

## Paraguay

### Agricultural Sector Strengthening Project



Wheat fields

#### Outline of Loan Agreement

Loan Amount / Disbursed Amount	11,847 million yen / 10,136 million yen
Loan Agreement	August 1987
Terms & Conditions	Interest rate 4.75% p.a. Repayment period 25 years (Grace period 7 years)
Final Disbursement Date	August 1996

#### Project Outline

In order to promote credit formation in the agricultural sector, the project aimed to expand and stabilize agricultural production and improve farm revenues by financing Banco Nacional de Fomento (BNF) loans to farmers/farming cooperatives to purchase equipment/machinery (agricultural credit), and to strengthen the basic areas of diffusion, research, and distribution (basic agricultural infrastructure).

#### Results and Evaluation

In the six-year period from 1991 agricultural credit was used to fund 12,357 loans to individual farmers and 42 loans to farming cooperatives; these loans were used for land development, the construction of farm facilities and to purchase farm inputs. Respondents in an interview survey of farmer-beneficiaries reported that mechanization of soybean and wheat farming had been effective in increasing production volumes, and that the majority had seen an increase in their livelihoods as the result of the funding.

The project's basic agricultural infrastructure component involved strengthening guidance on the diffusion of agrotechnology, the development of a weather forecast network, and the establishment of systems to prevent insect damage and to control livestock hygiene. These efforts are considered to have had a definite effect on the nation's economy, which is largely dependent on the agricultural sector.

BNF has seen its financial status deteriorate in recent years, and in light of the World Bank / IMF decision to implement restructuring in the field of agricultural credit, there is a need to monitor future developments carefully.