



HIGH REPRESENTATIVE
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The EU Special Incentive Arrangement for Sustainable Development and Good Governance ('GSP+') assessment of Paraguay covering the period 2018 - 2019

Accompanying the document

Joint Report to the European Parliament and the Council

Report on the Generalised Scheme of Preferences covering the period 2018-2019

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Paraguay

1. Summary Assessment

Paraguay benefitted from advantageous access to the internal market since the EU instituted the first iteration of GSP in 1971. The year 2019 marked Paraguay's departure from the GSP+ arrangement of the Generalised Scheme of Preferences, of which it benefitted in 2009-2018. The World Bank classified the country as an upper-middle income country for three consecutive years. Therefore, it was removed as a beneficiary country. During this decade-long period, Paraguay made significant achievements in most areas covered under the 27 international conventions of GSP+.

Overall, Paraguay increasingly benefitted from its status as a GSP+ beneficiary, whilst also making progress on its sustainable development and good governance commitments. Commitments that continued after the obligations ended.

Under the scope of human rights, the Paraguayan **monitoring system (SIMORE)**, which allows assessing and monitoring the implementation of recommendations made by international human rights mechanisms, is not only being applied in Paraguay, but also being exported to other countries and becoming a reference for survey and monitoring purposes.

Examples of positive progress in 2018 are the signature of the Kampala amendments to the Rome Statutes regarding war and aggression crimes; ratification of Escazu regional agreement on environmental rights; a law on positive discrimination regarding employment of indigenous professionals; a law on prevention of sexual abuse among children and adolescents.

Paraguay took sustained steps to combat **organised crime and trafficking in human beings**, and has announced its candidature for membership to the UN Human Rights Council for the period 2022-2025.

Political ethics, institutional capacity and independence of all Paraguayan state powers (and their representatives) would benefit from being enhanced, in particular that of the judiciary. Persisting institutional weaknesses adversely affect democracy, human rights and enforcement of rule of law, and erode the citizens' confidence in the system.

A number of commitments – namely with regard to the core conventions of the International Labour Organisation (ILO) and key multilateral environmental agreements (MEAs) – have also been enshrined in the Trade and Sustainable Development Chapter of the EU-Mercosur Association Agreement, the political agreement on which was reached in June 2019. This Agreement will provide an important framework for future cooperation on labour and environmental issues.

Status of ratification and reporting

Throughout its time as a GSP+ beneficiary, Paraguay maintained the ratification of all 27 GSP+ conventions with no reservations. Paraguay is compliant with its reporting obligations, except under several environmental (the Convention on International Trade in Endangered Species of Wild Flora and Fauna - CITES, the Convention on Biological Diversity - CBD, the Cartagena Protocol on Biosafety, the Stockholm Convention on Persistent Organic Pollutants,

and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal) and one human rights convention (the International Convention on the Elimination of All Forms of Racial Discrimination - CERD).

2. Recent Developments

In 2019, Paraguay celebrated 30 years since its return to democracy. During this period, and under a new democratic constitution dating from 1992, it has made significant strides to reduce poverty and inequality, notably in addressing the country's large disparities in wealth distribution. The country's economy grew considerably during the period, with total output increasing over eightfold and GDP per capita growing fivefold.¹

EU – Paraguay Bilateral Development Cooperation

The EU is the largest development assistance donor in Paraguay in terms of grants. The Multiannual Indicative Programme for Paraguay provides for € 168 million for the 2014-2020 period and focuses on education (€ 85 million), private sector development and trade (€ 20 million), social development (€ 48 million), electoral reform and governance (€ 10 million), and support measures (€ 5 million). Modalities of implementation include both sector budget support and traditional projects.

In the education sector, EU's objective is to contribute to guarantee the access, the improvement of quality, the governance and equity of Paraguayan education as a public good for all children and youth. The EU is the largest grant donor in this sector.

In the private sector development sector, EU's objective is to support sustainable and inclusive growth through an improved investment climate and enhanced competitiveness, with particular focus on SMEs.

In the social protection sector, EU's objective is to contribute to the reduction of extreme poverty by strengthening the social protection system, enhancing the quality of and access to public services.

In the democracy, participation, and institutional strengthening sector, EU's objective is to support democracy, credible elections in line with the national legislation and international conventions subscribed by the country, rule of law and the functioning of public institutions.

Paraguay also benefits from the regional cooperation programmes for Latin America such as **AL -INVEST** (for the internationalisation of SMEs), **€Osocial+** (on Social Policies, Employment, Education, Public Finance Management, and Justice), **€OCLIMA+** (on climate governance, renewable energy and energy efficiency, and water management), **EL**

¹ <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=PY>

3. EU-Paraguay Trade and GSP

Paraguay's economy grew by 4% in 2018, despite a rather complex regional situation and a drop in the prices of its key exports. By mid-2019, the Central Bank of Paraguay (BCP) had to downgrade the expected GDP growth to 1.5%.

Paraguay's macroeconomic fundamentals remain good. Inflation is relatively low (4%), as are public debt (20.2% of GDP) and deficit levels (1.3% of GDP). Official reserves are high (20.1% of GDP). The World Bank has classified Paraguay as upper-middle income country for three years in a row.

In 2018, the EU was Paraguay's fourth most important trading partner, behind Brazil, China and Argentina. Paraguay runs a trade deficit with China and Argentina, but a surplus with the EU and Brazil. Brazil (32%), Argentina (30%) and the EU (8%) are Paraguay's most important export partners.

In 2018, Paraguay's exports to the EU were worth € 0.7 billion, with imports from the EU of the same amount. Imports from the EU include vehicles and machinery, while soybeans (and other seeds) continue to dominate Paraguay's exports to the EU. Paraguay's main imports from Mercosur countries are oils, machinery and equipment, and motor vehicles. Its main export to its neighbours is hydro-power. Paraguay is the world's sixth-biggest meat exporter, notably exporting meat to non-Mercosur Latin American countries. In addition, Paraguay earns significant foreign currency revenue, including from retail services and tourism.

