

Republic of Paraguay

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JICA Country Analysis Paper (JCAP) is a paper in which countries are analyzed by JICA, as a development cooperation agency, from the viewpoint of development and is to be utilized in considering and providing effective cooperation to ODA recipient countries. JCAP provides information from the viewpoint of development for the government of Japan in formulating aid policies such as “country development cooperation policy”. It is also noted that actual cooperation and projects to be implemented shall be considered and determined in accordance with policies of the government of Japan, and budget of each fiscal year, etc.

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List of Abbreviations

Abbreviation	Official Name	Reference Translation
AEP	Agencia Espacial del Paraguay	Paraguayan Space Agency
ANDE	Administración Nacional de Electricidad	National Electricity Administration
CETAPAR	Centro Tecnológico Agropecuario del Paraguay	Paraguayan Agricultural Research Center
CRPD	Convention on the Rights of Persons with Disabilities	Convention on the Rights of Persons with Disabilities
ECLAC	Economic Commission for Latin America and the Caribbean	Economic Commission for Latin America and the Caribbean
ENACC	Estrategia Nacional de Adaptación al Cambio Climático	National Strategy of Adaptation to Climate Change
ESSAP	Empresa de Servicios Sanitarios del Paraguay S.A.	Paraguayan Sanitation Services Company
FNCC	Fondo Nacional de Cambio Climático	National Climate Change Fund
GCI	Global Competitiveness Index	Global Competitiveness Index
IDB	Inter-American Development Bank	Inter-American Development Bank
INFONA	Instituto Forestal Nacional	National Institute of Forestry
IPS	Instituto de Previsión Social	Social Welfare Institute (Social Insurance System for Employees)
MADES	Ministerio del Ambiente y Ganadería	Ministry of the Environment and Sustainable

		Development
MAG	Ministerio de Agricultura y Ganadería	Ministry of Agriculture and Livestock
MOPC	Ministerio de Obras Públicas y Comunicaciones	Ministry of Public Works and Communications
ND-GAIN	Notre Dame Global Adaptation Initiative	Notre Dame Global Adaptation Index
NDC	Nationally Determined Contributions	Nationally Determined Contributions
OECD	Organization for Economic Co-operation and Development	Organization for Economic Co-operation and Development
PAGIRH	Plan de Acción Nacional para la Gestión Integrada de los Recursos Hídricos	National Action Plan for the Integrated Management of Water Resources
PHC	Primary Health Care	Primary Health Care
PNAPS	El Plan Nacional de Agua Potable y Saneamiento	National Plan for Drinking Water and Sanitation
PND	Plan Nacional de Desarrollo	National Development Plan
PNI	Plan Nacional de la Industria	National Industrial Plan
PNACC	Plan Nacional de Adaptación al Cambio Climático	National Plan for Adaptation to Climate Change
PNCC	Política Nacional de Cambio Climático	National Policy for Climate Change
PNRH	Política Nacional de Recursos Hídricos	National Policy for Water Resources
SEN	Secretaría de Emergencia Nacional	Secretariat of National Emergency
SENADIS	Secretaría Nacional por los Derechos Humanos de las Personas con Discapacidad	National Secretariat for the Human Rights of Persons with Disabilities

SENACSA	Servicio Nacional de Calidad y Salud Animal	National Service for Livestock Quality and Health
SENAVE	Servicio Nacional de Calidad y Sanidad Vegetal y de Semilla	National Service for Plant and Seed Quality and Sanitation
SHEP	Smallholder Horticulture Empowerment & Promotion	Smallholder Horticulture Empowerment & Promotion
STP	Secretaría Técnica de Planificación del Desarrollo Económico y Social	Technical Secretariat for Planning of Economic and Social Development
UNA	Universidad Nacional de Asunción	National University of Asunción
UNESCO	United Nations Educational, Scientific and Cultural Organization	United Nations Educational, Scientific and Cultural Organization
WEF	World Economic Forum	World Economic Forum

Unless otherwise noted, "dollar" refers to the United States dollar.

