6. Institutional Arrangements for Implementation of the Strategy

6.1 Introduction

The institutional arrangements proposed in this chapter aim at laying the main structural and functional basis of the Strategy for Sustainable Development of the Rural Territories (hereinafter, “the strategy for DSTR, or “the strategy” in short), with the understanding that this is a vital component of long-term rural development. The institutional arrangements are considered as an integral part of Vision 2030 that is based on the basic concept of territorial approach.

Given the above mentioned approach, the institutional arrangements take three fundamental principles. The first principle is to minimize the creation of new institutional bodies and new bureaucracy. However, it should be understood that the participatory principle of the strategy requires the development of open dialogue methods and proceedings between all the parties involved; at the same time it makes a special effort to improve inter-institutional coordination mechanisms and spaces for dialogue. The second is to strengthen technical capacity of public sector institutions. The third is to open and strengthen public and private spaces for dialogue and civil society organizations.

In that sense, the scheme below is based on a set of pre-existing complementary measures which determine the degree of success of the institutional arrangements and therefore, the implementation of the strategy itself. These include: i) adjust the existing laws concerning rural development so that they reflect the conceptual and operational basis of the strategy for DSTR and provide a constitutional basis; ii) strengthen inter-institutional coordination mechanisms, with a special emphasis on their existing technical abilities and the internalization of the conceptual, methodological and operational basis of the strategy in each institution involved in their management; iii) select a set of sectoral policies that would be activated and expanded as instruments for the implementation of specific strategic lines of the strategy in territories; iv) strengthen the existing “institutional networks” in order to fulfill their new functions related to the process of reconciling and managing sectoral (harmonized) agendas in territories; v) establish a special fund to implement the strategy for DSTR. In fact, the national contribution of this mechanism could come from a percentage of resources from royalties; and vi) strengthen civil society organizations as one of the bodies responsible for the management of the strategy.
6.2 Description on the Main Aspects of the Institutional Arrangements for Implementation of the Strategy

A. Definition of institutional arrangements for implementation

The institutional arrangements presented here are organizational and institutional frameworks consisting of public institutions, the private sector, civil society and the education and research sector, in order to undertake participatory management of the strategy and to meet the objective proposed as Vision 2030.

B. Objective of institutional arrangements for implementation

The goal to be achieved through the institutional arrangements is Vision 2030 and in the process, it is proposed to build a framework for sustainable rural development through the territorial approach. Therefore, the proposed institutional arrangements should be the ones that can achieve sustainable development of rural territories in line with the basic concept of the territorial approach.

C. Definition of management of development strategy

Generally, development plans and strategies are managed by the use of the PDCA cycle (plan-do-check-act). Currently, the National Planning System (SISPLAN in Spanish) proposed by the STP is the conceptual framework that covers all existing development plans in Paraguay, and operates under the principles of PDCA. The systems established by the SISPLAN are: a) Development Planning System (SPD in Spanish); b) Programming Operations System (SPO in Spanish); Public Investment System (SIP in Spanish); and System of Management Monitoring and Evaluation (SIMEG in Spanish).

Since the strategic lines indicated in this Guideline are a tool to complement existing development plans at the national, departmental and municipal levels, which have been mostly developed with technical support of the STP and MH, the management of the strategy should be consistent with the SISPLAN management cycle. In this sense, the management of the strategy will include: a) the preparation of a development plan; b) the preparation of an implementation plan; c) budgeting and project management preparation; and d) monitoring and evaluation.

331 The PDCA cycle is one of management methods that promotes the maintenance and improvement of quality and continuous improvement of services. This methodology was created in the 1950s by William Edwards Deming, and is also known by the name of the Deming cycle. The PDCA cycle planning has been widely applied in manufacturing processes to improve product quality and services, incorporated in different management systems such as ISO 9000 and ISO 14000, and introduced for public sector management as well.
6.3 Levels and Areas of Institutional Arrangements for Implementation

A. Members of the arrangements for the institutional mechanism of implementation

The institutional arrangements for implementation are formed by several local social actors who constitute social actors, and are categorized into the following sectors: 1) the public sector; 2) the private sector; 3) the academic/educational sector; and 4) civil society.

![Relationship among four sectors of social actors](image)

Figure 6.3-1 Relationship among four sectors of social actors

It is worth noting that social actors can belong to more than a category at the same time, and it is not always possible to categorize them strictly. For example, an agricultural producer is a member of civil society, and at the same time, a member of the private sector in the same area. A businessman who lives in a certain area and teaches at a local university belongs to the categories of civil society, the private sector, and the academic/educational sector. Figure 6.3-1 presented above shows the overlap of social actors, whereas table 6.3-1 presents the examples of organizations and groups of social actors to be included in the institutional arrangements at a Eastern Region, sub-region and territory levels.
<table>
<thead>
<tr>
<th>Levels</th>
<th>Eastern Region (14 departments)</th>
<th>Categories</th>
<th>Civil society and unions</th>
<th>Private productive sector</th>
<th>Academic and educational sector</th>
<th>Public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Representatives of civic groups:</td>
<td>Representatives of:</td>
<td>Representatives of:</td>
<td>Representatives of:</td>
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<td></td>
<td></td>
<td></td>
<td>• Ethnic, women, neighborhood committees, health commissions, religious, health committees, educational commissions, parents, students, youth, sports (mainly soccer), the executive committees of community events, environmental protection and conservation, sustainable use of natural resources</td>
<td>• Physical producers</td>
<td>• Universities at a central level</td>
<td>• State agencies and entities</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• NGOs at central level</td>
<td>• Partnerships</td>
<td>• Educational foundations</td>
<td>For example:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• civil society organizations, trade union</td>
<td>• Corporations</td>
<td>• Specialized educational centers</td>
<td>10 Ministries,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>For example:</td>
<td>• Cooperatives y Central Cooperatives (UNICOOP, CENCOPAN, etc.)</td>
<td>For example:</td>
<td>13 Executive secretariats,</td>
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<td></td>
<td></td>
<td></td>
<td>FECOPROD, Cotton Chamber of Paraguay (CADELPA), ARP, Paraguayan Industrial Union (UIP), FEPRINCO, Paraguayan Federation of Wood (FEPAMA), Soybean Producers Association of Paraguay (APS), Christian Business Association (ADEC), CEPCOOP, CONPACOOP, University Cooperative,</td>
<td>• Private Banks</td>
<td>• U.N.A., 42 private universities in the Central Department, special education foundations</td>
<td>19 Autonomous and autarkic decentralized entities,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Church and religious groups at a central level</td>
<td>• Enterprises (FRUTIKA, UPISA, PRODUCAR, etc.)</td>
<td>• Specialized public and private institutes</td>
<td>4 Public enterprises,</td>
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<td></td>
<td></td>
<td></td>
<td>• Others at a central level</td>
<td>• Associations and / or commercial and industrial chambers</td>
<td>For example:</td>
<td>5 Official financial institutions,</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>For example:</td>
<td>For example:</td>
<td>Ej. CETAPAR, Technological Park Itaipú (PTI)</td>
<td>4 companies with state capital and 7 other public entities (BCP, IPS, FF.AA., JEM, CSNI, CONACYT and CDN)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CAPECO, Maquiladora Industry Chambers, Paraguay Beekeepers Association, Union of Production Traders, CAPASA, Junior Chamber of Paraguay, Paraguayan Chamber of Herbal Tea, Paraguayan Chamber of Stevia (CAPASTE), Sugar Center, Paraguayan Chamber of Biodiesel, Paraguayan Association of Rural Tourism (APATUR), Seed Producers Association of</td>
<td>For example:</td>
<td>Others at the central level</td>
<td>• organizations with state capital and other 7 public entities</td>
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<td>Board of Governors, OPACI</td>
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<td>Binational Entities (Itaipú and Yacyretá)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>National and international cooperators</td>
</tr>
</tbody>
</table>

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### Levels

<table>
<thead>
<tr>
<th>Categories</th>
<th>Civil society and unions</th>
<th>Private productive sector</th>
<th>Academic and educational sector</th>
<th>Public sector</th>
</tr>
</thead>
</table>
| **Local**  | Representatives of civic groups:  
- Ethnic, women, neighborhood committees, health commissions, religious, health committees, educational commissions, parents, students, youth, sports (mainly soccer), the executive committees of community events, environmental protection and conservation, sustainable use of resources natural  
- NGOs  
- Church and religious groups  
- Others  
Of each sub-region | Representatives of:  
- Associations and/or chambers of commerce and industry  
- Representatives of informal groups in each industry  
- Other groups  
Of each sub-region | Representatives of:  
- Universities  
- Educational foundations  
- Specialized educational centers  
- Other entities  
- Specialized public and private institutes  
Of each sub-region | Representatives of:  
- Others at a central level |
| **Territorial**  
(Sets of several territories) | Representatives of civic groups:  
- Ethnic, women, neighborhood committees, health commissions, religious, health committees, educational commissions, parents, students, youth, sports (mainly soccer), the executive committees of community events, environmental protection and conservation, sustainable use of | Representatives of:  
- Associations and/or chambers of commerce and industry  
- Representatives of informal groups in each industry | Representatives of:  
- Universities  
- Educational foundations  
- Specialized educational centers | Representatives of:  
- Municipalities  
- Local branches of central government agencies  
- Organizations interagency |

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332 Created by Resolution No. 170/06 SEAM under Law 3.239/07 of Water Resources in Paraguay.
Guideline to Formulate the Strategy for Sustainable Development of Rural Territories
Final Report

<table>
<thead>
<tr>
<th>Levels</th>
<th>Categories</th>
<th>Civil society and unions</th>
<th>Private productive sector</th>
<th>Academic and educational sector</th>
<th>Public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>resources natural</td>
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<td></td>
<td></td>
<td>• NGOs</td>
<td></td>
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<td></td>
<td></td>
<td>• Church and religious groups</td>
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<td></td>
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<td>• Others</td>
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<td>Of each territory</td>
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<td></td>
<td>• Other groups</td>
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<td></td>
<td></td>
<td></td>
<td>• Of each territory</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Specialized public and private institutes</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Others</td>
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<td></td>
<td></td>
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<td></td>
<td>• Of each territory</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• coordination at municipal level</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Water Boards</td>
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<td></td>
<td></td>
<td></td>
<td>• Management Committees for Protected Areas</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Of each territory</td>
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</tr>
</tbody>
</table>
B. Relationships between social actors at the sector and regional levels

The territorial approach is a development concept that considers territory as the basic unit of development, and has incorporated the principle of subsidiarity. Under this approach, the basic relationships between social actors at the sector and regional levels under the institutional arrangements are based on the following principles.

