living in poverty to 1,921,721 or an estimated 26.9% of the population, still below regional levels of poverty. While extreme poverty largely remained the same between 2019 and 2020, with only a slight drop from 4.0% in 2019 to 3.9% in 2020.

Table 1. Regional and National Comparison on Poverty and Extreme Poverty Indicators according to 2020 data

SDG Targets 1.1, 1.2	Poverty (%)	Extreme Poverty (%)
Latin America and the Caribbean	33.7%	12.5%
Paraguay	26.9%	3.9%

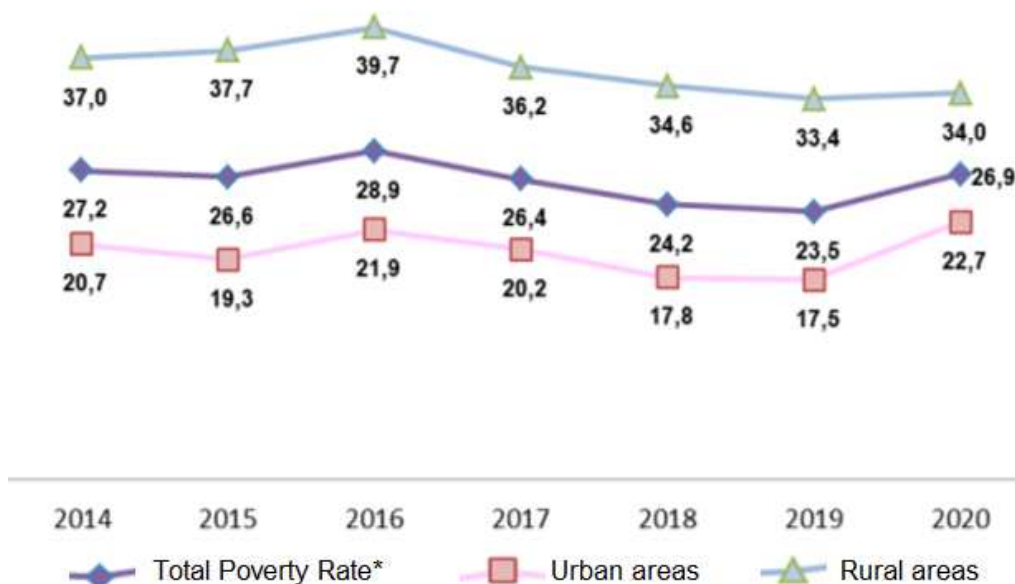
Data obtained from the Regional Economic Commission for Latin America and the Caribbean (ECLAC, CEPAL)

⁵ ECLAC, 2021. <https://www.cepal.org/en/pressreleases/pandemic-prompts-rise-poverty-levels-unprecedented-recent-decades-and-sharply-affects>

⁶ Paraguay country level poverty data obtained by the latest poverty statistics bulletin published by the National Institute of Statistics of Paraguay, 2021. Accessed here: https://www.ine.gov.py/Publicaciones/Biblioteca/documento/b6d1_Boletin%20Pobreza%20Monetaria_%20EPHC%202020.pdf



Figure 2. Changes in Total Poverty Rate (%) in Urban and Rural Areas of Paraguay from 2014-2020



Source: Permanent Household Survey 2014-2016, INE Continuous Household Surveys 2017-2020, National Institute of Statistics (INE), Government of Paraguay

* Not including Boquerón and Alto Paraguay departments

From 2019 to 2020, the sharpest increase in total poverty occurred among urban households with a 5.2% increase. However, rural areas continuously experience the highest concentration of poverty in the country. The latest data shows that 34% of rural areas fall under the poverty line with 7.4% of the rural population classified as extreme poor (196.899 inhabitants) compared to only 1.8% (82,710) in urban areas. These urban-rural differences in poverty continue to spur rural to urban migration, including informal settlements in urban areas that lack access to basic services and are vulnerable to flooding and other climate related disasters.

Inequality has also increased as a result of the COVID-19 in many countries. Paraguay experienced a favourable trend in its Gini coefficient since the early 2000s. Current data shows a decreasing trend in the Gini index from 57.3 in 2002 to 45.7 in 2019.⁷ The National Institute of Statistics reports that in 2020, the index was lowered to .44.⁸ However, more data is required on the full impacts of the pandemic on inequality, especially at local level.