In June 2019, the EU and Mercosur concluded negotiations of the trade part of the Association Agreement, which will underpin EU-Paraguay trade relations once it has been signed and provisionally applied.

Figures 1-3 below describe Paraguay's utilisation of GSP+ in the context of the EU's overall imports from Paraguay². Paraguay is the only Mercosur member that benefits from GSP+ with zero tariffs on 91% of products, offering potential scope for future diversification. GSP+ preferences continue to have little impact on Paraguay's exports as soybeans and their residues benefit from zero MFN tariffs. Paraguay's exports to the EU have increasingly benefitted from GSP+, from €36 million in 2016 to €104 million in 2018. Soybean oil is an important potential growth area.

Figure 1: Imports to the EU 2016-2018 – GSP+ utilisation rate

Paraguay - imports to the EU 2016-2018 (M€)				
	2016	2017	2018	trend 2016-2018
Total imports	1074.5	1147.7	735.6	-31.5%
GSP+ eligible	41.7	54.0	110.2	164.1%
GSP+ preferential	36.6	47.5	104.4	185.6%
Utilisation rate	87.6%	88.1%	94.8%	8.1%

² GSP-statistics only cover goods imported in the EU market, i.e. goods released for free circulation in the EU. The GSP statistics do not cover other EU-imports, like goods imported for the customs inward processing procedure or re-imports after the customs outward processing procedure

Figure 2: Imports to the EU 2016-2018 by regime

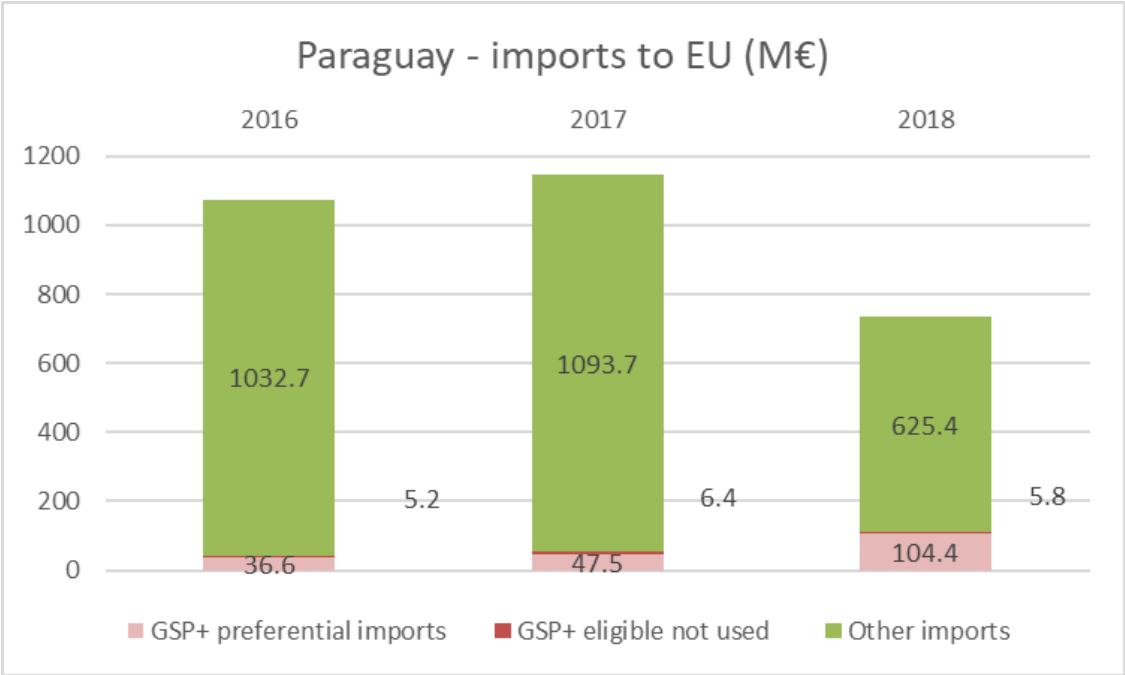
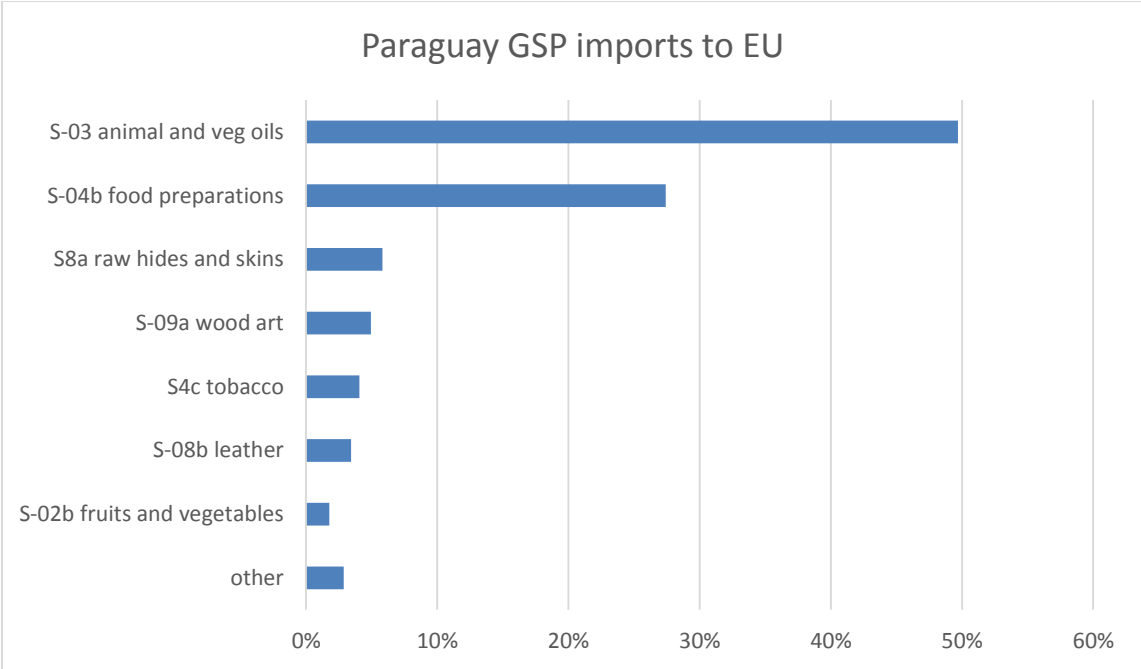