1. The public sector is a servant for civil society, the private sector, and the academic/educational sector.
2. Development issues in territory must be addressed by civil society themselves.
3. The public sector provides support, in the forms of intellectual and physical resources (goods and services), to solve problems that cannot be solved by civil society.
4. District governments provide support for people in their districts to solving problems, since it is the public institution closest to citizens.
5. The problems that cannot be solved by district governments will be supported next by departmental governments, and when this is not possible, by the central government.

C. Roles of social actors in different sectors

Civil society and the private sector will be the main subjects to address development issues in territories, and the main beneficiaries of the strategy as well. The public sector is part of “social actors”, and also plays the role of a “development promoter” who provides resources to address development issues in territories as a servant to the other sectors. The private sector and the academic/education sector could also assume the role of development promoters under their own initiative or by commission. Therefore, the roles of social actors in the four sectors vary depending on the situations of territories.

333 The principle of subsidiarity is the concept that the authority should solve issues in the closest way possible to people, based on individual autonomy as part of human dignity. This principle was incorporated into the World Charter of Local Governments introduced at the UN General Assembly in 2001. The principle of subsidiarity is part of the proposition that the state and the government should serve for individuals, respect the efforts of individuals and small groups of individuals (families, churches, volunteer groups, etc.), and support for what individuals or small groups cannot do by themselves. Today, the principle of subsidiarity serves as the conceptual basis of decentralization, in which authorities should transfer resources and decision making to local government entities closest to people, and the intervention of central government should be limited to only the problems that local government entities cannot address efficiently.
Table 6.3-2: Roles of social actors in respective sectors

<table>
<thead>
<tr>
<th>Social Actors</th>
<th>Civil Society</th>
<th>Private Sector</th>
<th>Academic/Educational Sector</th>
<th>Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Functions</strong></td>
<td>• Decision making as promoters for the solution of development issues</td>
<td>• Main beneficiaries of the strategy</td>
<td>• Resource providers to solve development issues (particularly goods and special services)</td>
<td>• Resource providers to solve development issues (particularly goods and public services)</td>
</tr>
<tr>
<td></td>
<td>• Main beneficiaries of the strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Resource providers to solve development issues</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the Study Team, April 2011

D. Resource transfer and capacity development

When the capacity of civil society to address development issues is not sufficiently developed, the public sector needs to play a larger role and invest greater resources to address development issues. However, once civil society has reached sufficient maturity, it could provide intellectual and physical resources of its own or hire other agents to that effect, thus reduce its dependence on the resources provided by the public sector. A similar approach is applicable for the relationship between central, departmental and district governments in the process of democratic decentralization. For instance, the intervention of central and department governments and the amount of their resources will be gradually and progressively reduced, as the capacity of district governments to address development issues and manage their affairs is enhanced.

At the final stage, it will be necessary to transfer the powers of decision making and allocation of resources and services from central to local level, so that social actors can manage the strategy and development projects by themselves. However, it is essential to proceed with this process step-by-step, and at the same time undertake capacity development of social actors in territories. It is particularly important to strengthen initiatives and cohesion of civil society organizations as the basis to further strengthen capacity of other social actors. The strategy and the development projects will be managed at different levels by the representatives of different groups involved. The public sector must advance democratic decentralization, and in this process, it should harmonize the development of financial and administrative capabilities of local governments, civil society awareness on the issues of local democratic autonomy, and other actions for capacity building. Also, in order to reach consensus through the participation of various social actors, the promotion of mutual understanding that will form the basis of cooperation and coordination is another major challenge.

E. Functions to coordinate social actors

As the main subjects of development, civil society and the private sector make decisions to
address local development issues in coordination with the public sector and the research/education sector. They provide intellectual and physical resources (goods and services) that are needed for social actors (individuals or institutions) at respective sectors and regional levels. To achieve efficiency in these actions, it is necessary to share information and coordinate views and opinions among social actors involved. This coordination will be the main function of the institutional arrangements. Other specific functions include cooperation between different organizations (co-management and complementarities of resources), information exchange, coordination of opinions, consensus building among different civic groups and individuals at the sub-region and territory levels.
6.4 Functions Necessary for the Institutional Arrangements for Implementation

The institutional arrangements - in its ideal form - must fulfill the following functions.

A. Participatory management of various social actors

As mentioned earlier, the institutional arrangements will be formed by representatives of the four sectors (public sector, civil society, private sector and academic/educational sector) of the different regional levels. Some weaknesses about public investment and services have been found at various stages of the management process, such as project formulation, *ex ante* evaluation, monitoring and evaluation, and information disclosure. The projects for public investment and services for people and the private sector have often been prepared and provided in a top-down manner by the central government. There have not been enough opportunities for the four sectors to join forces under a common goal aimed at local development.\(^{334}\)

It is worth noting that participative management does not mean that participants in the process of PDCA (plan-do-check-act) shall take place without any order or organization; it does not mean that the community will participate only in decision making and benefit from public services and projects without committing to the rest of the process. The management of the strategy will seek a proper combination between active participation (e.g., providing manpower, specialized intellectual resources) and passive participation (witnessing the decision-making and operations) at each stage of the PDCA cycle.

B. Reflect local characteristics, potentials, and needs in the management of the strategy

The strategy for DSTR will need to promote development in an efficient and effective manner, responding to the different characteristics, potentials and needs of territories. Therefore, this Guideline formulated the strategic lines at the Eastern Region level first, then those at the sub-region level were formulated to reflect the different characteristics, potentials and needs of respective sub-regions. The strategy at the sub-region level will serve as a guide to introduce and adopt the territorial approach into the development plans of department governments, and harmonize them. Therefore, it is necessary to establish an organization in the institutional arrangements that manage the strategic lines at the Eastern Region and sub-region levels.

\(^{334}\) The observations here are based on a study under EDRIPP which assessed the administrative capacity of ten central ministries and agencies, four departments, and four districts.
The strategic lines at the territory level will need to reflect the characteristics and potentials at the territory level. Considering costs for coordination and administration, it would be realistic for each territory to establish its own institutional arrangements for territorial management.

**C. Coordination (partnership and complementarity) of activities and resources among the various social actors and among different regional levels**

The strategy for DSTR consists of a set of strategic lines stratified by three regional levels. Therefore, it is necessary to coordinate and maintain consistency and complementarity within each level and between those regional levels. More concretely, it will be necessary to coordinate the projects and activities among social actors at each regional level (horizontal coordination), and among social actors at different regional levels (vertical coordination). Through the vertical coordination, sector policies of central ministries and agencies will be harmonized with the needs of social actors in territories.

1. Horizontal coordination among social actors at the national (or Eastern Region) level
2. Horizontal coordination among social actors at the regional level
3. Vertical coordination among social actors between the central and local levels

The monitoring and evaluation and knowledge management will become effective tools for coordination.

**D. Ensure transparency essential for democratic development**

In the process of participatory development, fair and transparent sharing of information between different actors is the basis for decision-making. It is essential to ensure transparency and accountability in the mobilization and distribution of resources for implementation. Therefore, the institutional arrangements must establish the information system and an audit system.

**E. Strengthen the capacity of social actors**

The territorial approach proposes to strengthen the capacity of social actors as promoters of development, so that they can solve local problems. In this process, they should share experiences, results and lessons learned. In this sense, it is necessary to provide the institutional arrangements with the functions of monitoring and evaluation, knowledge management, and capacity development.
F. Secure necessary resources for the management of the strategy

For the effective implementation of the strategy, the organizations, institutions, human resources, and budget that manage the strategy need to be secured. These resources are needed for management activities, such as the preparation of strategic lines, implementation plans, monitoring and evaluation, capacity development programs, and information management. It should also provide the necessary resources for carrying out meetings and workshops in coordination with social actors, planning, human resource management, budget management, capacity development and knowledge management, audit and other administrative work. Otherwise, the implementation the strategy would be buried under the routine work of social actors, losing its essential purpose in the course of time. Therefore, the institutional arrangements require a specialized unit to assume the management of strategic lines. Although the costs of this work will be covered mostly by the civil society in territory in the long-term, those will need to be assumed by the public sector until the civil society acquires both sufficient capacity and resources.