The SWAP notes that “The goal is to have data that is high quality, accessible, timely, reliable and disaggregated by income, sex, age, race, ethnicity, migration status, disability and geographic

⁷ World Bank, 2021. <https://data.worldbank.org/indicator/SI.POV.GINI?locations=PY>

⁸ National Institute of Statistics, 2021. <https://www.ine.gov.py/>

location and other characteristics relevant to national contexts”⁹. In the case of Paraguay, one cannot underscore how important this is to achieve the SDGs. Paraguay is improving its data collection with the creation of its first National Institute of Statistics a few months ago. This has led to improved data on poverty, however, in recent years there is only local poverty data on six out of 17 departments (San Pedro, Caaguazú, Caazapá, Itapúa, Alto Parana, Central). At national level, two departments (Boquerón and Alto Paraguay) are also often not included (See footnote in Figure 3). Notwithstanding, the data provides some useful trends pointing to a decrease in poverty intensity which we hope we also translate into more rural poverty eradication impacts and data coverage.

As with other key policy instruments to achieve the Sustainable Development Goals, the UN supports the National Poverty Reduction Plan (PNRP) or *Jajapo* in Paraguay’s official indigenous language Guaraní. This national plan seeks to strengthen social protection in Paraguay and UN agencies continue providing technical assistance for its implementation, despite the setbacks the COVID-19 pandemic has placed on its objectives and funding.

However, Paraguay does not have a history of expansionary or universal social protection. Already before the pandemic, estimates showed that only 24.5% of the population was covered by at least one social protection programme, well below the regional average of 61.4%.¹⁰ In response to the pandemic, Paraguay has launched over 14 social protection measures, including direct cash transfers to households in need and vulnerable populations – a response comprising over 5.5% of GDP.¹¹

The latest national data shows that these expanded social protection measures have managed to stave off the worst impacts of the pandemic. This shows that social protection measures, if well designed, can ensure poverty reduction. It makes the case for greater investment in social protection to ensure a more rapid recovery from COVID-19 and achieve the SDGs. Social protection funds prevented 183,936 persons falling into extreme poverty and 232,966 persons

⁹ UN System-wide Plan of Action for the 3rd UN Decade for the Eradication of Poverty (2018-2027)

<https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2020/03/SWAP-Poverty-Booklet-Digital-Feb27.pdf>

¹⁰ OECD, 2018. OCDE. *Estudio Multidimensional de Paraguay: Volumen 2. Análisis detallado y recomendaciones*. Caminos de Desarrollo, Paris: Editions OCDE, 2018. <https://www.oecd.org/development/estudio-multidimensional-de-paraguay-9789264306226-es.htm>

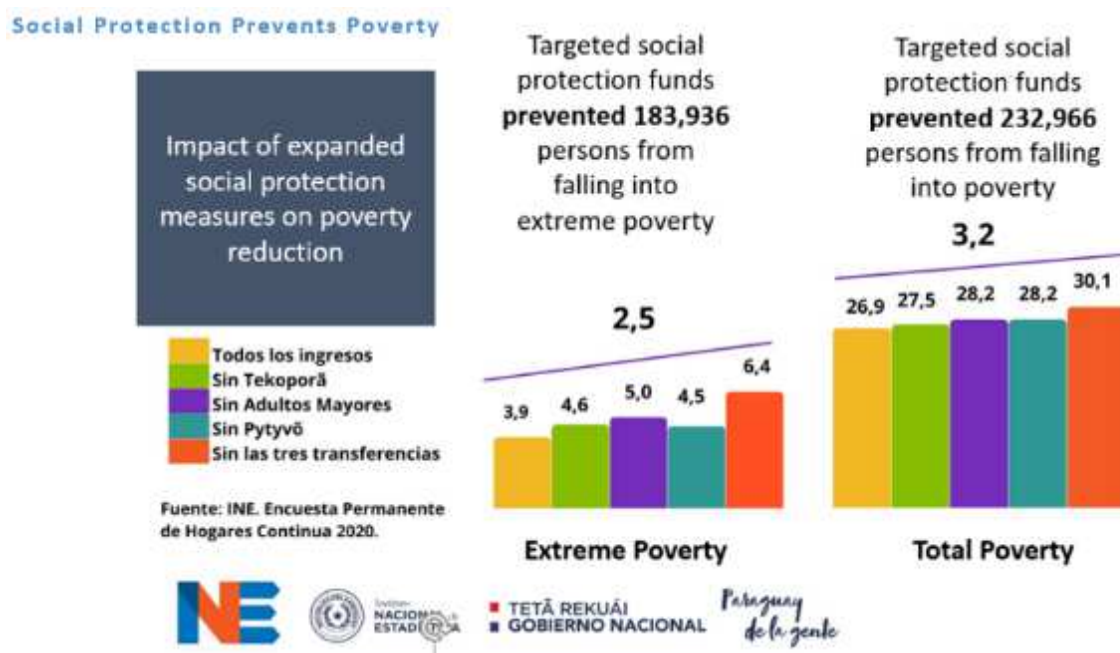
¹¹ Ministry of Finance, 2021 and 2020 “Plan de Recuperación”. <https://www.hacienda.gov.py/web-presupuesto/archivo.php?a=2323262c3730363135f02531382b26f0322334232937233be123303627e12e23e132233026272f2b232138312ee1f4e1e138f8ef322628230c1&x=29290c7&y=11110af>



