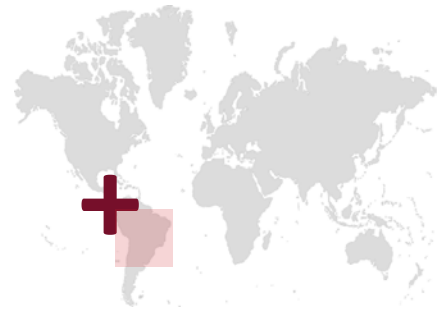


Strengthening the resilience of the vulnerable rural population



AT A GLANCE

Name of Project

Strengthening the resilience of the vulnerable rural population

Duration

01.04.2016 - 30.09.2019

Focus

East of Paraguay with focus on the districts Caazapá and Caaguazú

Target Group

Rural population, including subsistence farmers, indigenous communities, and women as heads of households

Funds available

The project FortaleceRES is conducted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

The project is jointly implemented by ...

GIZ in collaboration with the Ministry of Agriculture and Livestock (MAG), the Ministry of Social Affairs (MDS), and the agricultural credit institution (CAH).

The overall aim of the project is ...

to strengthen the resilience of vulnerable rural families through the improvement of services and coordination between public and private institutions, risk reduction, diversification, and increase of family income.



Implementada por:





BACKGROUND

The agricultural sector is a key segment of the Paraguayan economy, representing 30% of gross domestic product, 40% of exports, and the source of employment for a large majority of the rural population.¹ Given the importance of this sector, agricultural risks are key to the economic and social health of Paraguay. Family farmers and their households, representing 90% of the total farms, are the ones most at risk of being trapped or falling into poverty due to external shocks and to the lack of adequate protection mechanisms.

Due to the country's subtropical temperate climate, characterized by a rainy season in summer and a dry season in winter, it is exposed to harsh impacts of climate change. The vital agricultural sector is particularly affected by a significantly elevated level of exposure to multiple hazards, notably floods and droughts. Income inequality, lack of social and financial protection as well as low soil fertility, and scarcity of fresh water are key drivers of vulnerability.

Key challenges are:

- **Inadequate access and low-quality levels of key services in rural areas.** Within the National Development Plan, there is no clear mandate to formulate or implement a strategy, which is tailored to the specific needs of the target groups. This especially affects indigenous communities and women as heads of households.

- **Low level of information** on markets as well as for financial services like insurance.
- **The lack of prospects for the rural population leads to increased migration and aging of farmers.** This development endangers the supply of basic food to the population.
- **Overuse of the soils leads to degradation and increased erosion.** Due to low soil productivity as well as the lack of knowledge, marketing opportunities, and access to specialized services, family businesses in value chains have very low incomes.

OUR APPROACH

Since 2016, the bilateral GIZ project FortaleceRES aims at strengthening the resilience of the vulnerable rural population in Eastern Paraguay with a focus on the two districts of Caazapá and Caaguazú. Within the concept of multidimensional resilience, the project interrelates the social, ecological, political, and economic dimensions. Concretely, FortaleceRES is working with political key actors on the national and regional levels, strengthening economic resilience by creating non-agricultural income opportunities, building environmental resilience by promoting soil conservation and fertility measures, as well as reducing social vulnerability through an increased access to insurance products. The target group includes subsistence farmers, indigenous communities, and women as heads of households.

¹ InsuResilience Annual Report 2018



In the domain of insurance, the project is working together with GIZ insurance experts from the global project InsuResilience, commissioned by BMZ in July 2016, to promote the concept and implementation of inclusive insurance solutions which encompass agricultural and disaster risk insurance. Therefore, the FortaleceRES project contributes to the InsuResilience Global Partnership for Climate and Disaster Risk Finance and Insurance Solutions which was launched at the 2017 UN Climate Conference in Bonn.

CHALLENGES

- Due to the concept of multidimensional resilience, as well as applying both a cross-sectoral approach and a multi-level approach, a large variety of actors have to be involved in the process.
- After the general elections in April 2018, some central-level activities had to be temporarily suspended.
- The main constraint for developing and implementing insurance solutions suitable for smallholder farmers is the low level of understanding of insurance as a financial tool.

OPPORTUNITIES

- GIZ as a facilitator improved the communication and exchange with the private sector, e.g. support to the development of local Public-Private Partnerships (PPPs).
- Change of mind within agricultural extension staff, e.g. through capacity building there was a growing understanding that insurance might be helpful for smallholders and not only business for insurance companies.

EXPECTED OUTCOMES

- Participatory development of an interactive digital platform and didactic “toolboxes” for agricultural extension staff. The topics include organizational development of local stakeholders or smallholder associations, business management, sustainable soil management, food security, rural value chains, and quality standards as well as financial inclusion and in view of climate change, risk management.
- Set up of an inter-institutional working group for risk management. The group includes participants from the Ministry of Agriculture and Livestock (Ministerio de Agricultura y Ganadería), the Agricultural Bank (Crédito Agrícola de Habitación) and the National Meteorological Service (Dirección Nacional de Aeronáutica Civil).
- In cooperation with the Ministry of Social Affairs (Ministerio de Desarrollo Social), 31,225 families in the states of Caazapá, San Pedro, Guairá, Paraguari, and Concepción have been provided with a life and disability insurance as part of the ‘Tekopora’ conditional money transfer program. Of the beneficiary households, 84% are led by a woman. Training courses for occupational diversification were conducted in 15 municipalities in cooperation with SINAFOCAL. Over 1,500 young people and rural women participated in over 50 courses.



- Concept of an index-based weather insurance linked to farmers’ credits operated in conjunction with the Agricultural Bank (CAH) whose target customers are small farmers. In July 2017, GIZ and CAH signed an agreement focusing on two regions: Caaguazú and Caazapá. Additionally, training was given to managers and technicians at CAH-Centers, which were installed in the interior of the country.

LESSONS LEARNED

- The approach of multidimensional resilience requires cross-sectoral interaction as well as cooperation and consensus-building amongst public authorities.
- Capacity building within neglected partner institutions was crucial, e.g. to initiate the development process of an agricultural insurance scheme.
- It is important to involve not only technical staff within working groups, but also political decision-makers who are involved within public budget planning, e.g. Ministry of Finance.
- Agricultural extension staff received capacity building on financial literacy. However, there is still a lack of knowledge transfer to the target group.



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