G. Use the potentials of existing organizations and institutions

While it is essential to secure a certain level of resources to implement the strategy for DSTR as a national policy, it is also important to minimize an increase of administrative costs in the public sector. To that end, it is necessary to establish the institutional arrangements gradually and progressively so that the strengths of existing organizations and institutions are maximized, and their weaknesses are complemented each other. The institutions such as SIGEST, CEPRA, MCI (interagency coordination committee), departmental and sectoral committees and other existing coordinating mechanisms, are not opposed to, or require reorganizations for, the proposed institutional arrangements. Instead, they must be seen as the institutional resources whose functions should be utilized and empowered. Also, the allocation of human resources must be flexible; for example, the members for the institutional arrangements could be selected from public institutions at the initial stage, and expanded with more full-time staff as the scope of work is widened at later stages.

H. Formalize institutional arrangements that are effective in the medium- to long-term

The establishment of the institutional arrangements implies starting various reforms, including the re-organization of administrative management of the public sector, coordination and integration of local governments, construction of new coordination mechanisms, re-structuring of organizations and institutions in the public sector, the private sector and civil society. Likewise, it is required to develop the capacity of social actors of each sector. Needless to say, it
is necessary to respect the potentials of local social actors over time and undertake these reforms gradually and timely. In other words, it is necessary to build up the institutional arrangements gradually with a long-term vision and implement the strategy for DSTR simultaneously.

If the reform is suspended or its implementation is interrupted by changes in the government, the efforts undertaken will be lost and Vision 2030 will become a mere instrument of political propaganda. Therefore, it is important that the institutional arrangements are protected by the legal framework to ensure its implementation over the extended period of time.

The following table summarizes the functions required to realize the institutional arrangements for the implementation of the strategy for DSTR.
Table 6.4-1  Organizational and functional elements required for the institutional arrangements

<table>
<thead>
<tr>
<th>Functional elements required for the institutional arrangements</th>
<th>Organizational elements required</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Participatory management of the different social actors</td>
<td>Creating the committee formed by representatives of Civil Society Organizations and the Public, Private and Academic/Education sectors</td>
</tr>
<tr>
<td>2. Management of the strategic lines identified by their characteristics and their needs</td>
<td>Creating different management units of the strategic lines for each level</td>
</tr>
<tr>
<td>3. Coordination of activities and resources among the different actors at different levels</td>
<td>Giving the committee and the units a coordinating role in each level and between different levels through monitoring and evaluation, and knowledge management.</td>
</tr>
<tr>
<td>4. Ensuring transparency in democratic development</td>
<td>Creating units of knowledge management and social control</td>
</tr>
<tr>
<td>5. Strengthening the capacity of social actors</td>
<td>Creating units to support the development of long-term capacity</td>
</tr>
<tr>
<td>6. Securing the resources to implement the strategy</td>
<td>Creating departments in charge of implementing priority initiatives by the support units, management and auditing</td>
</tr>
<tr>
<td>7. Using the potential of existing organizations and institutions</td>
<td>Using the potential of the offices of territory development of the ministries and departments of State, e.g. SIGEST/MAG and UDM/MH could be members at the central level, and MCIs would participate as local members</td>
</tr>
<tr>
<td>8. Continuity of the institutional arrangements in case of change of administrations.</td>
<td>Establish a inter-agency coordination mechanism based on a legal framework with high universality.</td>
</tr>
</tbody>
</table>
6.5  A proposal of the institutional Arrangements for Implementation

Taking into account the objective, scope and functions of social actors discussed earlier, this section proposes: (1) the institutional arrangements in the ideal form; and (2) the institutional arrangements to start up the strategy at the initial stage.

6.5.1  Institutional Arrangements in the Ideal Form

A. Overview of the institutional arrangements

The institutional arrangements will comprise the National Committee for Sustainable Development of Rural Territories (CN-DSTR) and the Territorial Committee for Sustainable Development of Rural Territories (CT-DSTR).

Since the institutional arrangements for DSTR are new to Paraguay in terms of participation, objectives and functions of existing organizations, they need to be newly established. It is necessary to establish the CN-DSTR to implement the strategic lines at the Eastern Region and the sub-region levels; and the CT-DSTR to implement the strategic lines at the territory level.
B. National Committee for the Sustainable Development of Rural Territories (CN-DSTR)

1. The CN-DSTR would establish the institutional arrangements for DSTR based on the territorial approach through overall coordination and joint management of the strategy, and thereby support achieving Vision 2030 in the Eastern Region.
2. The CN-DSTR would operate under the basic concept of the territorial approach in order to maintain harmony and consistency among development plans at national, departmental and district levels.
3. The CN-DSTR would manage the five groups of strategic lines: one in the Eastern Region and four sub-regions.
4. The CN-DSTR would be formed by several social actors representing the views of the entire Eastern Region, including civil society, the private sector, the academic/educational sector and the public sector.
5. The CN-DSTR would have a representative, an audit and a secretariat.
6. The CN-DSTR would have its own budget for its activities.

![Diagram of the National Committee for the Sustainable Development of Rural Territories (CN-DSTR)](image)

**Figure 6.5-2** Internal structure of CN-DSTR

The CN-DSTR would consist of representatives of the four sectors, and make decisions jointly by those representatives.

The CN-DSTR would support local development through full participation of social actors. It would be formed by representatives of the four sectors already mentioned. The representative of the CN-DSTR should be a representative of the public sector, which will enable this person to make policy decisions to manage the strategy as part of state policy.
The CN-DSTR would need to have its own budget for its functioning and to implement the activities related to the strategy (see section F of the previous section).

C. Secretariat of CN-DSTR (S-CT-DSTR)

1. CN-DSTR would create a secretariat under the representative of the CN-DSTR, which would assume operations of coordination and implementation of strategic lines. Each unit under this secretariat would have respective functions to fulfill, but some units may be combined (with various functions) or divided as appropriate.

2. Each unit would consist of permanent staff and nonpermanent staff as appropriate.

<table>
<thead>
<tr>
<th>Name of the CN-DSTR unit</th>
<th>Functions per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Finance and Administration Unit</td>
<td>General administrative tasks, meetings, coordinating the implementation of workshops, budget management</td>
</tr>
<tr>
<td>2. Technical Unit</td>
<td></td>
</tr>
<tr>
<td>2.1 Technical Unit for Development Planning</td>
<td>Formulation of strategic lines at the Eastern Region and sub-region levels</td>
</tr>
<tr>
<td>2.2 Technical Unit of Operational Programming</td>
<td>Preparation of operational plan and development projects</td>
</tr>
<tr>
<td>2.3 Technical Unit of Budget Programming</td>
<td>Budget management for the implementation of development projects</td>
</tr>
<tr>
<td>2.4 Technical Unit of Monitoring and Evaluation</td>
<td>Monitoring and evaluation of strategic lines</td>
</tr>
<tr>
<td>2.5 Technical Unit of Capacity Building</td>
<td>Support capacity development of social actors</td>
</tr>
<tr>
<td>2.6 Technical Unit of Knowledge Management</td>
<td>Implementation of information sharing between different levels</td>
</tr>
<tr>
<td>2.7 Technical Unit of Technical Assistance</td>
<td>Technical advice and problem solving required for the implementation of projects</td>
</tr>
</tbody>
</table>

Since the main activities of the CN-DSTR will be coordination and decision making at the meetings with representatives of different sectors. It is therefore necessary to establish a secretariat that executes operational works. The representative of the CN-DSTR will assume the head of the secretariat of the CN-DSTR, since this secretariat is considered to be a public entity.

The secretariat shall be within the premises of the institution to which the representative of the CT-DSTR belongs, considering that the secretariat must be in charge of budget management. The administrative unit of the secretariat would be responsible for organizing meetings and
managing the operational budget of the committee. The technical units will be in charge of technical operations, such as strategy management, capacity development of the secretariats of CT-DSTR and local social actors, and knowledge management. Technical operations will constitute the driving force for the implementation of the strategy for DSTR.

The staff of the secretariat should work on the full-time basis, but temporary staff could be hired as needed, including specialized technical advisors. Human resources shall consist of: a) representatives appointed by the four sectors in the CN-DSTR; b) staff selected in the public selection processes; and c) advisors assigned by donors and other external agencies or consultants.

The following points are noted to recruit and retain competent staff for the secretariat: a) in case of the representatives appointed by the four sectors, the secretariat should provide some incentives for the institutions from which they are appointed, or the individuals directly; b) in case of the staff selected through the selection process, there would be a need to highlight the value added of the position regarding the rank of the position and benefits. The selection must be conducted with high transparency under the supervision of a third party institution. For example, the recruitment could be performed by each agency or sector of the CN-DSTR, as part of a public notice under the supervision of the Secretariat of Public Function (SFP).

At the initial stage, there will be a need of advisors or consultants in the secretariat with support of foreign technical and financial cooperation, because the work of the CN-DSTR will be concentrated on the design and start-up of the new institutional arrangements and capacity development of the staff of the secretariat.