Figure 3: Product Diversification of GSP+ Preferential Imports, 2018



4. Compliance with GSP+ Obligations

4.1 UN Human Rights Conventions

In 2019, Paraguay issued its voluntary midterm report on the implementation of recommendations received during the second Universal Periodic Review in February 2016. Paraguay presented its fourth report on civil and political rights at the Human Rights Committee in Geneva in July 2019. According to the government, the report took stock of progress made over the last four years, with focus in particular on women, children, and places of imprisonment.

International Convention on the Elimination of All Forms of Racial Discrimination (CERD)

The last Concluding Observations from the Committee on the Elimination of Racial Discrimination date from 2016, and were already covered in the Commission's GSP+ report covering the years 2016-17. The positive aspects highlighted by the Committee included the adoption of an Act on Indigenous Peoples Health promulgated in September 2015, which established the National Directorate for Indigenous Peoples Health, the National Council for Indigenous Peoples Health, and the National Council for Indigenous Peoples Education. Areas of concern included the existing discrimination against indigenous people and in particular against indigenous women. A number of actions taken by Paraguay on these issue areas have already been identified in the last GSP+ report.

During the current GSP+ monitoring cycle, Paraguay made progress in the implementation of the judgements of the **Inter-American Court of Human Rights (IACHR)** on restitution of ancestral lands to originating peoples. The country has established an inter-ministerial committee to implement the Court decisions and put legislation in place for the return of traditional land to the Sawhoyamaxa community. In May 2019, ten years after the judgement, the Government transferred the first part of the financial assistance to communities Xamok Kasek and Yakye Axa. Nevertheless, some doubts remain, as the civil society organisations that presented the case in front of the Court have been excluded from the management of assistance, which has been handed over directly to the community leaders who lack administrative capacity. The IACHR undertook visits to Paraguay to review these judgments. Restitution of land to other communities has been limited, and cases of land evictions continued. In November 2019, the Chamber of Senators of Paraguay has decided to expropriate the strip necessary to build a path for the Yakye Axa indigenous community to reach its lands.

The Government is also finalising a National Strategy for Indigenous Communities and President Abdo adopted a decree on consulting indigenous communities ahead of decisions relevant to their territories and livelihoods. An implementing regulation is being discussed, with concerns about the heavy bureaucracy involved in these future consultations. As the country prepares for the 2022 Indigenous Census, more determined efforts are necessary to properly address shortcomings in the legal protection for indigenous peoples' rights over their lands and resources, as well as their inclusion in public life and widespread poverty and socio-economic exclusion.

International Covenant on Civil and Political Rights (ICCPR)

Ahead of the 2018 general elections, Paraguay implemented measures to facilitate voting by people with disabilities, such as registration campaigns, the possibility to vote at home for citizens of advanced age or with a severe disability, training of election civil servants to register and assist disabled voters, and dedicated conferences and seminars. A care protocol for access to justice of people with psychosocial disabilities has been adopted and the authorities have organised capacity building to facilitate proper implementation. The EU Election Observation Mission also issued recommendations after the 2018 general elections, including about the existing limitations to voting rights of deaf-mute people, prisoners without a sentence, and soldiers undergoing training.³

The UN Human Rights Council issued final recommendations following the IV Review of the CCPR in July 2019. The Council recognised some progress in monitoring recommendations and in implementing sentences of international bodies and courts, raising age for marriage to 18 years, legislation on violence against women, and measures to protect domestic workers (minimum age and salary). However, it also listed its main concerns, which the government needs to address further. Those include, among others, the implementation of the National Human Rights Plan, the need for progress in justice for victims of the dictatorship, and for tackling the human rights violations of the Joint Army Police Task Force. It also recommended improving access to the population register for indigenous people.

International Covenant on Economic, Social and Cultural Rights (CESCR)

The last Concluding Observations from the Committee on Economic, Social and Cultural Rights date from March 2015, and were already covered in the last GSP+ report. Paraguay's next state party report is not due until March 2020.

The Secretariat of Culture is drafting a law on protection of the Afro-Paraguayan community, with no final date confirmed so far.

Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)

The last Concluding Observations from the Committee on the Elimination of Discrimination Against Women date from November 2017. Paraguay's next state party report is not due until November 2021.

Despite the adoption in 2016 of a law on Comprehensive Protection of Women Against All Forms of Violence, which established femicide as a specific criminal offence, the number of reported femicides in Paraguay has been on the rise every year, totalling 56 in 2018. An important achievement in 2019 was the adoption of legislation that guarantees the access to minimum salary to domestic workers, who are mostly women.

