

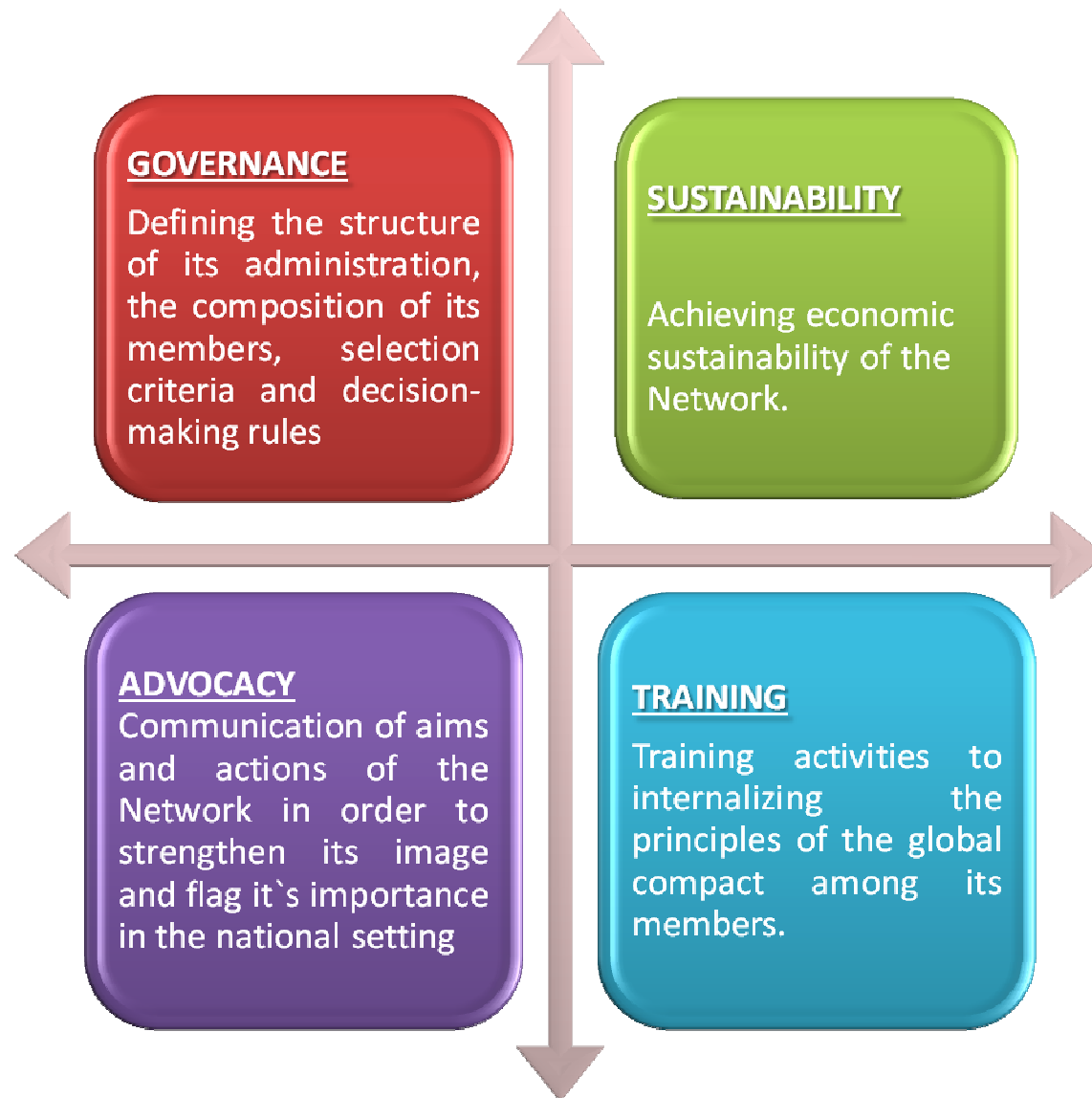


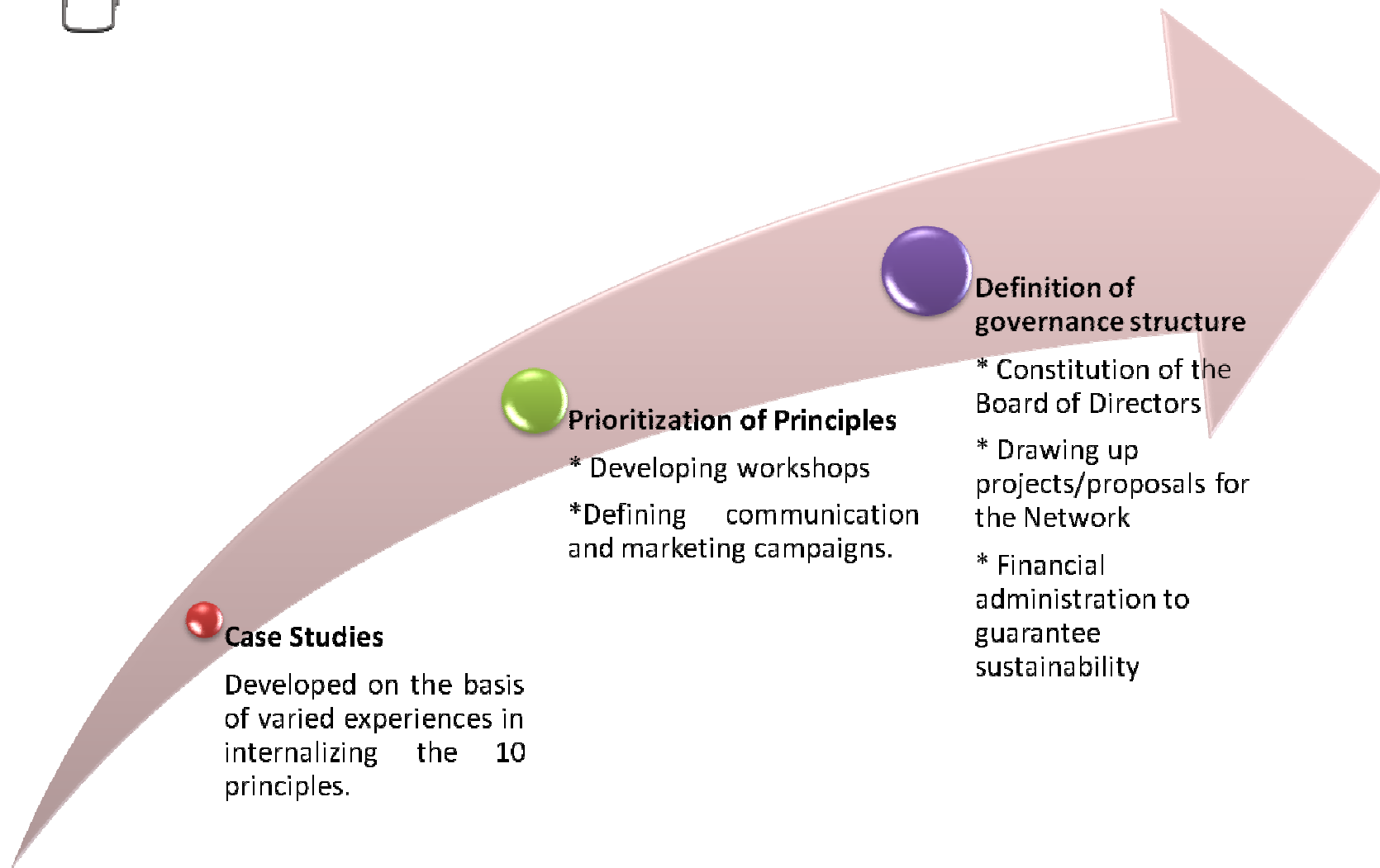
Red del Pacto Global
Paraguay

The Global Compact in Paraguay

Presentation for VII session of the
Annual Local Network Forum (ALNF)
9-10 June, 2009, Istanbul

FOCUS OF THE GLOBAL COMPACT NETWORK IN PARAGUAY





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Achievements

- Defined organizational structure
- Independent legal status since June 2009
- Financial contribution of members to cover operational expenses: so far US\$ 4 600
- Recent incorporation of the bi-national Hydropower Plant Itaipu -- a major player in the national economy with an annual budget of US\$ 3.4 billion.
- Enhanced awareness about the principles of the Global Compact among its 34 members
- 8 of the network's founding members already presented their communications of progress in achieving the principles of the global compact



Membership

Current members (34):

- NGOs / Civil Society
- Academic institutions
- Banking and insurance Cos
- Multinationals
- Trade Unions
- Other

Missing Segments:

- Agricultural Sector
- Media
- Health sector companies
- Government institutions such as the Ministry of Industry & Commerce
- SMEs

Membership challenges:

The companies that are part of the network are headed by a dynamic sector of the economic elite of the country. They have access to capital, technology and information and are structurally more insulated from serious economic difficulties. The challenge in Paraguay remains in sensitizing companies that generate employment, have a major impact on vulnerable groups, the environment and can influence the transparency of the public sector (agriculture sector and media).