D. Territorial Committee for Sustainable Development of Rural Territories (CT-DSTR)

1. The CT-DSTRs would be created for each territory for the preparation of strategic lines of territory development. It should be created upon request of social actors in the territory and the process of its creation would be assisted technically by the CN-DSTR.
2. The CT-DSTRs would implement actions for sustainable rural development based on the territorial approach through co-management of the strategic lines, and support achieving Vision 2030 in their respective area.
3. Each CT-DSTR would manage the strategic lines of the territory.
4. Each CT-DSTR would be formed by several social actors representing the views of civil society, the private sector, the academic/educational sector and the public sector.
5. Each CT-DSTR would have a representative, an audit and a secretariat.
In the proposed arrangements, territories will not be defined at the initial stage. The CN-DSTR will select possible candidates and will engage dialogues with local people and invest sufficient time before selecting and defining territories. In this gradual process, CT-DSTR will be created with the initiative of local people.

The representative of CT-DSTR should be the representative of the public sector, considering that the strategic lines of territory development are part of local development policies. It is necessary to establish a secretariat for each CT-DSTR.

The structure of the CT-DSTR resembles that of the CN-DSTR, except that the former is formed by social actors of territories, and that the former does not have a unit of capacity development because the capacity development unit of the CN-DSTR should provide technical assistance to the CT-DSTRs on technical and information issues.

**E. Secretariats of CT-DSTR (S-CT-DSTR)**

1. The secretariat of the CT-DSTR should have the following units with the functions described in the table below. It will assume coordination and management of the strategic lines of territories. Each unit would have its respective function to fulfill; however, they may be combined (with various functions) or divided as appropriate, according to the volume of work.

2. Each unit would consist of permanent staff and non-permanent staff as appropriate.
Table 6.5-2  Functions of the units of the Secretariat of CT-DSTR

<table>
<thead>
<tr>
<th>Name of the units of CT-DSTR</th>
<th>Functions per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Finance and Administration Unit</td>
<td>General administrative tasks, meetings, coordinating workshops, budget management</td>
</tr>
<tr>
<td>2. Development Planning Unit</td>
<td>Formulation of strategic lines at the territory level</td>
</tr>
<tr>
<td>3. Operational Programming Unit</td>
<td>Preparation of operational plan of development projects at the territory level</td>
</tr>
<tr>
<td>4. Budget Programming Unit</td>
<td>Budget management for the implementation of development projects at the territory level</td>
</tr>
<tr>
<td>5. Monitoring and Evaluation Unit</td>
<td>Monitoring and evaluation of the strategic lines at the territory level</td>
</tr>
<tr>
<td>6. Knowledge Management Unit</td>
<td>Provision and sharing of information within territory and between different regional levels</td>
</tr>
<tr>
<td>7. Technical Assistance Unit</td>
<td>Technical advice to solve problems for the management of the strategic lines</td>
</tr>
</tbody>
</table>

It is realistic to locate the secretariat within the premise of the organization to which the representative of the CT-DSTR belongs, considering that the secretariat must be in charge of budget management of the CT-DSTR. In the case of the secretariat for CT-DSTR, recruiting and retaining competent staff and securing the budget would be major challenges. To respond, it is proposed that the staff would be recruited through the transparent selection process. Also the options to take advantage of the advisors hired by international donor agencies should be explored. It is also worth considering as an option the use of local financial resources such as royalties for the staff of the secretariat.

As in the CN-DSTR, the secretariat of the CT-DSTR would be formed by: a) representatives of the four sectors that participate in the CT-DSTR; and b) the advisors designated by international donor agencies. Each unit would consist of permanent and non-permanent staff as needed. In case the implementation of territory development projects requires technical expertise that is not available locally, sector ministries or technical assistance units of the CN-DSTR could consider attaching technical personnel to the secretariat of CT-DSTR.

At the initial stage, the CT-DSTR would gradually start preparation, monitoring and evaluation of the strategic lines of territory development, assisted technically by the CN-DSTR. In that process, the assistance of the CN-DSTR and donor agencies should focus mainly on capacity development of the CT-DSTR, respecting and nurturing the initiatives of the CT-DSTR.335  It is

335 The term “capacity development” refers to the process in which individuals, organizations, institutions and societies develop the capacity individually or collectively (to answer to certain topics) to accomplish functions, solve problems and establish and reach the proposed goals. Thus, capacity development refers to not only individual capacity, but also management system and institutional arrangements. Japan International Cooperation Agency (2004). Capacity Development Handbook. (Tokyo: Japan International Cooperation Agency), p. 16. http://www.jica.go.jp/english/resources/publications/study/capacity/200403/pdf/200403.pdf
important to note that the formulation, monitoring and evaluation of departmental and district development plans have been undertaken with participation of a wide range of social actors. They were undertaken with strong intervention of facilitators sent from the central government, and the capacity of the social actors remains insufficient. For instance, the capacity of facilitation of departmental and district personnel is still not sufficient at the individual level (e.g., documentation capacity), and at the organizational and institutional levels (e.g., the lack of a unit responsible for the management of development plans). The capacity of the private sector and civil society organizations at the local level is not sufficiently developed, either (e.g., the lack of basic knowledge about democratic development, sometimes with inadequate morality, to initiate actions as development promoters). In order to achieve effective management of the strategic lines of territorial development, and the capacity of the CT-DSTRs themselves should be undertaken through their work. For example, it will be necessary to combine the training on facilitation for the secretariat staff of the CT-DSTR with the facilitation conducted directly by assistance teams of the CN-DSTR or advisors of international donor agencies.

336 The observations here are based on the study on the administrative capacity conducted by EDRIPP in four departments and four municipalities.
Figure 6.5-4: Relationships among the CN-DSTR and the CT-DSTR
6.5.2 Institutional Arrangements to Start Up the Strategy

The institutional arrangements in the ideal form were proposed in the previous section. In this section, the institutional arrangements to start up the implementation of the strategy for DSTR are proposed.

A. Prerequisites for the institutional arrangements to start up the strategy

1. Start up with the institutional arrangements that match the current capacity of social actors at the central and local levels

The studies for the preparation of this Guideline revealed that the capacity of department and district governments is relatively lower than that of the central government and therefore insufficient as one of the social actors of the strategy for DSTR (see section 3.5). Moreover, civil society organizations at the local level and their social cohesion are still weak (see section 3.5). Likewise, the process of decentralization is slow because the framework law that organizes the functions of the central, departmental and municipal governments has yet to be adopted by the congress. Under the circumstances, it is perhaps desirable and practical that the central government would take the leadership for the creation and strengthening of the CN-DSTR and support capacity development of local social actors in the first few years of implementation of the strategy. This would be followed by the gradual transfer of decision making powers and resources of the CN-DSTR to the CT-DSTR. Toward this direction, the Ministry of Finance has been working on the strengthening of financial management of local governments.

2. Minimize an impact of reorganization of the executive branch

Currently, the Presidency of the Republic and the Ministry of Finance with the assistance of the UNPD and OEA are in the process to prepare a reorganization plan of state agencies. The draft proposal to be delivered to the Congress in July 2011 is aimed to streamline 10 ministries and 13 secretariats into 18 ministries in three sectors, with the objective to rationalize duplication of functions and strengthening inter-institutional coordination. It remains unclear whether this proposal would be adopted by the congress or not. However, any possible confusion that the reorganization might cause to the institutional arrangements should be minimized. It is perhaps desirable that the representative of the CN-DSTR be assumed by the entity that would be unlikely to be affected by the reorganization.

3. Take advantage of the experiences and resources in the process to prepare this Guideline

This Guideline was prepared by the Technical Team consisting of the Technical Management Unit (UTG in Spanish) and JICA study team, under the supervision and coordination of the Committee for Inter-Institutional Coordination of the Counterparts (CIMC in Spanish) which
was created by the Decree No.648/08 and consists of 8 ministries and agencies – Social Cabinet of the Presidency, Ministry of Finance, Ministry of Agriculture and Livestock, Economic Planning Agency, Environment Agency, National Institute of Rural Development and Land, Ministry of Public Works and Communication, and Ministry of Commerce and Industry. The Social Cabinet of the Presidency served as Political Coordinator, and the Chief of the National Economic Team and the Ministry of Finance as Implementation Coordinator of the CIMC. The preparation of the Guideline was led by the government of Paraguay and took two and a half years since February 2009 to August 2011. This was the first attempt for the government of Paraguay to prepare a set of strategic lines at the Eastern Region, sub-region, and territory levels, using the concept of the territorial approach. Therefore, the preparation of this Guideline in itself can be seen as the preparatory step towards the establishment of the institutional arrangements for implementation of the strategy. Therefore, the experiences and resources accumulated through this process should be incorporated in the institutional arrangements to start up the strategy.

4. Make use of the experiences and network at the technical level. The members of the JICA Study Team and UTG have worked on the implementation of studies of the four dimensions of territorial approach, organized over 20 workshops to elaborate strategic lines at the Eastern Region, sub-region and territory levels, and started up the pilot projects in three departments. Through these activities, the eight member institutions of the UTG have accumulated ample technical experiences and expertise at the technical level which are applicable for the secretariat for the CN-DSTR. Likewise, the network with social actors that attended the workshops and participated in the pilot projects should serve as great resources for the start up of the strategy.

5. Make use of the experiences of coordination at the political and technical levels. The Ministry of Finance has played the instrumental role in inter-institutional coordination both at political and technical levels in the entire process to formulate this Guideline. It has also provided the budget to cover a large part of the counterpart expenses required by the UTG. The experience and capacity of the Ministry of Finance as implementation coordinator should be fully utilized for the management of CN-DSTR.