A proposal for a law on democratic parity, drafted in cooperation with the EU, was eventually watered down in the Parliament in 2018 and ultimately vetoed by President Abdo. Further attempts at enshrining elements of gender parity in electoral legislation have also stalled in

³ https://eeas.europa.eu/sites/eeas/files/eueompy2018_final_report_recommendations_0.pdf

2019. It is unclear at this moment whether such legislation can receive enough support in the foreseeable future.

More broadly, the main implementation shortcomings with regard to CEDAW identified in the last GSP+ report remain. These include the persistence of unpaid domestic labour of young girls, the vulnerable situation of indigenous women, in particular with regard to access to adequate food and safe drinking water, the low participation of women in decision-making bodies and public life, wage gaps between men and women, and a high illiteracy rate among women, especially in rural areas. Preventative action against domestic violence should be stepped up, as domestic and gender-related violence remains an issue. Sexual education of young girls needs to be enhanced. Another shortcoming is that abortion remains criminalised in all circumstances, including in cases of abuse, rape, or serious danger for mother/child. Furthermore, a general anti-discrimination law has not yet been passed.

Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (CAT)

The last Concluding Observations from the Committee Against Torture date from September 2017. Paraguay's next state party report is due in August 2021.

Paraguay's National Mechanism of Prevention of Torture (NMPT) continues to be a key element in the country's efforts to prevent torture and other cruel, inhuman, or degrading treatment or punishment. The mechanism has continued to disseminate best practices and to alert the national authorities to cases of abuse and mistreatment. The implementation of the legislation regulating the duties and powers of enforcement bodies remains a challenge for the justice system.

The authorities and civil society organisations have promoted successful initiatives to help the well-being and future reintegration of incarcerated women.

Key implementation concerns relate to the widespread use of pre-trial detention, poor conditions in prisons, abuses of detainees under police custody, and limited prosecution of officers committing abuse and/or torture.

Convention on the Rights of the Child (CRC)

The last concluding observations from the Committee on the Rights of the Child date from February 2010; Paraguay's last state party report was submitted in March 2018.

Over the last couple of years, Paraguay has continued to undertake the efforts highlighted in the previous GSP+ report – namely with regards to the *Abrazo* and *Painac* programmes (aiming to eliminate the worst forms of child labour and decrease the number of street children, respectively), as well as tackling the practice of *criadazgo* (children working as domestic servants). However, further steps are needed. Statistical data on issues such as birth certificates, child abuse, and child labour need to be improved. Issues such as the discrimination of children of indigenous communities, the persistence of *criadazgo*, the still high number of working children among indigenous communities, and high rates of child pregnancy are matters that deserve further attention.

Conclusions and priorities

Paraguay has made progress in effectively implementing human rights commitments in 2018, taking into account its overall socioeconomic situation and institutional resources. In particular, Paraguay has made efforts to fight discrimination and promote and protect the rights of children, adolescents and persons with disabilities. Awareness of human rights obligations has increased, partly as a result of the membership of the UN Human Rights Council in 2015-2017. At the end of 2016, Paraguay adopted the law on Comprehensive Protection of Women Against all Forms of Violence.

Sustained action for effective and systematic implementation of human rights commitments remains nonetheless necessary. Further attention is needed, in particular with regard to the rights of indigenous peoples, violence and discrimination against women, child labour, discrimination against LGBTI persons, as well as the overall functioning of the justice system, including conditions in prisons and pre-trial detention. More determined efforts remain necessary regarding Paraguay's fight against widespread poverty and inequality. Following its membership of the UN Human Rights Council (HRC) in 2015-2017, Paraguay wishes to assume responsibility for a new term (2022-2025) in the HRC framework.

Steps to increase transparency and fight corruption are expected to have a positive impact on the protection of human rights, provided that they are sustained and carried out with the necessary determination. The issue of access to land and land ownership should be properly addressed.

Various initiatives to combat discrimination of indigenous peoples are part of Paraguay's future actions. The implementation of the Action Protocol for Intercultural Justice, including dispositions for the handling of judicial processes involving indigenous peoples is underway. Workshops to inform indigenous communities of their electoral rights and obligations will be continued. The restitution of land to indigenous communities, such as to the Yakyé Axa and Xakmok Kasek communities is on-going, though progress so far has been slow. Also part of Paraguay's future actions is the implementation of the cooperation agreement between the Ministry of Women and the Paraguayan Institute for Indigenous People (INDI), which aims to tackle the discrimination of indigenous women.

In view of the 2020 municipal elections, Paraguay should allow voting rights to deaf-mute people, prisoners without a sentence, and soldiers undergoing military training. After several delays, a law on democratic/gender parity is yet to be adopted.

The Paraguayan authorities will continue implementing various programmes to promote and protect the rights of children and adolescents. In addition, Paraguay will further implement the National Plan for the prevention and eradication of sexual exploitation of children and adolescents. Legislative initiatives are also underway, in particular the draft law on

criadazgo and dangerous works by children. Efforts are being undertaken to reinforce statistics on child abuse and child labour. Paraguay has also announced its intention to work towards a national protection mechanism for human rights defenders; draft legislation remains pending.

4.2 ILO Labour Rights Conventions

Freedom of Association and Collective Bargaining (Conventions 87 and 98)

Since the last GSP report, there has been limited progress in the area of freedom of association and collective bargaining. This largely appears to be the case. Unions have also claimed that persecution of trade unionists had worsened. However, in 2018, there was some hope shared among unions that the new Minister of Labour, Carla Bacigalupo, was interested in greater dialogue with unions. The International Labour Organisation (ILO) has maintained its request for Paraguay to address the incompatibility of national legislation with ILO Convention 87. Additional concerns remain with regards to Convention 98, particularly on protection against anti-union acts and prevention of discrimination against union members. More information on the specific concerns can be found in the last GSP report. With regard to Freedom of Association, limited resources to investigate violations as well as insufficient penalties to deter violations continue to be highlighted by the US Department of State.

