



COUNTRY PROFILE



Paraguay farmers collecting sesame, a highly desired product in the international market. The "Paraguay Sells" program has helped to open new markets for small and medium scaled growers to increase their income, diversify their production and provide a better quality of life in rural areas

OVERVIEW

Paraguay gets its name from the Paraná River, which produces the greatest amount of hydroelectric power in the world. The economy is fundamentally agrarian with agriculture and agribusiness representing about 40 percent of the workforce. Paraguay depends heavily on the exports of a few key commodities such as cattle, soybean, cotton, wood and sesame. Poverty rates have fallen from 46.2 percent of the population in 2002 to 32% in 2008. Remittances have increased significantly over the years, from approximately \$200 million in 2000, to \$800 million in 2008. With an estimated 2.1 percent annual population growth rate, Paraguay faces many challenges:



- The national unemployment rate is 5.7 percent, with an average of 11.8 percent among those between 15 and 24 years of age; the national under-employment rate is 24 percent.
- Over 41.4 percent of the population lives in rural areas.
- Maternal mortality rates are among the highest in Latin America and progress has been minimal.
- Paraguay's deforestation rate is among the highest in Latin America.
- Sustainable development in Paraguay is threatened by armed land invasions, a weak regulatory framework, and poorly educated small landowners.

Other challenges to Paraguay's development include weak institutions, an informal economy including illegal smuggling, and a culture of corruption. Although the Government of Paraguay (GOP) has improved its management of the economy, reduced its domestic debt, strengthened its customs service, and improved the tax system, much still remains to be done. USAID is currently working collaboratively with the recently elected Government of President Fernando Lugo, whose government represents the first party change after 60 years of single party rule. USAID programs focus on providing technical assistance in the areas of democracy and governance, economic growth, reproductive health, and the environment. USAID is also administering the implementation of a two-year Millennium Challenge Corporation (MCC) Threshold Program to reduce corruption across nearly every sector of the Paraguayan Government.

PARAGUAY SNAPSHOT

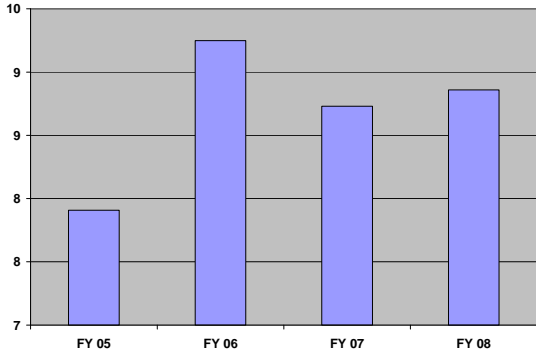
Date of Independence: 1811
Population: 6.995 million
GDP (PPP): \$28.71 billion
GDP per capita (PPP): \$4,200

Source: CIA, *The World Factbook*



COUNTRY PROFILE CONTINUED

**USAID Assistance to Paraguay
(Dollars In Millions)**



PROGRAMS

DEMOCRACY

USAID works to strengthen democracy by supporting the development of a politically active civil society that empowers individuals to organize, express their views publicly, and debate public policies openly. Support is provided to strengthen government institutions, particularly local government, in order to encourage transparency and accountability, and improve public services. Supporting the consolidation of civil society organizations and the long term sustainability for the sector as a whole is a top priority. USAID also works with the judiciary and the Public Ministry to improve citizen’s access to the justice system.

HEALTH

With an additional \$US 10 million in funding, USAID is working with the Ministry of Health to address the immediate health priorities of maternal child health, family planning, and other public health challenges. In the short term, this program focuses on rural and poverty stricken areas to provide for immediate public health needs, including medical equipment and supplies. Another objective is to address specific weaknesses in the Ministry of Health administrative and financial system, with the overall goal of improving the Ministry of Health’s ability to respond to national health challenges.

ENVIRONMENT

Paraguay faces a growing number of environmental challenges, including massive deforestation and threats to its fresh water resources and biodiversity. With its meager budget, USAID’s environmental program works with Government entities, NGOs, and community groups to form alliances and leverage resources in order to support the sustainable management of key vulnerable areas of Paraguay. Two prime examples of these alliances are the Tropical Forest Conservation Act in which U\$7,4 million was allocated for the protection of Paraguay’s Atlantic forest, and a public-private partnership that created a “green fund” to support environmentally sustainable projects.

ECONOMIC GROWTH

Through a program called “Paraguay Sells”, USAID supports the efforts of Paraguayan companies and entrepreneurs to increase sales and reduce poverty through job creation. USAID programs support the development of new products and help eliminate barriers to exporting, which allows companies to explore new markets and encounter greater trade opportunities. With increased funding in 2009, the economic growth program will focus on improving competitiveness, providing technical training to rural producers, and facilitating their access to credit

MCC THRESHOLD PROGRAM

USAID is administering a second two-year MCC Threshold Program which was signed in May, 2009. The program focuses on GOP’s anti-corruption efforts, law enforcement, customs, health management, and judicial sectors. The objective of the program is not only to reduce opportunities for corruption and increase successful prosecution of criminal activity, but also to improve public opinion of the government’s efforts in these areas and reinforce Paraguay’s commitment to combating corruption.

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