6. Continue external technical assistance. The formulation process of this Guideline has been technically assisted by the JICA Study Team formed by international and local experts. Their mission ended in October 2011 with the delivery of the Guideline. However, after finishing this phase, it will still be necessary to count on technical assistance focused on the strengthening of the institutional arrangements of implementation. Hence, it is necessary to make efforts to develop the capacity of the secretariat of CN-DSTR, as well as CT-DSTR and the social actors they must assist. To implement this task, it would be perhaps desirable to keep seek external
technical assistance, especially in relation to institutional strengthening, management of development plans, financial and budgetary management, monitoring and evaluation, knowledge management, and so on.

B. The proposal of the institutional arrangements to start up the implementation

Next, the institutional arrangements to start up the implementation of the strategy are proposed, taking into consideration the premises indicated in the sections above.

National Committee for Sustainable Development of Rural Territories (CN-DSTR)

1. The CN-DSTR would be created as a body of inter-institutional coordination through a legal framework.
2. The representative of the CN-DSTR would be assumed by a decision maker (political level) of one of the institutions that are members of the Inter-Institutional Coordination of the Counterparts (CIMC) that executed EDIIPP.
3. The Secretariat of CN-DSTR would be established within the institution to which the representative of the CN-DSTR belongs.
4. The public sector would be represented initially by the eight public institutions comprising the CIMC, representatives of department and district governments, and the representatives of existing inter-agency coordination institutions such as SIGEST. The participation of other actors would be expanded step-by-step, as deemed appropriate.
5. The civil society, the private sector and the academic/education sector would be represented by organizations of the respective sectors at a national level. In particular, the participation of representatives of indigenous peoples, women, and other vulnerable groups should be guaranteed.
6. The staff of the administrative unit of the secretariat of the CN-DSTR would be appointed by the representative of the CN-DSTR as full-time staff.
7. The staff of the technical and administrative units of the secretariat of the CN-DSTR would be selected by the public selection process from the 8 ministries that form the CIMC, the department and district governments, the private sector, the academic/education sector and the civil society.
8. The full-time staff of the secretariat of CN-DSTR would be selected through a fair, transparent process under the supervision of the Secretariat of Public Function.
9. The CN-DSTR would hire full-time or part-time technical advisors or experts from other external sources if it is deemed necessary.
10. The budget for the operation of the CN-DSTR would be financed from the state budget and/or international donor agencies.
11. The CN-DSTR would receive technical assistance from international donor agencies and/or NGOs if they are needed and appropriate.

### Executive Director CN-DSTR
A person with the rank of minister or vice minister of one of the institutions that comprise the CIMC of EDRIIP.

### Secretariat
[Administrative unit]: Officers appointed by the representative of CN-DSTR
[Technical unit]: Officers recruited publicly from:
1) ministries and agencies that participated in the UTG: Social Cabinet of the Presidency, MH, MAG, MIC, MOPC, STP, INDERT and SEAM
2) private sector groups at the national level
3) groups of the academic and educational sector
4) advisors and experts hired by international cooperation agencies.

### Civil Society
- Representatives of citizen groups, NGOs at the central level, churches and others at the national level

### Private Sector
- Representatives of producers, partnerships, corporations, cooperatives, private banks, businesses, associations, and/or commercial and industrial chambers, and others at the national level

### Academic and Educational Sector
Representatives of universities, research foundations, vocational schools, public and private research institutes and agencies, and/or others at the national level

### Public Sector
Social Cabinet of the Presidency, MH, MAG, MIC, MOPC, STP, SEAM, INDERT Board of Governors, OPACI and National and international cooperation agencies

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**Territorial Committee for the Sustainable Development of Rural Territories (CT-DSTR)**

1. The CT-DSTR would be created after Phase 1 (3 years) is completed.
2. The CT-DSTR would be created through a legal framework as coordinator of social actors in multi-sectors.
3. The representative of the CT-DSTR would be assumed by the governor of a department or the mayor of a district that is part of a territory. Social actors in the territory would decide which would become a representative of the CT-DSTR. However, a governor of department would be desirable since the CT-DSTR would be responsible for coordinating and advising districts in the department.
4. The secretariat of the CT-DSTR would be established within the governor office or the mayor office.
5. The public sector would be represented initially by the highest authority of the department or the district. The inter-agency coordination mechanism would be expanded gradually to involve other actors as needed.
6. The civil society, the private sector and the academic/education sector would be
represented by organizations of respective sectors at the territory level. In particular, the participation of representatives of indigenous peoples, women, and other vulnerable groups should be guaranteed.

7. The full-time staff of the secretariat of CT-DSTR would be selected through the fair, transparent public selection process under the supervision of the Secretariat of Public Function.

8. The CT-DSTR would hire full-time or part-time technical advisors if they are deemed necessary.

9. The CT-DSTR would be financed from resources from the fiscal transfer from the central government, the budgets of department and district governments of the territory, funds from international donor agencies, and/or other funds for rural development.

10. The CT-DSTR would receive technical assistance from international cooperation agencies and NGOs in a sustainable manner if deemed necessary.

### Table 6.5-4  Start-up members of the CT-DSTR

<table>
<thead>
<tr>
<th></th>
<th>Expected start-up members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive director of CT-DSTR</strong></td>
<td>Governor or a Mayor of the territory</td>
</tr>
<tr>
<td><strong>Secretariat</strong></td>
<td>[Administrative unit]: Officers publicly selected at the territory level</td>
</tr>
<tr>
<td></td>
<td>[Technical Unit]: Officers publicly selected at the territory level</td>
</tr>
<tr>
<td><strong>Civil Society and Trade Union</strong></td>
<td>Representatives of civil groups, NGOs, church and religious groups in the territory</td>
</tr>
<tr>
<td><strong>Private Sector</strong></td>
<td>Representatives of associations, commercial and industrial chambers, informal groups of industry, and other groups in the territory</td>
</tr>
<tr>
<td><strong>Academic and Educational Sector</strong></td>
<td>Representatives of universities, research foundations, technical schools, public and private research institutes, and others groups in the territory</td>
</tr>
<tr>
<td><strong>Public Sector</strong></td>
<td>Governor office, Mayor office, local offices of MAG, MIC, MOPC, INDERT y SEAM Sector councils, inter-agency coordination committees, development councils</td>
</tr>
</tbody>
</table>
6.6 Roadmap to Strengthen the Institutional Arrangements for Implementation

This Guideline proposes the strategic lines based on the concept of the territorial approach at the three regional levels—Eastern Region, sub-region, and territory.

In the territorial approach, social actors in a territory participate in, and co-manage, the development of their territory, from which they learn, and build their own capacity, to solve development challenges in the medium and long terms. In a sense, the process to formulate this Guideline could be seen as a preparatory phase to start up the introduction of the concept of the DSTR, and disseminate, experiment, and scale up the DSTR throughout the nation in the next 20 years.

The following chart proposes the overall roadmap to build the institutional arrangements for the implementation of the strategy for DSTR, and to achieve Vision 2030.
Guideline to Formulate the Strategy for Sustainable Development of Rural Territories

Final Report

Figure 6.6-1: The roadmap to strengthen the institutional arrangements for implementation
6.6.1 **Required Activities in All Phases**

**A. Establish a legal framework to promote DSTR**

To promote DSTR as a national policy without being adversely affected by political or organizational changes, it is essential to establish a legal framework to promote DSTR, based on the principles of a decentralized, unitary state as stipulated in the Constitution. This could be achieved by means of adoption of the organic law that promotes the DSTR and modifies, as appropriate, the legislations related to the powers of the institutions of central or local level to adjust to the principles of DSTR. The basic policy document that provides the foundation for the legal framework is the National Strategy for DSTR which is expected to be adopted by the government in Phase 1 (see figure 6.6-1).

**B. Make use of the current sector policies**

The policies of public institutions at the central and local levels should be used as a tool to implement the strategy efficiently. Identify the policies that could be utilized to promote, or formulate new policies for, the DSTR.

**C. Strengthen coordination with decentralization policy**

Since one of the key principles of DSTR is democratic decentralization, it is essential that the activities of CN-DSTR and CT-DSTR are coordinated with the re-structuring and transfer of functions of public administration and capacity development throughout this process. For example, it is necessary to coordinate with the Department and Municipality Training and Technical Assistance Program (PROCADEM\(^{273}\)) implemented by the UDM of MH and/or the PLANAL program executed by STP/FAO since these include training programs for local actors.

**D. Strengthen the existing institutional coordination networks**

The inter-institutional coordination mechanisms should be strengthened, with special emphasis on the existing technical capacity and the internalization of the conceptual, methodological and operational basis of the strategy to manage every institution involved.

**E. Vitalize civil society organizations**

\(^{273}\) Programa de Capacitación y Asistencia Técnica para Departamentos y Municipios.
The civil society is expected to play the vital role as one of key social actors of the DSTR. However, in contemporary rural areas of Paraguay, the social cohesion of the civil society in mutual support functions is very limited, except for those among family members, relatives and neighbors of the community. In addition, many organizations have been formed to receive support from the public sector or other donors such as NGOs. In this sense, it is very important to support civil society so that they can be empowered to manage actively and constructively the implementation of the strategy. To that end, they should allocate resources to develop their capacity or other investments required. It is fundamental to disseminate the principle of DSTR among citizens, so that they become familiar with the tasks at hand as members of a democratic system, which will provide the basis for institutional arrangements for implementation of the strategy. The public sector and international donor agencies could promote rural development, and yet they should shift their role toward development facilitators step-by-step, as the capacity of civil society is developed.