Abolition of Forced Labour (Conventions 29 and 105)

Over the years, the ILO has repeatedly pointed to the situation of the many indigenous workers in agricultural ranches in the Paraguayan Chaco, who continue to be exposed to bonded labour. Labour exploitation of indigenous workers in several regions of the country persists and is particularly concentrated in the agricultural sector. In particular, in a 2017 individual case, the ILO invited Paraguay to allocate sufficient material and human resources to the Ministry of Labour offices in the Chaco region for receiving workers' complaints and reports on forced labour. Paraguay was also requested to ensure that judicial proceedings are launched against persons exacting forced labour in the form of debt bondage, and to continue strengthening the capacity of labour inspectors. Finally, the ILO invited Paraguay to ensure that the national criminal law contains sufficiently specific provisions to enable the competent authorities to initiate criminal proceedings against the perpetrators of these practices.

To address this issue, Paraguay has taken a number of measures including awareness-raising activities, trainings of magistrates and labour inspectors, vocational training for young workers in the Chaco communities, the creation of a technical unit for the prevention and eradication of forced labour within the Labour Inspectorate, and the establishment of the Directorate for Indigenous Labour within the Ministry. However, these measures will need to be stepped up in order to curb the problem in the country.

The 2016-2020 National Strategy for the Prevention of Forced Labour was adopted with the participation of workers' and employers' organisations and in consultation with indigenous peoples. Furthermore, Paraguay has requested ILO support for the implementation of some of the actions requested, namely workshops to raise awareness on forced labour, proper strategic planning of activities for forced labour prevention, and the production of an Intervention Guide for forced labour cases. In 2016, the ILO pointed out that Paraguay should intensify efforts to effectively implement the strategy, particularly in regions with weak state presence

and where forced labour indicators have been identified. This could be achieved by adopting regional action plans. Paraguay was also asked to indicate the priority actions of the strategy.

The UN Special Rapporteur produced a report on modern forms of slavery in Paraguay in Sept 2018⁴. It noted a number of positive steps taken by government to tackle slavery, including increased awareness of the issue. Main concerns regarding slavery remain among the indigenous communities in the Chaco area, domestic labour and *criadazgo*.

Minimum Age for Work and Worst Forms of Child Labour (Conventions 138 and 182)

The ILO regularly encourages the Government to intensify its efforts to improve the situation regarding child labour in the country. It asks Paraguay to address capacities of the labour inspection and law enforcement bodies, ensure proper implementation of the Labour Code, address worst forms of child labour by prosecuting perpetrators, combat the *criadazgo* system and protect street and indigenous children. National Plans for the Prevention and Eradication of Child Labour and for the Prevention and Eradication of Sexual Exploitation of Children are in place and being implemented.

There are some improvements registered in recent years concerning child labour. In 2010, the percentage of working children between 10 and 14 was 14.4% (23.3% in rural areas, 6.6% in urban areas). However, figures in 2016 showed a significant reduction, bringing the percentage of working children between 10 and 14 to 8.1% (11.3% in rural areas, 5.3% in urban areas). Almost half of the children work in agriculture, stockbreeding, hunting and fishing. The vast majority of children and young persons who are engaged in child labour perform hazardous work (approximately 90.3 % of the 5-13 age group and 91.1 % of the 14-17 age group). The ILO noted the Government's efforts to increase the school attendance rate and to reduce school dropouts, and encouraged the Government to intensify its efforts in this respect to ensure that at least all children under 14 years of age have access to basic compulsory education.

At the regulatory level, Paraguay has taken a number of steps: a draft law against the worst forms of child labour (including *criadazgo*) is currently under parliamentary scrutiny, as well as a draft law to take into account ILO provisions regarding night work by minors. A Protocol of Intervention as regards *criadazgo* cases has been published with ILO support. Workshops against child labour and *criadazgo* are being organised in order to familiarise society, the judiciary and other administrations about the phenomenon and to help preventing it. In April 2019 the Government adopted a National Strategy to eradicate child work until 2024, with a road map. This includes measures aimed at guaranteeing minimum income for vulnerable families in order to prevent that their children were sent to work. President Abdo has voiced his commitment to continuing to tackle child labour, though significant institutional and cultural challenges remain. In April 2019 the Government adopted a National Strategy to eradicate child work until 2024, with a road map. This includes measures aimed at guaranteeing minimum income for vulnerable families in order to prevent that their children were sent to work.

4 https://www.ecoi.net/en/file/local/1443537/1930_1537262179_g1823000.pdf

Areas of concern remain largely the same as those identified in the last GSP report. These include: the large number of children and young persons who are engaged in an economic activity below the minimum age for admission to employment and/or in hazardous work; protection of street children; the need to step up investigations and effective prosecution of child trafficking; and strengthening the capacities of law enforcement bodies, particularly the police, the justice system and customs officials, in order to improve their capacity to identify cases of trafficking and sexual exploitation of children.

Elimination of Discrimination (Conventions 100 and 111)

Paraguay has demonstrated efforts towards improvement in the elimination of discrimination, particularly as regards occupational segregation, one of the largest sources of the pay gap observed in the country. One example is the National development plan 2014-2030, which provides for equality between women and men as a cross-cutting issue. Paraguay underlines the actions taken by the Ministry of Labour, Employment and Social Security, in the field of gender equality such as free legal advice for women; training sessions conducted in coordination with the National Vocational Promotion Service and the National System of Education and Training Labour; awareness campaigns to promote equal work opportunities and treatment for men and women; and protection of the right to breast feed. There have also been advances in legislation in terms of paid maternity and paternity leave, including by providing cash benefits to women, who were previously only afforded medical attention. In relation to actions against discrimination, Paraguay has approved a National Plan for the Rights of People with Disabilities (2015-2030). Another example is the National development plan 2014-2030, which provides for equality between women and men as a crosscutting issue.

Conclusions and priorities

There has been some progress in the implementation of the fundamental ILO conventions. However, the administrative structures are still weak and awareness among the population and social and economic actors on labour rights is limited. Moreover, Paraguay does not engage sufficiently with social partners. Sustained efforts in the long term will be necessary to achieve concrete results in the effective implementation of the fundamental ILO conventions.