from falling below the poverty line, thanks to an expansionary and more inclusive approach that rapidly responded to citizen’s needs.¹²

In line with this evidence, ECLAC is calling on countries to i) guarantee universal social protection as a central pillar of the welfare state, ii) in the short term, maintain the emergency transfers such as emergency basic income (EBI) and the anti-hunger grant and EBI for women, iii) In the medium and long term, move towards a universal basic income, prioritizing families with children and adolescents, and get behind universal, comprehensive and sustainable social protection systems, increasing their coverage, as a central component of a new welfare state.¹³

Figure 3. Paraguay National Institute of Statistics Confirms that Social Protection Measures Reduced Poverty and Extreme Poverty in 2020



Informality in Paraguay is another key challenge for poverty eradication, given that the national levels of informal employment remain far above the regional average of 58%.¹⁴ In Paraguay 64% of workers age 15 and older working in non-agricultural jobs are informal.¹⁵ This level of

¹² National Institute of Statistics of Paraguay, 2021. Accessed here: https://www.ine.gov.py/Publicaciones/Biblioteca/documento/b6d1_Boletin%20Pobreza%20Monetaria_%20EPHC%202020.pdf
¹³ ECLAC, 2021. <https://www.cepal.org/en/pressreleases/pandemic-prompts-rise-poverty-levels-unprecedented-recent-decades-and-sharply-affects>
¹⁴ OECD, 2020. <https://www.oecd.org/latin-america/events/cumbre-ministerial-sobre-inclusion-social/2020-OCDE-LAC-Ministerial-Infomalidad-y-la-protecci%C3%B3n-del-empleo-durante-y-despues-de-COVID-19.pdf>

¹⁵ UNDP, 2020.

informal employment directly affects the vulnerability of workers and households. It also excludes a large part of the workforce from social protection systems, including women, young adults, micro, small and medium enterprises, and the rural population – which all present rates of informality well above average. When hazards such as the COVID-19 pandemic emerge, this level of informality leave key groups susceptible to income shocks and a fall into poverty.

A vulnerable group that has experienced a disproportionate impact from the pandemic is women and girls – given that women are those most active in the informal employment sector.¹⁶ National poverty data disaggregated by gender shows that poverty rates are consistently higher among women than men in Paraguay.¹⁷ According to the World Bank, at the start of the pandemic in May 2020 more than 50% of women reported job losses, compared to only 35% of men. By the end of 2020, female unemployment increased to 10.2% compared to 4.9% of male unemployment – this has especially impacted female headed households.¹⁸

The Sector-wide Plan of Action’s paragraphs 32, 33, 34 and 37 offer well-known recommendations on how to tackle the feminization of poverty observed across many countries today due the pandemic. While there are advances in implementation of projects for financial inclusion of women in Paraguay, strengthening women-owned SMEs, the care economy and legal frameworks, including through the support of UN agencies, one area of the SWAP that remains unaddressed is tackling “adverse social norms that limit women’s access to decent work and norms that devalue their work.”¹⁹ A recent study from the World Bank in Paraguay noted that social norms directly impact women and girls labour market entry, access to education and financing, and also violence against women.