6.6.2 Phase 1 (Three years: 2012-2014): Strengthen the Institutional Arrangements to Implement the DSTR.

The phase 1 starting from 2012 for three years is aimed at developing the platform to extend the DSTR to the Eastern Region in the next 20 years. The following specific activities are proposed.

A. Establish the CN-DSTR

In coordination among social actors, the work toward the establishment of the CN-DSTR would be advanced, with reference to the institutional arrangements proposed in the previous section. It is expected that the CIMC plays the role as political coordinator at the political level, whereas the UTG as the technical level, taking into consideration the lessons learned from the EDRIPP.

The laws, regulations or decrees that are needed for its operation are presented in the table below.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Statutory instrument to be enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Approve the Guideline and the institutional arrangements for implementation of the strategy</td>
<td>Law or Decree</td>
</tr>
<tr>
<td>2) Create CN-DSTR</td>
<td>Law or decree for the creation of CN-DSTR and CT-DSTR</td>
</tr>
<tr>
<td>3) Create a statute on the internal rules of CN-DSTR</td>
<td>Internal resolution of the institution that assumes the representative of the CN-DSTR</td>
</tr>
<tr>
<td>4) Decide on the institutions that participate in the CN-DSTR</td>
<td>Agreements</td>
</tr>
</tbody>
</table>
B. Disseminate the Guideline

Although the concept of territorial approach is referred to by some government entities of Paraguay, they use slightly different versions of territorial approach, and its common definition has not been firmly established. Since the introduction of territorial approach has just started in Paraguay recently, there is a clear need to disseminate the basic concept and development methods of DSTR to promote common, correct understanding about the DSTR.

The technical units of the CN-DSTR would carry out participatory workshops with civil society, the private sector, schools and universities, and the public sector to disseminate the basic concept of territorial approach and present the contents of the Guideline.

It is particularly important that the department and district governments would formulate their development plans in the future, based on the basic concept of the DSTR, such as participatory development, multi-dimensional development, harmonization of sector policies, and empowerment of social actors. Therefore, the technical units of the secretariat of CN-DSTR would strengthen the capacity of directors and staff in charge of development plans of department and district governments by using this Guideline as a training material.

C. Continue pilot projects and conduct monitoring, evaluation and feedback activities

The EDRIPP started three pilot projects in three departments in the process to prepare the Guideline. Those pilot projects would be continued and monitoring and evaluation would be undertaken to draw lessons and provide inputs to the formulation of the strategy for DSTR. As part of those activities, the effectiveness of a set of strategic lines proposed in the Guideline would be validated. The validation framework and the indicators are presented in Annex 4 of this Guideline.

D. Strengthen the capacity of the Technical Unit of the CN-DSTR

Throughout the implementation stage of the technical activities, the technical units of CN-DSTR are expected to play the instrumental role in the operation of the CN-DSTR, such as organizations of meetings and workshops, improvement of the Guideline, training of human resources of civil society, and technical support to implement the activities assigned by the CT-DSTR. Therefore, the training of members of the technical Units would be conducted in Phase 1. The basic topics of capacity development for social actors that are essential for the implementation of the DSTR are presented in table 6.6-2.
### Table 6.6-2  Topics for capacity development by the type of actors

<table>
<thead>
<tr>
<th>Social actors</th>
<th>Topics for the development of capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>All social actors</td>
<td>• Introduction to local democratic development</td>
</tr>
<tr>
<td></td>
<td>• Introduction to territorial approach</td>
</tr>
<tr>
<td></td>
<td>• Fostering mutual understanding among social actors</td>
</tr>
<tr>
<td></td>
<td>• Gender approach</td>
</tr>
<tr>
<td></td>
<td>• Respects for environment</td>
</tr>
<tr>
<td></td>
<td>• Sustainable use of natural resources</td>
</tr>
<tr>
<td>Secretariats of CN-DSTR and CT-DSTR</td>
<td>• Preparation of development plan</td>
</tr>
<tr>
<td></td>
<td>• Budget and financial management</td>
</tr>
<tr>
<td></td>
<td>• Participatory project planning, monitoring and evaluation</td>
</tr>
<tr>
<td></td>
<td>• Project budget and implementation management</td>
</tr>
<tr>
<td></td>
<td>• Facilitation of participation in meetings and workshops</td>
</tr>
<tr>
<td></td>
<td>• Knowledge management</td>
</tr>
<tr>
<td></td>
<td>• Formulation of project proposals</td>
</tr>
<tr>
<td></td>
<td>• Legal system</td>
</tr>
<tr>
<td></td>
<td>• Social audit</td>
</tr>
</tbody>
</table>

Annex 5 of this Guideline provides the details on the topics of capacity development by type of administrative entity, based on a set of studies under EDRIPP on the administrative capacity of 10 public entities at the central level, 4 departments and 4 districts, and inter-institutional coordination entities in 4 departments and 4 districts.

**E. Conduct a study on financial resources to implement projects of the Guideline**

The CT-DSTR is expected to plan, implement, monitor and evaluate its own projects in its territory if they could complement the services and public work projects that are not undertaken by the public institutions in the territory. To make this feasible, a study would be conducted to identify the financial resources and processes necessary for the use of CT-DSTR.

Some potential funding sources for the DSTR might include: 1) grants from civil society organizations such as NGOs and cooperatives, public enterprises, private and academic sector groups; 2) financial cooperation of partner organizations; 3) new funds for social development (currently under discussion by the government; and 4) royalties from bi-national hydroelectric dams. In the cases of 2) and 3), a new funding framework would be required, in which a rural development fund established at the central level would distribute financial resources to each CT-DSTR. For case 4) CT-DSTR will take part in the planning, implementation and /or follow-up of the development projects of the department and district governments to be funded.

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274 For example, the territory of a micro-basin formed by more than one district might have clear needs of social infrastructure projects (education, health, etc) and/or economic infrastructure (roads, irrigation, etc). These projects could be implemented by CT-DSTR as an executor in an efficient manner from the viewpoint of budget assignment, power coordination, work maintenance, citizen participation, among others. Another example could be the case of EDRIPP’s pilot project, by which small dairy producers became part of the value chain of a large-scale cooperative. In that case, taking advantage of the financial and technical resources of the private sector was and would be relevant.
by royalty resources.

F. Strengthen donor coordination in rural development through the CN-DSTR

The cooperation of international organizations, bilateral cooperation agencies and/or NGOs is essential, because the need for financial and technical cooperation would increase for the implementation of the strategy for DSTR. It is also essential to strengthen donor coordination to avoid duplication and generate synergies of cooperation projects. For this reason, international donor agencies would be involved in the CN-DSTR as its active members and facilitate coordination through the CN-DSTR.

G. Approve the strategy for DSTR

The draft strategy for DSTR would be prepared, based on the inputs from the activities laid out in sections A to F above, and would be approved by the government as a national policy.

6.6.3 Phase 2 (5 years: 2015-2019): Strengthen the Capacity to Implement the DSTR in Selected Territories

Over the five years from 2015, knowledge and experience to manage DSTR would be accumulated through practice in selected territories, building on the foundation that has been established in Phase 1.

A. Select territories and start implementation of the National Strategy for DSTR

The secretariat of the CN-DSTR would select the possible territories and conduct dialogues and exchange ideas with local social actors in order to achieve consensus. After identifying the territories and the social actors involved in territory development, the CT-DSTRs would be created. Subsequently, the social actors would engage in the management cycle – formulate strategic lines at the territory level, design, implement, monitor and evaluate projects and feedback on results. Considering the implementation of the project cycle for territory development, this Phase would require at least five years. During this process, the formation of some other territories would be initiated, learning from the results of monitoring and evaluation of projects implemented earlier (see figure 6.6-2 on the management cycle of the National Strategy for DSTR).
B. Strengthen the CT-DSTR

The staff of the technical unit under the secretariat of CT-DSTR would be responsible for planning the strategy, project implementation, monitoring and evaluation in their own territories, with technical support from the technical units of the secretariat of CN-DSTR. Through this series of practices, the CT-DSTR would be trained and the CN-DSTR would accumulate knowledge and experience for the implementation of DSTR. As for the topics for development of capacity, see table 6.6-2.

In the first few years after the start of the CT-DSTR, it is realistic that the governor office or the mayor office would provide office space, and attach their selected officials on part-time basis, for CT-DSTR. As the activities of the CT-DSTR expand and diversify, the CT-DSTR would consider hiring full-time staff for its secretariat. This would require discussions about funding sources for the full-time staff within the CT-DSTR and with social actors in the territory.

C. Start projects implemented by the CT-DSTR

As the capacity of the CT-DSTR has been strengthened, the CT-DSTR could become the executing agency of the projects that complement the ones implemented by department and district governments. To this end, the secretariat of CT-DSTR would need to consider the
possibility to open its own bank account and conduct budget management and budget execution, the progress of works, monitoring and evaluation. This would require more advanced capacity in general management, i.e. management of financial resources in an efficient and transparent manner, or product quality control such as infrastructure works.