Shortcomings have been identified in terms of legislative alignment and enforcement, in particular in the areas of discrimination in employment, minimum age for work, and worst forms of child labour. Paraguay is progressively taking into account ILO recommendations, in particular with regard to actual implementation and results. The elimination of child labour, the combat against trafficking in human beings, and equal labour conditions for men and women are issues that require further attention.

Paraguay does not have a general strategy to ensure an effective implementation of the ILO fundamental conventions, but is developing a series of measures and tools to do so. Among them are the National Plan for Prevention and Eradication of Child Labour and Protection of Adolescents' Work; the National Plan for Prevention and Eradication of Sexual Exploitation of Children and Adolescents; the Strategy for the Prevention of Forced Labour; and the National Policy to Prevent and Combat Trafficking in Human Beings. These measures are expected to contribute to improved implementation and concrete progress. The 2016-2020 National Strategy for the Prevention of Forced Labour was adopted and implementation

should be followed-up.

4.3 UN Conventions on Environmental Protection and Climate Change

Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)

As mentioned in the 2018 GSP report, Paraguay has achieved Category 1 status.⁵ Paraguay strengthened its legislation according to CITES recommendations, including the penalisation and confiscation provisions, and now meets all requirements for the implementation of the convention.

Nonetheless, Paraguay's resources to respond to the reporting demands remain very limited. In particular, Paraguay is expected to present documentation about the protection of palo santo trees in the Chaco before September 2019. It continues to underline that, under the present circumstances, the control and supervision of CITES implementation on the ground is its first priority. Consequently, it submitted the annual reports for 2014 in 2015, but the biennial report for 2013-2014 and the implementation report for 2015-2017 are still due.

Basel Convention

Paraguay is not yet fully compliant with the reporting requirements of the Basel Convention. It argues that this is due to limited human resources, but assures that reporting will be gradually fulfilled. The latest report submitted was from 2015. On implementation, little information was available.

Convention on Biological Diversity (CBD)

Over the years, both the economic structure (livestock and agriculture) and the energy matrix have had a considerable impact on the country's forests (high deforestation rate). Wetlands, which cover between 15% and 20% of the country's surface, remain areas particularly vulnerable to exploitation. After drainage, they become adequate areas for economic activities. This has significantly harmed the country's biological diversity. National budgetary allocations for the management of protected wilderness areas have declined. Biodiversity loss is thus still a fact and concrete measures to implement the convention remain necessary.

In 2016, Paraguay submitted the 5th national report as well as a revised National Biodiversity Strategy and Action Plan (NBSAP).

Stockholm Convention on Persistent Organic Pollutants

Paraguay submitted the 3rd national report in 2016. Paraguay submitted its updated National Plan for the implementation of the Stockholm Convention on 12 July 2018.

⁵ Category 1: legislation that is believed generally to meet all requirements for effective implementation of CITES. Source: https://cites.org/eng/legislation/National_Legislation_Project

Cartagena Protocol on Biosafety

Paraguay ratified the Cartagena Protocol on Biosafety in 2004. It submitted its 2nd national report due in 2011. The 3rd National Report, providing data on the current situation regarding the implementation of the Protocol, was submitted in December 2016.

Conventions on Climate Change

Paraguay is party to all climate change-related conventions, and has no salient shortcomings.

As for the Montreal Protocol, Paraguay is up to date regarding reporting requirements. It has ensured the annual submission of statistical data on the production, import and export of controlled ozone depleting substances (ODS). It has also ensured the annual submission of statistical data on the production, imports, exports and consumption by sector of all controlled substances. The latest reports have been submitted in February 2017. However, no information has been provided on national action plans. Details on the implementation of the Protocol are lacking as well.

Paraguay submitted its third National Communication to the UN Framework Convention on Climate Change (UNFCCC) in September 2017 and its first Biennial Update Report in December 2015. The National Strategy for Reducing Emissions from deforestation and forest degradation was most recently updated in May 2019. Paraguay's National Adaptation Strategy and Action Plan is still in preparation. The priority sectors in the National Adaptation Strategy and Action Plan are water resources, forests, agricultural and livestock production, land management, energy, infrastructure, health and sanitation, risk management, and natural disasters and early warning systems.

Paraguay submitted its Intended Nationally Determined Contribution (INDC) to the UNFCCC Secretariat on 10 October 2015, and its first NDC and vision for 2030 on 14 Oct. 2016. Paraguay's NDC envisages 20% of emission reduction by 2030 (unilateral target of 10% and conditional target of 10% as well). The NDC focuses on land use change, reduction of biomass as energy source for agricultural production, improvements in transportation, limitations placed on the import of used cars, and how to take further advantage of the fact that clean energy from hydro-electrical sources is plentiful in the country.

In 2018, the Technical Secretariat of Environment was upgraded to Ministry of Environment and Sustainable Development.

Conclusions

Deforestation, water pollution, waste disposal, and loss of wetlands are key environmental challenges that the country is facing. Furthermore, Paraguay needs to provide information about how it intends to improve reporting and implement its obligations under the conventions on environmental protection. This requires both institutional strengthening and a medium to long term strategy for addressing environment issues, clearly detailing the steps towards the conventions' proper implementation. On Climate Change, the National Adaptation Strategy needs to be finalised. Clear steps for the implementation of the actions outlined in Paraguay's NDC should also be enumerated, enacted, and implemented.

4.4 UN Conventions on Good Governance

International Drug Control Conventions

Paraguay is South America's main cannabis producer and an important transit country for cannabis and Andean cocaine. The main shortcoming identified by the International Narcotics Control Board (INCB) has been the need to address illicit cannabis cultivation, as well as cannabis and cocaine cross-border trafficking.