III. Progress made by the UN system to implement SWAP on Poverty Eradication – Project Snapshots

The United Nations in Paraguay is implementing a variety of projects that aim for poverty eradication in line with the SWAP’s ten principles. One key project is the Poverty, Reforestation,

¹⁶ United Nations - Progress towards the Sustainable Development Goals Report of the Secretary-General, March 2021 – Advance unedited. https://sustainabledevelopment.un.org/content/documents/27610SG_SDG_Progress_report_2021.pdf

¹⁷ National Gender Atlas, 2021. <https://atlasgenero.dgeec.gov.py/detalle-indicador.php?id=102&year=2019> and Zavattiero, Claudina and Serafini, Verónica (2019). Desigualdades entrelazadas en el trabajo no remunerado. (en Usos del tiempo y desigualdades en Paraguay, Centro de Documentación y Estudios, inédito). Sobre datos de la DGEEC, Encuesta Permanente de Hogares, 2017.

¹⁸ World Bank, 2021. Encuesta de Alta Frecuencia al Gobierno de Paraguay y Encuesta Permanente de Hogares (EPH) <https://www.bancomundial.org/es/country/paraguay/publication/diagnostico-genero-paraguay> and

<https://blogs.worldbank.org/es/latinamerica/una-mirada-la-brecha-de-genero-en-paraguay-durante-la-pandemia>

¹⁹ UN System-wide Plan of Action for the 3rd UN Decade for the Eradication of Poverty (2018-2027)

<https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2020/03/SWAP-Poverty-Booklet-Digital-Feb27.pdf>



Energy and Climate Change Project (PROEZA).²⁰ The PROEZA project focuses on poverty eradication while also tackling energy and climate change. It is a USD \$90 million project funded by the Green Climate with co-financing from the government of Paraguay for forest planting and reforestation in Eastern Paraguay, sequestering carbon and supporting local households to diversify their agricultural production to enhance their resilience to the impacts of climate change.

Environmental conditional cash transfers (E-CCT) are provided in exchange for community-based and climate-sensitive agroforestry. Thanks to the project's pooled funding, credit is also made available to establish productive forest plantations for bioenergy, timber and silvo-pastoral production (combining forestry with livestock grazing) and uplift households from poverty. The project links to all four strategic priority areas under the UNSDCF but directly helps to achieve the focus on Planet and Environment Sustainability under the framework, while also advancing some of the key areas of the SWAP on agriculture and sustainable production, as well as green jobs, with a focus on sustained and inclusive economic growth.

Another interagency collaboration is developing the evidence base for public policies that can be based on national time transfer accounts. Analysing time is essential to address the issue of time poverty and its effects on gender inequality. This project is producing data currently to better advise the government on how to address time poverty through improved social protection and is led by UNFPA with ECLAC.²¹ The project is working with different government agencies and also engaging civil society such as the Latin American and Caribbean Center for Demography (CELADE) to strengthen women's equality and empowerment especially for a more inclusive and accelerated COVID-19 recovery.

Looking at unmet basic needs in rural and vulnerable populations is also essential to ensure key principles of the 2030 Agenda such as Leaving No One Behind. In Paraguay, the Office of the Resident Coordinator has also partnered with the Resident Coordinator Offices in Argentina and Bolivia for a multi-country approach to the Gran Chaco – South America's second largest forest spanning Paraguay, Argentina and Bolivia. The Gran Chaco region is characterized by high rates of deforestation due to an expanding agro-industry. The Gran Chaco region includes over 20 tribes of indigenous peoples and hosts key centres of agricultural production, but its departments are often not counted in national statistics on poverty for example.

²⁰ PROEZA, Green Climate Fund, 2021. <https://www.greenclimate.fund/project/fp062>

²¹ Government of Paraguay, 2020. <https://www.stp.gov.py/v1/socializaron-proceso-de-elaboracion-de-las-cuentas-nacionales-de-transferencias-de-tiempo/>



A new study from this multi-country approach to the Chaco notes that it is one of the most vulnerable areas of Paraguay, with the highest Unsatisfied Basic Needs scores among the departments comprising it (67,8 % in Presidente Hayes, 92,9% in Boquerón y 78,9% in Alto Paraguay).²² Yet, these departments are often not counted in national poverty statistics. In addition, this shows the importance of tackling multidimensional poverty through transboundary approaches for vulnerable ecosystems and indigenous people that span across political borders.