The CN-DSTR would identify potential funding sources at a central level, and the CT-DSTR would need to seek other potential sources as well. These activities would be implemented based on the studies to be undertaken in Phase 1.

At the end of Phase 2, the Second National Strategy for DSTR would be prepared, based on the results of the activities and the lessons learned in Phase 2.

6.6.4 Phase 3 (11 years: 2020-2030): Expand DSTR Geographically

The experience accumulated in the previous phases would make the country possible to move forward in strengthening the management capacity of the strategic lines at territory level and of the projects undertaken, by taking advantage of and maximizing the lessons learned, gradually expanding to other territories. Through this process, the methodology of the DSTR rooted in Paraguay would be established.
6.7. Ideas of Projects and Implementation Costs

In this section, an overview of the ideas of projects and their implementation costs are provided. The financial resources required for the functioning of CN-DSTR (staff cost, travel allowances, office rent, electricity and gas costs, communication, fuel, among others) could be estimated based on the budget covered by the government for the implementation of EDRIPP.

In addition, financial costs for representatives of the private sector, civil society organizations, and the academic/education sector could be covered by their organizations at least in Phase 1, in order not to put addition financial burden on the government.

To this end, figure 6.7-1 summarizes seven ideas of projects.

<table>
<thead>
<tr>
<th>Figure 6.7-1 Ideas of projects for strengthening institutional arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Support for the promotion of DSTR</td>
</tr>
<tr>
<td>2. Project for strengthening administrative and financial management capacity of local governments</td>
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<tr>
<td>3. Project for strengthening the capacity to implement DSTR</td>
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<tr>
<td>4. Project for strengthening territorial management capacity – I</td>
</tr>
<tr>
<td>5. Feasibility study of the establishment of territorial development fund (TDF)</td>
</tr>
<tr>
<td>6. Implementation of projects under the strategy for DSTR</td>
</tr>
<tr>
<td>7. Project for strengthening territorial management capacity - II</td>
</tr>
</tbody>
</table>

The estimated costs of Phases 1 and 2 are 10.64 million dollars, of which 6.1 million dollars is for Phase 1 (2012 – 2014) and 4.54 million dollars for Phase 2 (2015 – 2019). The estimated cost of Phase 3 should be considered, based on the assessment of the progress in Phases 1 and 2.
<table>
<thead>
<tr>
<th>Stage</th>
<th>Topics to strengthen</th>
<th>Name of the project</th>
<th>Objectives of the project</th>
<th>Components</th>
<th>Executing institution</th>
<th>Target group</th>
<th>Geographic coverage</th>
<th>Highest supply</th>
<th>Estimated total investment</th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>Implementation period</th>
<th>Undertakings in progress</th>
<th>Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Adjusting and setting a legal framework to promote DSTR</td>
<td></td>
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<tr>
<td>All</td>
<td>Coordinating sectoral policies in force</td>
<td>Advice to promote DSTR</td>
<td>Establishing and strengthening the CN-DSTR as an institutional mechanism to implement DSTR.</td>
<td>1. Advice for inter-institutional coordination between the actors at managerial level to establish the CN-DSTR 2. Advice for organization and institution design of the CN-DSTR 3. Advice for operating the CN-DSTR</td>
<td></td>
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</tbody>
</table>
| S1    | Establishing the CN-DSTR | | | | | | | | | | | | | Technical assistance project.
| M02 | Project of strengthening the administrative and financial management capacity of local governments | 1) Improving the administrative and financial management capacity of the local governments: governorates and municipalities.  
2) Strengthening the capacity of the Treasury and the STP for technical assistance for local governments. | 1) Training on Project design, monitoring and evaluation, and annual budget management.  
2) Strengthening the capacity to organize training courses. | 1) Governorates and municipalities  
2) Units in charge of implementing training courses for central and local governments and associations of local administrative bodies such as OPACI. | 14 departments of the Eastern Region and some pilot districts | Treasury and/or STP | 1 million USD/ year * 7 years = 7 million USD | X | X | 7 years during S1 and S2 | PROCADEM of the Treasury  
SISPLAN of STP | Technical assistance project. |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| M03 | Project of strengthening the DSTR implementation capacity | 1) Dissemination and consolidation of the DSTR principles between the actors related to its implementation.  
2) Preparing and approving the National Strategy of DSTR (NS-DSTR). | 1) Training seminars on DSTR topics and democratic local development.  
2) Activities such as workshops to perfect the strategic lines and set the project ideas in the sub-regions.  
3) Drawing up the NS-DSTR through participatory methods. | Organizations that form the CN-DSTR | Actors related to the implementation of DSTR | 14 departments of the Eastern Region | 1) One specialist on DSTR  
2) Specialists on participatory planning  
3) Specialists on training courses planning and organization.  
4) Workshop facilitators. | 1 Million USD/ year * 2 years =2 million USD | X | 2 years of Stage 1 | Technical assistance project. |
### Follow-up of Pilot Projects and their monitoring, evaluation and feedback activities

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1</td>
<td>Strengthening the &quot;Institutional Networks&quot;</td>
</tr>
<tr>
<td>D2</td>
<td>Strengthening the capacity of the CN-DSTR</td>
</tr>
<tr>
<td>D3</td>
<td>Strengthening the capacity of the CT-DSTR</td>
</tr>
<tr>
<td>D4</td>
<td>Strengthening the &quot;Institutional Networks&quot;</td>
</tr>
</tbody>
</table>

### Project of strengthening of territorial management capacity - I

1. Strengthening of management capacity of the territorial development projects of the social actors and the CT-DSTR.
2. Strengthening the capacity of the secretariat of the CN-DSTR on technical assistance for the CT-DSTRs.

### Project of strengthening of the CN-DSTR

1. Capacity development program of the CN-DSTR
2. Capacity development program of the CT-DSTR
3. Implementation of pilot projects in the territories

### Project of strengthening of the CT-DSTR

1. Specialists on DSTR
2. Specialists on participatory development
3. Specialists on training course planning and operation
4. Specialists on Project management.

### Implementation for 5 years between Stage 1 and Stage 2

- 1) DSTR Projects prepared by MAG / JICA in Caazapá and Itapúa.
- 2) A DSTR Project that is being implemented by MAG / JICA in Caaguazú, Alto Paraná and San Pedro.

### Technical assistance project.
<table>
<thead>
<tr>
<th>Section</th>
<th>Study of the financial resources needed to carry out the contents of the Guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td>M05</td>
<td>A feasibility study to establish the Territorial Development Fund (TDF)</td>
</tr>
<tr>
<td></td>
<td>1) Identifying the financial resources to implement DSTR projects.</td>
</tr>
<tr>
<td></td>
<td>2) Defining a new financial system to manage the identified resources, as TDF for example.</td>
</tr>
<tr>
<td></td>
<td>1) A research to identify the available resources.</td>
</tr>
<tr>
<td></td>
<td>2) A proposal to make a fund for the DSTR.</td>
</tr>
<tr>
<td></td>
<td>A governmental entity to assume the representation of the CN-DSTR</td>
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<tr>
<td></td>
<td>CN-DSTR</td>
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<tr>
<td></td>
<td>1) A specialist on finances and financial administration</td>
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<td></td>
<td>200,000 USD</td>
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<td></td>
<td>X</td>
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<tr>
<td></td>
<td>1 year – during Stage 1</td>
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<tr>
<td></td>
<td>Technical assistance project.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Reactivating the dialog between the Paraguayan Government and the cooperating organizations in the DSTR (there are no specific projects)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Geographic spread of the DSTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>M06</td>
<td>DSTR Implementation Project</td>
</tr>
<tr>
<td></td>
<td>Improving the quality of life of the social actors in the territories through the implementation of DSTR projects throughout the Eastern Region.</td>
</tr>
<tr>
<td></td>
<td>Project implementation using the new funding way set.</td>
</tr>
<tr>
<td></td>
<td>CT-DSTR and social actors in the territories.</td>
</tr>
<tr>
<td></td>
<td>Social actors in the territories.</td>
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<tr>
<td></td>
<td>CT-DSRT established in the Eastern Region The social actors in the territories.</td>
</tr>
<tr>
<td></td>
<td>Reimbursable financials</td>
</tr>
<tr>
<td></td>
<td>60 million USD/ 5 to 12 years</td>
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<tr>
<td></td>
<td>X</td>
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<tr>
<td></td>
<td>Projects of reimbursable (loan) and non reimbursable financial cooperation.</td>
</tr>
</tbody>
</table>

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Guideline to Formulate the Strategy for Sustainable Development of Rural Territories

Final Report
| M07 | Project of strengthening of territorial management capacity - II | Strengthening the management capacity of territorial development projects of the social actors and of the CT-DSTR. | CT-DSTR capacity development program. | CN-DSTR | Territories in the Eastern Region to be defined. | 1) Specialists on DSTR 2) Specialists on participatory development 3) Specialists on training course planning and operation. 4) Specialists on Project management. 5) Specialists on participatory development. 6) Specialists on training course planning and operation. 4) Specialists on Project management. | 2 million USD/year * 5 years = 10 million USD | X | Implementation during the first 5 years of Stage 3. | Technical assistance project. |
7. Challenges and Requirements to Implement Successfully the Strategy for Sustainable Development of Rural Territories in Paraguay

Paraguay has made important advances in rural development. It can be said that the country has been taking a number of measures that can provide the basis for overcoming the challenges and requirements raised by the paradigm shift.