Human Development Challenges and the Private Sector in Paraguay

- **Inequality and poverty:** according to the last survey in 2009, 1% of the population owns 82% of the country's lands. Poverty rates: 38 % poverty and 20% extreme poverty.
- **Limited access to health services:** 76% of the population is not covered by health insurance. Poor cannot afford adequate health coverage.
- **Unequal access to education:**
In average, the richest 20% have completed 10 years of study
In average, the poorest 20% have completed 5.5 years of study
- **Precarious living conditions:** rural poor and indigenous populations are the most affected by the indiscriminate use of agro toxics, contaminated water and greenhouse gases (the agricultural sector is the principal emitter of green-house gases mostly due to the practice of burning fields after harvest).
- **Human right violations:** most documented human right violations affect rural poor and are motivated by irresponsible sectors of agribusiness.

The quality of human capital is affected by deficiencies in access to adequate health and education. This limits companies' productivity and expansion capacities, obliging them to incur major expenses in hiring external skilled workers.

References:

Informe Nacional sobre Desarrollo Humano, 2008 PNUD, Paraguay



Labor Right Issues and the Private Sector in Paraguay

- **Under-employment:** 207.000 (7,4%) persons work less than 30 hours a week.
- **Inadequate pay:** 584.000 (20,8%) employees gain less than the national minimum wage.
- **Limited social benefits:** 2.383.000 (85%) are not included in any system of retirement or pension payments.
- **Gender discrimination in employment:** the data of the Permanent Inquiry of Households (EPH) show the difficulties of the insertion and permanent integration of women in the labour market. This is mostly due to sociocultural prejudices which undermine the value of women's work and their contribution to the national economy.
- **Domestic employment:** this constitutes the second category of women employment (19% of female workers), whereas the first category is comprised of self employed women (39%). 60% of domestic workers have only primary education and receive about 40% of the minimum wage, without any social coverage but with extended working days due to multiple jobs.
- **Child labour:** This affects many children: about 67.000 children from age 5 to 17 serve as domestic workers.

References:

Estudio sobre Trabajo Decente en Paraguay. Oficina de Desarrollo Humano, 2009 PNUD, Paraguay

Dirección General de Estadísticas, Encuestas y Censos

Análisis de Situación. Programa Conjunto: Juventud: Capacidades y oportunidades económicas para la Inclusión Social.



Environmental Issues and the Private Sector in Paraguay

- **Deforestation:** one of the worlds top 10 richest sources of biodiversity is the South Atlantic Forest located in Eastern Paraguay and South Eastern Brazil. In only 46 years 6.916.452 hectares of the Eastern Region were deforested for agricultural and industrial ends destroying more than 80 % of the forest in Paraguay. This is not caused by endogenous demographic pressure: population density rates remain among the lowest in South America. Lands are used primarily for industrial livestock agriculture and soybean farming.
- **Upcoming depletion of water resources:** at current levels of consumption, it is expected that extraction of water from the natural aquifer will be insufficient and population will face a deficit of 73 million m³ in 2025.
- **Excessive use of fossil fuels:** every day, more than 3.200.000 people (50% of the country`s population) consume food prepared with fossil fuels -- mostly wood and charcoal. This amounts to approximately 257.000 tons of charcoal and about 3.100.000 tons of wood every month. Paradoxically the country is the principal generator of hydro-power in the region.
- **Regulation and enforcement of adequate waste disposal is practically inexistent:** there is a lack of technical know how on waste management and municipal authorities are cash strapped.

References:

Perspectiva del Medio Ambiente Urbano, GEO Asunción del Paraguay. Secretaría del Medio Ambiente
Cambio Climático. Riesgos, vulnerabilidad y desafío de adaptación en el Paraguay, 2007- PNUD, Paraguay



Challenges of Anti-Corruption Initiatives and the Private Sector

•**Inadequate regulatory framework:** what would be considered as a corrupt practice in many other countries is usually legal: unrestricted private sector funding for political parties, state subsidies and public regulatory incentives for companies paying tribute to political actors undermining fair domestic competition.

•**Tax evasion and informal economy:** in 2007, the level of tax evasion amounted to approximately 45,27% of businesses. For 2008 it is estimated that it will diminishes by 3 percentage points. The informal economy remains significant particularly in relation to drug trade, lumber and pirated consumer goods. Illegal competition such as smuggling constrain and impede formal and competitive business projects.

•**Lack of information on corruption** in the private sector: very limited information is available on the incidence of corruption in the private sector (all figures relate to the public sector).

•**Civil society is too weak to advocate** for anti-corruption policies: civil society lacks capacity to effectively monitor and report corruption violations in the private sector. Even the former representative of Transparency International in Paraguay was sanctioned for fraudulent practices in May 2009.

References:

Secretaria de Estado de Tributación. Ministerio de Hacienda.