



Economic Growth Program

PROGRAM OVERVIEW



Photo: USAID/Paraguay, G. Frutos

USAID assistance is supporting rural farmers and farmers' associations to improve the quantity and quality of their production of passion fruit and sesame, and connect them to local or international buyers.

Photo: A rural farmer collecting sesame that is ready to be harvested, in San Pedro Department.

Background

Since 2003, USAID/Paraguay has been implementing programs focused on job creation and fighting rural poverty by assisting companies to increase sales. These programs are designed to incorporate the Government of Paraguay's (GOP) priorities of reducing poverty and responding to major social problems. The GOP's economic program focuses on an inclusive financial system, strengthening the family agriculture system, generating employment, and fighting poverty.

Approximately 43% of Paraguayans live in rural areas and 36% live in extreme poverty. Extreme rural poverty is concentrated among approximately 200,000 small farming families. The GOP has given priority to helping these rural families to increase their productivity, gain access to credit, and access new markets for organic products.

USAID Strategy: Promoting Economic Opportunities

I. Increased Access to Markets, Improved Productivity and Competitiveness

Micro, small, and medium enterprises, including small agricultural producers, constitute 90% of employment in Paraguay. Promotion of and assistance to this sector are keys to poverty reduction, job creation, and sustainable economic growth. USAID's economic assistance focuses primarily on the agricultural sector, creating economic activity through increased commerce and trade. The long term goal is to build lasting relationships between producers and buyers, thereby increasing incomes, creating employment, and reducing poverty. USAID assistance programs enable agricultural producers to identify market opportunities, and provide training in a variety of skills to enhance participation in specific markets and respond to buyers' needs and product requirements. The Paraguay Productivo project works with small agricultural producers to improve productivity, diversify production, increase competitiveness, and provide higher value-added products. It is also implementing information systems to facilitate communication and the availability of market information between producers,



Photo: USAID/Paraguay, E. Villalba

Approximately 43% of Paraguay's population lives in rural areas and approximately 36% of it falls below the extreme poverty line. The focus of the program is to increase income and provide training opportunities for rural producers, bring relief, and improve the quality of life for future generations.

Photo: Children during school break, in a rural town in San Pedro Department, one of the poorest of the country.

cooperatives, and their markets, as well as product traceability throughout the entire supply chain.

2. Improved Access to Microfinance

Programs focused on agricultural value chains assist small producers to access micro-finance and promote inclusive financial markets. USAID also assists financial institutions to capitalize on business opportunities by helping them to understand small producers' needs and develop appropriate credit products, policies, and employee skills. The program supports access for low-income families to financial services such as credit, savings, insurance, and remittance and payment services.

3. Development of Human Capital and Job Skills

A focus on training for entrepreneurs and workers to acquire knowledge and skills is essential to meet demand and market opportunities. Several projects train workers and small entrepreneurs in best agricultural practices, entrepreneurial skills, finance, and economics.

4. Removing Policy Barriers for Economic Growth

Economic growth, poverty reduction and employment generation depend heavily on improving the legal and policy climate for trade and investment. Certain economic policies and regulations can restrict investment opportunities, exports or economic activity. Paraguay Productivo project is working with the GOP to design, approve, and implement a small business law that will facilitate, rather than inhibit, new business start-up, growth, and job creation. USAID/Paraguay's Millennium Challenge Corporation Threshold program has worked with the GOP to develop a one-stop window for business registration. USAID is also working with small informal businesses to help them register and become formal businesses.

Trilateral Assistance Programs

In addition to bilateral assistance to the GOP and the private sector, USAID is working with the Chilean and Paraguayan governments in three trilateral assistance programs: (1) technical assistance and training to the Customs Office; (2) technical assistance and training to the Ministry of Agriculture; and (3) development of a registry of export offerings and export-capable firms for the export promotion agency, REDIEX, as well as providing training to export promotion officers.