Indeed, Paraguay remains the main source of illicitly produced cannabis in South America. According to the Paraguayan National Anti-Drug Secretariat (SENAD), 80% of the illicitly produced cannabis is smuggled into Brazil and there is a constant flow of drugs to Argentina, Plurinational State of Bolivia, Chile, and Uruguay. SENAD reported the eradication of 1,456 ha. of cannabis crops in 2017, 1,298 ha. in 2016 and 1,995 ha. in 2015, and an increase in cannabis seizures from 276.379 t in 2016 to 1,070.9 t in 2017⁶.

On 9 January 2018, the President of Paraguay enacted a law to regulate the legal framework governing the production and use of cannabis and its derivatives for medical and scientific purposes. On 26 June 2018, the Government of Paraguay presented its National Policy on Drugs for the period 2017-2022. It contains policy and strategic guidelines and an action plan for the reduction of demand and supply.

Since 2018, confiscations of cocaine, discoveries of laboratories, and understanding and institutional support for demand reduction has significantly increased. Paraguay is taking measures to enhance its capacities to treat drug dependence and to make rehabilitation centres available.

The cooperation between the EU, Latin America and Caribbean countries, including through cooperation programmes such as COPOLAD, working on Drug policy, has contributed to the improvement of Paraguay's policies on drugs. The exchange of best practices and experiences, increased bi-regional coordination and the promotion of multi-sectorial, comprehensive and coordinated responses have been particularly useful.

International cooperation has also encouraged improved coordination and dialogue between the country's various institutions, and better identification of the priorities. In this context, Paraguay is implementing its National Integrated Plan (NIP) seeking to develop a cross-cutting approach among the various institutions responsible for organised crime, illicit trafficking, and drug demand reduction and treatment.

Despite Paraguay's improved efforts, the drug issue remains a serious problem in the country. The drug business continues to permeate the State institutions and to contaminate politics and the economy, including political party financing. It may become a serious threat for the stability and the sound social and economic development of the country.

⁶ Report of the International Narcotics Control Board for 2018; World Drug Report 2019, UNODC.

UN Convention against Corruption (UNCAC)

Paraguay has struggled to fight systemic corruption in all sectors of the Government. The executive summary of the latest UNCAC Implementation Review, publicly available since September 2014, identifies various shortcomings. Neither active nor passive bribery of foreign public officials and officials of public international organisations are criminalised. The same was found as regards bribery in the private sector and abuse of functions. UNCAC also identified the lack of independence and clear roles of institutions, the lack of an anti-corruption strategy, and the need for training and increased cooperation with civil society as issues to be addressed. So far, limited progress has been made as regards these specific recommendations.

Since 2018, the Government has been taking measures to improve governance and corruption and organised crime. In particular, a package of legislation to fight money laundering has been discussed in the Parliament, coinciding with a critical 2019 Financial Action Task Force of Latin America (GAFILAT) peer review of Paraguay. Public institutions continue to publish a list of their employees and their salaries. Public Information Offices have been established in a number of central institutions, although progress is lacking at departmental and local levels. Ministries have been compelled to publish tenders for public procurement online and the Ministry of Finance ensures regular reports on the execution of the budget.

The **Europe Latin America Assistance Program Against Transnational Organized Crime (EL PACCTO)** is a joint initiative of the European Union and Latin American countries. It provides technical assistance and exchange of best practices also in the area of organised crime, including drug trafficking. In the last two years Paraguayan institutions are becoming one of the most active beneficiaries of

Regulations on the protection of whistle blowers, witnesses, and victims have not been reviewed and no programmes to ensure effective protection measures have been developed. A regulatory practice striking a balance between privileges or immunities and the ability to investigate effectively needs to be implemented.

The lack of independence and the poor definition of the institutions' roles remain an issue. There is room for improvement regarding training and cooperation with civil society in relation to anticorruption. No specific legislation on extradition and mutual legal assistance has been enacted and deadlines to facilitate extradition have not been shortened.

Since mid-2018, a group called *Comisión de escraches ciudadanos* has achieved what the justice system was unable to deliver until then: their protests in front of residences of allegedly corrupt politicians have led to resignations and, more importantly, successful impeachment procedures. Out of 45 Senators and 80 Deputies elected in 2018, to date five lost their seat or resigned, and a number are on trial or under investigation for various forms of corrupt practices. In addition, the former State Prosecutor is under house arrest and the former State Audit Officer is awaiting trial. President Abdo adopted a commendable *caiga quien caiga* (“no matter who falls”) approach, allowing prosecutors to carry out their work more independently. However, institutions composed of politicians sanctioning the work of judges continue to exist.

Although corruption remains a serious concern with important shortcomings, it is worth noting that international indexes on perception of corruption are slowly improving. According to the 2018 Corruption Perceptions Index reported by Transparency International, Paraguay is now the 132nd least corrupt nation out of 175 countries.

Conclusions

Paraguay is South America's main cannabis producer and a transit country for cannabis and Andean cocaine. As a result, Paraguay faces various challenges in its efforts to reduce narcotics trafficking and production. Paraguay has continued implementing measures to tackle drug-related concerns in the country (cannabis production, trafficking of cannabis and cocaine, increasing drug-consumption, limitations as regards rehabilitation of drug users) but more determination, additional resources, and significant institutional strengthening are needed. The proper implementation of the National Integrated Plan to tackle illegal drugs has to be ensured.

The last years have seen a rise of laws and institutions aimed at fighting corruption. These initiatives have been praised internationally. Actions to increase transparency and to uncover corruption cases are encouraging. Public awareness has increased, access to information on the use of public money has improved and a significant number of corruption activities are now publicly criticised. However, efforts need to be sustained over time and reinforced, through the progressive implementation of the UNCAC recommendations and by actual prosecution of corruption-related crimes.