Another key collaboration tackling the high levels of informality in Paraguay, in July 2020 the Ministry of Labor, Employment and Social Security with the support of the UNDP's Accelerator Lab, and the ILO, launched one of the first public innovation labs in the country: The Participatory Informal Employment Lab.²³ The Participatory informal Employment Lab is part of the Ministry' Integrated Strategy for the Formalization of Employment in Paraguay and the national governments Plan for Economic Recovery, *Napu'a Paraguay*. It is kickstarting its efforts to reduce informality by first focusing on the construction sector in the country and also with a series of trainings on human-centred design, value chain analysis, the promotion of decent employment in Paraguay, improving labour statistics in Paraguay, field experiment methodologies for public policy, and assessing the entrepreneurial ecosystem in the country.

IV. Recommendations - Inclusive social policies for building back better post-COVID-19 and accelerating poverty eradication

From the perspective of a middle income and land locked country where data is a challenge a first key recommendation to advance the SWAP is that a significant paradigm shift is needed on how MICs/HICs are analyzed, particularly regarding inequality and vulnerabilities (which are frequently masked by GDP averages and other macro parameters). It is crucial to look beyond averages, through a multidimensional lens: this is necessary if we really want “to leave no one behind.”

Improved data is needed to look beyond averages through a multidimensional lens and map the vulnerabilities many excluded populations face. While macro-economic indicators show positive poverty reduction or economic growth trends, complementary data on informality and more shows the high levels of risks that many households face living slightly above the extreme poverty or national poverty line.

²² Forthcoming United Nations Office of the Resident Coordinator with Redes Chaco, 2021.

²³ UNDP, 2021. <https://www.py.undp.org/content/paraguay/es/home/blog/2020/Participatory-Informal-Employment-Laboratory-MTESS.html>

The COVID-19 experience has provided many lessons learned for countries around the globe, especially on the importance of social protection to prevent future shocks. Investing in social protection with a focus on disaster and hazard risk reduction and prevention is crucial. This can accelerate more resilient implementation of our UNSDCFs. In the case of Paraguay, there is limited fiscal income (9,5% of GDP in 2020) to support expansionary social protection, which may require some form of fiscal reform, or innovative ways to finance expanded social protection.

In addition, the case of Paraguay like elsewhere shows the potential impact of targeted social protection programmes that are well designed in reducing poverty. As ECLAC recommends, there is a need to expand social protection, implement universal basic income measures, and social protection floors to become a universal default. This can ensure vulnerable groups are not left behind and that we reach the furthest behind first to achieve the SDGs. In the case of Paraguay key policies to strengthen social protection and ensure a resilient and inclusive recovery include i) the creation of more inclusive unemployment insurance schemes, ii) the incorporation of the informal sector into the social protection system through new incentives and accessible methods for these workers, iii) new taxation measures to support universal social protection floors, and iv) complementary contributions in the form of subsidies for vulnerable groups to access additional social protection measures.

Lastly, let us not forget the border areas and the potential for transboundary cooperation working together with neighbouring UNCTs. While in line with the need for improved data, a key recommendation is to strengthen disaggregated data around transboundary communities and ecosystems. As borders closed due to the COVID-19 pandemic, Paraguay expanded social protection measures to also reach vulnerable workers that would normally cross borders daily to reach their place of work or that depended on cross-border trade.²⁴ Border areas are essential for land-locked countries and communities as well as ecosystems in these areas require a greater understanding on their transboundary existence. Cooperation among UN Country Teams and the Offices of the Resident Coordinator to focus on these transborder challenges through a multi-country approach could be beneficial.

²⁴ Ministry of Finance, 2021. P.30 <https://www.hacienda.gov.py/web-presupuesto/archivo.php?a=2323262c3730363135f02531382b26f0322334232937233be123303627e12e23e132233026272f2b232138312ee1f4e1e138f8ef322628230c1&x=29290c7&y=11110af>