



USAID | PARAGUAY

FROM THE AMERICAN PEOPLE

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 scale growers to increase their income, diversify their production and provide a better quality of life in rural areas.

OVERVIEW

Paraguay ranks as the second smallest country in Latin America in terms of landmass, and has an estimated population of almost 7 million. The economy is fundamentally agrarian with agriculture and agribusiness providing employment for 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 percent 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.
- 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 of private agricultural land by "landless peasants", 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 history 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 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 democracy and governance, economic growth, 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 GOP.

PARAGUAY SNAPSHOT

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

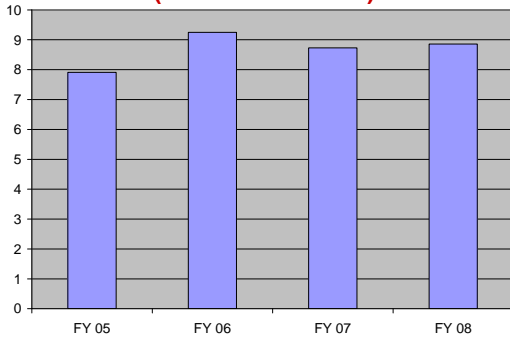
Source: CIA, *The World Factbook*

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COUNTRY PROFILE CONTINUED

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



PROGRAMS

DEMOCRACY

USAID helps to strengthen democracy by supporting the development of a politically active civil society. USAID programs seek 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 of the sector as a whole is a top priority. USAID also works with the judiciary, civil service, and the Public Ministry to improve citizens' access to the justice system.

HEALTH

USAID supports the Ministry of Health by addressing the immediate health priorities of maternal and 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. USAID works with GOP entities, NGOs, and community groups to form alliances and leverage resources in order to support the sustainable management of key vulnerable areas. Two prime examples of these alliances are the Tropical Forest Conservation Act partnership 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 companies and entrepreneurs to increase sales and reduce poverty through job creation. USAID assists in the development of new products and helps to eliminate barriers to exporting, which allows companies to explore new markets and encounter greater trade opportunities. USAID also supports projects that improve competitiveness, provide technical training to rural producers, and facilitate access to credit, technology, and workforce development.

MCC THRESHOLD PROGRAM

USAID is administering a second two-year MCC Threshold Program which was signed in May 2009. The program will focus on the 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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