ANNEX

Paraguay – Treaty Ratification and Reporting

Convention	Status of ratification / reservations ⁷	Compliance with reporting obligations to monitoring bodies
1. Convention on the Prevention and Punishment of the Crime of Genocide	Ratified: 14.06.2005 No reservations	No reporting obligations
2. International Convention on the Elimination of All Forms of Racial Discrimination	Ratified: 18.08.2003 No reservations	Lack of compliance with reporting obligations Last report submitted on 20.10.2015. Last concluding observations published 09.08.2016. Latest report was due on 17.09.2018.
3. International Covenant on Civil and Political Rights	Ratified: 10.06.1992 No reservations	Compliant with reporting obligations Last report submitted on 07.11.2018. Last concluding observations published 20.08.2019.
4. International Covenant on Economic, Social and Cultural Rights	Ratified: 10.06.1992 No reservations	Compliant with reporting obligations Last report submitted on 06.10.2011. Last concluding observations published on 19.03.2015. Next report due on 30.03.2020.
5. Convention on the Elimination of All Forms of Discrimination against Women	Ratified: 06.05.1987 No reservations	Compliant with reporting obligations Last report submitted on 12.11.2015. Last concluding observations published 22.11.2017. Next report due on 30.11.2021.
6. Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment	Ratified: 12.03.1990 No reservations	Compliant with reporting obligations Last report submitted on 19.01.2016. Last concluding observations published on 11.08.2017. Latest follow up state party report was due 11.08.2018. Next regular report due 11.08.2021.
7. Convention on the Rights of the Child	Ratified: 25.09.1990 No reservations	Compliant with reporting obligations Last report submitted on 05.03.2018. Last concluding observations published on 10.02.2010.
8. Convention concerning Forced or Compulsory Labour, No. 29	Ratification: 1967	Compliant with reporting obligations Latest CEACR comments: Observation 2016; Direct Request 2016.

⁷ Reservations do not apply in the ILO system, so there is no relevance to providing information on reservations under each of these conventions.

		Last report received in 2019. Next report due in 2022.
9. Convention concerning Freedom of Association and Protection of the Right to Organise, No. 87	Ratification: 1962	Compliant with reporting obligations Latest CEACR comments: Observation 2018. Last report received 2018. Next report due in 2021.
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No. 98	Ratification: 1966	Compliant with reporting obligations Latest CEACR comments: Observation 2018. Last report received 2018. Next report due in 2021.
11. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No. 100	Ratification: 1964	Compliant with reporting obligations Latest CEACR comments: Direct Request 2018. Next report due in 2020.
12. Convention concerning the Abolition of Forced Labour, No. 105	Ratification: 1968	Compliant with reporting obligations Latest CEACR comments: Direct Request 2007. Last regular report received in 2019. Next regular report due in 2022.
13. Convention concerning Discrimination in Respect of Employment and Occupation, No. 111	Ratification: 1967	Compliant with reporting obligations Latest CEACR comments: Direct Request 2018. Next report due in 2020.
14. Convention concerning Minimum Age for Admission to Employment, No. 138	Ratification: 2004 Minimum age specified: 14 years	Compliant with reporting obligations Latest CEACR comments: Observation 2016; Direct Request 2016. Last report received in 2019. Next report due in 2022.
15. Convention concerning Minimum Age for Admission to Employment, No. 182	Ratification: 2001	Compliant with reporting obligations Latest CEACR comments: Observation 2016; Direct Request 2016. Last report received in 2019. Next report due in 2022.
16. CITES	Ratification: 15.11.1976 No reservations	Lack of compliance with reporting obligations Last Annual Report (2017) submitted on 11.06.2019. Next (2018) Annual Report due 31.10.2019. Last Biennial report (2011-2012) submitted 04.06.2015. Biennial Report for 2013-14, and Implementation Report 2015-2017 are due ² . Annual Illegal Trade Report 2017 due ² .
17. Montreal Protocol	Accession: 03.12.1992 No reservations	Compliant with reporting obligations Most recent data for 2016 was submitted.

		No more recent reporting data is available.
18. Basel Convention	Ratification: 28.09.1995 No reservations	Lack of compliance with reporting obligations Last Annual Report (2017) submitted on 04.12.2018. Next (2018) Annual National Report due in 2019. Annual Reports for 2007, 2008, 2009, 2013 due.
19. Convention on Biological Diversity	Ratification: 24.02.1994 No reservations	Lack of compliance with reporting obligations Last (Sixth) National Report published on 28.12.2018. First (1998), Third (2006), Fourth (2010) National Reports are due. Revised National Biodiversity Strategy and Action Plan (NBSAP) submitted on 22.11.2016.
20. UN Framework Convention on Climate Change	Ratification: February 1994 No reservations	Compliant with reporting obligations Last (second) Biennial Update Report submitted on 27.12.2018. Last (Third) National Communication submitted on 15.09.2017.
21. Cartagena Protocol on Biosafety	Ratification: 10.03.2004 No reservations	Lack of compliance with reporting obligations Last (Third) National Report submitted on 14.12.2016. Next (Fourth) National report due on 01.09.2019. Interim National Report (2005) and First National Report (2007) are due.
22. Stockholm Convention	Ratification: 01.04.2004 No reservations	Lack of compliance with reporting obligations Last (Third) National Report submitted on 01.05.2016. Latest (Fourth) National report was due on 31.08.2018. First (2006) National Report was due 31.07.2007.
23. Kyoto Protocol	Ratification: 27.08.1999 No reservations	No reporting obligations
24. UN Single Convention on Narcotic Drugs	Ratification: 03.02.1972 No reservations	Reviewing is fulfilled by the International Narcotics Control Board (INCB). INCB mission took place 3-7 Dec. 2018.
25. UN Convention on Psychotropic Substances	Ratification: 03.02.1972 No reservations	See report of the INCB for 2018.
26. UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	Ratification: 23.08.1990 No reservations	
27. UN Convention against Corruption	Ratification: 01.06.2005	Reviewing is fulfilled by the UN Office on Drugs and Crime (UNODC). The Executive Summary of the 2014 review has been published.