The most important ones are: i) a government that adopted among its state goals the elimination of poverty in general and in the rural sector in particular, in the context of an inclusive national development model that seeks productive diversification to revitalize agriculture through activities generating added value; ii) renewed emphasis on strengthening social organizations, giving continuity to and disseminating the most successful experiences; iii) a set of rules, laws and policies that could form the basis for establishing an innovative platform of policies for the Sustainable Development of Rural Territories (DSTR in Spanish); and iv) a set of specific programs and projects that have similar trajectories.

Therefore, it is important to highlight that the challenges and requirements set forth are nothing more than a reminder to be taken into consideration when moving towards the approach of DSTR. In no case they should be seen as barriers to prevent their adoption.

In fact, the work of formulating and implementing the National Strategy for DSTR (hereinafter, “the strategy”) must recognize a set of essential requirements summarized below to move forward in the building of an innovative socio-economic system, based on a long-term vision, guided by principles of economic and social fairness, environmental friendliness, respect for cultural diversity and above all, founded on democratic decision-making processes.

The adoption of DSTR as the basis for the strategy would serve as the foundation for a social solidarity system, as its productive and distributive policies reduce spatial and socio-economic breaches, improving the welfare of the rural population and the backwardness of their territories.

The following are the challenges that must be overcome to successfully formulate the strategy for DSTR:

- **Rural development as a state policy.** This requirement is necessary to overcome the disjointed vision of rural development in which each ministry, through their respective projects, executes in isolation the activities that their technicians deem appropriate at each instance and location. It is necessary to reinterpret the role of the state and its relations with
the market and civil society as part of a framework of institutional linkages between them and between sectors (ministries).

- **Internalize the interactions between dimensions and sectors.** It is necessary to understand and apply the systemic relations between the dimensions of rural development and their equivalent sectors (agriculture, environment, commerce, education, health, connectivity, etc.) in sector agendas and in harmonious management across sectors.

- **Adopt a long-term Vision.** It is necessary to overcome the inertial force in the short-term and the pressure to solve emergencies that public authorities face in their daily lives. To solve problems at hand, a long-term vision and a systemic approach should be adopted. The real challenge is to combine strategically short-term emergencies with long-term emergencies to avoid falling into a cycle of unproductive and inconsequential activism.

- **Develop rural territories beyond agriculture.** An important challenge is the transition from the traditional definition of the rural world, limited to farming, to a wider one that defines it as a heterogeneous scenario with countless opportunities for production and lifestyles. Overcoming this challenge is perhaps the first major step to making progress in the transformation of institutions, policies and working methods required for the DSTR.

- **Enhance technical and administrative capacity to adopt policies.** Special attention should be given to the capacity of the public system to adopt an institutional architecture that suits the dynamics of a multidimensional approach and the functions and policies that would make it efficient, stable and flexible. In fact, one of the most frequently reported obstacles is the difficulty to adapt consistently and quickly to the new approach; most face enormous difficulties to innovate policies and institutional management processes.

- **Process of social management of policies and territories.** The challenge posed by the need to adjust to the process of transition to social policy management offers a unique opportunity to learn for the actors and institutions involved. Indeed, the participatory processes of territory planning present challenges from several perspectives: i) the combination of bottom-up and top-down planning processes; ii) the need to work with such type of planning at the national, regional and local levels; iii) the simultaneous management of multiple dimensions and the difficulty of working with multidisciplinary teams; v) the need to overcome the tendencies of sector policies; and vi) active and self-managed participation of the rural population in the process of policy management.
• **Social management of territories and the role of local governments.** One of the requirements to strengthen social management processes of the territories is the transfer and consolidation of political power, funding sources and technical capacity for decision making to local governments and civil society organizations. To this end, it is essential to establish specific programs for capacity building of local governments, social organizations and the population, and to adapt the contents and methods of training agendas to the subjects related to participatory management, modernization of rural production, the role of women and youth, among others. Finally, it is imperative to strengthen the administrative techniques and transparency mechanisms of local governments.

• **Institutional transition towards territorial networks.** The emergence and evolution of private institutions and civil society organizations is a process that occurs organically and independently from the actions of the public sector. It speeds up the development of territories. However, it is a complex task of institutional transformation that requires state action.

Indeed, the emergence and evolution of dissimilar organizations requires them to share: i) a collectively-constructed vision of the territory, which identifies the features of their cultural identity, human potential, and natural potential for development; ii) a commitment to assume territorial leadership, and to promote alliances and agreements in the territories; and iii) an interest in acquiring an institutional culture that functions as a network while preserving their specific functions.

• **Production-related associations.** Experience shows that a pragmatic way to overcome the adverse circumstances faced by family farming (as an important segment of the rural world) is the adoption of associative forms of production, consumption and distribution of goods. Beyond the productive-economic benefits of such associations, especially cooperatives, they have objectives and social functions. In fact, Paraguay has countless successful examples of cooperatives that have proven them to be suitable systems for the rural sector.

Despite the difficulties many associations or cooperatives have faced, they still offer a valid option to achieve better distribution of the benefits of development and other positive externalities. The challenge of the public sector is to understand the origins of the fragility of these organizations and to design specific programs to promote practical and quick solutions. It will require consolidating partnerships between micro and small rural businesses to achieve economies of scale that provide links with dynamic markets on equal terms. On the other hand, the strengthening of various associative forms of production, distribution and consumption will facilitate production and added value, increase food
supply for local consumption, consolidate production cycles and enhance rural-urban linkages.

- **A complementary funding mechanism.** Access by the rural population to formal credit has historically been a problem. To overcome this, an alternative and complementary mechanism must be proposed. This solution raises the additional challenge of strengthening and enhancing the extensive funding network (that may include the use of joint guarantees) to expand access to credit and the possibility of saving for the rural population. It is necessary to seek ideas for simple credit systems and methods, and mechanisms that would ensure their smooth functioning and minimize the risk of default.

- **Appropriate technology for family farming.** It is necessary to establish specific programs to modify the technological equation of family farming so that it can achieve benefits from any increase in production and productivity. For this reason, alternative technologies must be adapted to the socioeconomic conditions of family farming and soil and climate characteristics of their territories and market demands. Likewise, they must adapt to new conditions being imposed by global climate change. This is a major challenge to researchers and scholars, which also offers an extraordinary opportunity to bring universities and other public research offices closer to society, thus strengthening their social function.

In this sense, generation, adjustment, and technology and technique dissemination programs should be enhanced for the improvement of productivity through good farming practices and for tackling unfavorable environmental conditions.

The challenge is not just to produce more and better, but also to increase the supply of healthy and harmless food. The citizens’ right to food security must be guaranteed. To achieve this, local markets must receive an adequate supply, and the rural population must be guaranteed access to them.

On the other hand, it is essential to strengthen policies and specific programs to promote rural small and medium enterprises (SMEs) to exploit their potential for employment and income generation, and to expand the effective participation of women and youth in the development process.

The following are specific challenges in the context of the country that must be overcome to successfully establish the strategy for DSTR:
• **Political will.** The political will and strong decision-making at the highest level are necessary to facilitate inter-ministerial coordination processes, the active participation of national and local governments, and the social management of policies and territories.

• **Obligations and rights of socio-economic parties.** The DSTR framework presents strengthened mechanisms to ensure the rights of the rural population and opportunities for them to fulfill their duties as citizens, which requires the promotion of citizenship and the empowerment of civil society.

• **Strengthening the productive base of rural territories.** The most prominent challenges are to increase productivity, improve market access, build the capacity of businesses, reduce logistical costs, improve rural infrastructure, adopt technologies and knowledge, and involve all sectors (agriculture, livestock, forestry and fisheries, among others).

• **Land tenure.** As a structural element for settling down and producing, it should be taken into consideration that institutional disorganization has historically prevented family producers from having land titles, thus making settlement insecure.

• **Effective basic services, and improvement and effectiveness of public spending.** Sector policies, programs and projects in the territory should be harmonized, ensuring the coordinated delivery of public services of all sectors, and their coherence with the characteristics, potentials and needs of the territory.

• **Land use.** Land use is an essential tool for development of the territory, as it aims at the sustainable use of natural, social and economic resources and the improvement of the quality of life of the inhabitants while preventing environmental degradation.

• **Integrated management of natural resources of the territories.** It requires transforming the type of environmental management of the territories in a manner that ensures its sustainability, appropriate management of natural resources (soil, water, forests, biodiversity of fauna and flora), and clean management of various rural production processes.

• **Citizen participation at the local level for dealing with environmental problems.** It is necessary to strengthen the inclusion of the socioeconomic actors of the territories in the water councils and in the management committees of protected areas. This would serve as a mechanism to disseminate the economic, social and environmental value of the natural resources, and to improve decision-making process on the use of resources with
sustainability criteria. This process shall go together with a citizen training component on environmental operations.

- **Promoting decentralization and the strengthening the municipal governments.** This process is important to generate space for establishing planning processes with citizen participation. In this sense, institutional strengthening may play a critical role. It would extend the frontiers of knowledge, the possibility of progress of the territories and opportunities for the rural population to improve their capacity to adjust to new alternatives and strengthen their citizenship.

The social, economic, environmental and institutional transformations presented by this Guideline will be vital contributions to the state policies and the improvement of the current situation of the rural territories and their residents.
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