1. Analysis of Paraguay's Development Policies, Plans, and Major Development Challenges and Sectors

1.1 Paraguay's Development Policies and Plans

In 2025, the government of the Republic of Paraguay (hereinafter referred to as "Paraguay") announced the "National Development Plan 2050 (Plan Nacional de Desarrollo)" as a long-term strategy. This plan consists of four pillars: "1. Human and Social Development," "2. Infrastructure, Innovation, and Competitiveness," "3. Environment and Energy," and "4. Institutions, Security, and International Outreach," and sets a total of 66 specific objectives (Objetivos Específicos) under these pillars. In formulating and implementing this plan, the Ministry of Economy and Finance took the lead, organizing a total of 78 workshops across 6 regions nationwide, with over 3,100 citizens participating. Furthermore, the plan emphasizes collaboration with the private sector, universities, and international organizations, and is said to have established a framework to promote inclusive and sustainable development across social, economic, and environmental dimensions. The table below shows the four pillars and examples of some of the specific objectives classified under them.

No.	Pillar	Specific Objectives (Examples)
1	Human and Social Development	1-2-1 Protection of citizens' rights and expansion of health services 1-3-3 Promotion of Education of Engineering 1-3-4 Reform of Higher Education 1-4-2 Introduction of a National Long-Term Care System
2	Infrastructure, Innovation, and Competitiveness	2-1-1 Strengthening Physical Infrastructure 2-1-2 Strengthening Information Infrastructure 2-2-1 Expansion and Improvement of Basic Services 2-3-1 Promotion of Research, Development, and Innovation 2-3-3 Promoting the Transfer of Knowledge and Applied Technologies in Strategic Fields 2-3-4 Establishment of a National Quality System 2-4-1 Promotion of Investment 2-4-4 Diversification of Economic Sectors and Enhancement of Competitiveness
3	Environment and Energy	3-2-1 Integrated Water Resources Management 3-3-1 Disaster Risk Management 3-4-2 Diversification of the Electricity Matrix and Strengthening of Sustainability
4	Institutions, Security, and International Outreach	4-1-1 Enhancing the Professionalism of Administrative Services 4-4-1 Strengthening Diplomatic Relations

1.2 Analysis of Key Development Issues and Sectors

1.2.1 Agriculture and Rural Development (SDG 2)

Paraguay's economy is driven by the agriculture and livestock sector, which accounts for 9.1% of GDP (Central Bank of Paraguay, 2024) and 49% of total exports (Observatory of Economic Complexity, 2024). The main agricultural crops include soybeans, corn, wheat, and cassava. Paraguay ranks third in the world for soybean exports and fourth for soybean oil, positioning these as major export commodities. The country boasts the world's 10th-largest beef exports, with a cattle herd of approximately 14 million head, and beef exports are expanding into Asian markets.

The agricultural structure is polarized: approximately 82% of farmers are classified as smallholders (with less than 20 hectares of farmland), sharing about 4% of the total farmland area. On the other hand, large-scale farmers (with 500 hectares or more of farmland) account for about 83% of the total farmland area, indicating a significant concentration of land in the hands of large-scale farmers (FAO 2022). Furthermore, women's participation in the agricultural economy is expanding; the number of female agricultural managers has increased by 75% over the past 14 years, rising from 53,436 in 2008 to 93,828 in 2022 (Censo Agropecuario Nacional 2022). While the total number of farm managers remained largely unchanged during this period, the proportion of female managers increased significantly, likely due to factors such as the growing role of women in small-scale and family-run agriculture.

In recent years, the impact of climate change has become increasingly severe in Paraguay's agricultural sector; in particular, frequent droughts and floods caused by phenomena such as La Niña have had a devastating effect on the harvests of major crops such as soybeans and corn. Furthermore, inadequate infrastructure in rural areas—including fragile roads, electricity, and water supply systems—is hindering the distribution and preservation of agricultural products. Additionally, high dependence on single crops makes the sector vulnerable to price fluctuations, and low productivity among small-scale farmers remains a challenge. Moreover, since most agricultural products are exported unprocessed, fostering a domestic processing industry is also a key challenge.

The livestock industry is a major pillar of the national economy, and livestock products account for the second-largest share of agricultural exports, following soybeans. In particular, meat production—centered on beef—is thriving. As one of the world's top 10 beef exporters, the country exports over 380,000 tons of

beef annually to more than 50 countries, generating approximately \$1.7 billion in foreign exchange earnings (Central Bank of Paraguay, 2024), while also playing a vital role in food security both within and beyond the region. In addition to approximately 150,000 livestock farmers, many people are employed in slaughter, distribution, and export-related industries, underscoring the sector's significant role in employment. While demand is growing, the safety inspection system for animal-derived foods remains fragile, making the strengthening of inspection capacity, data management capabilities, and livestock health management an urgent priority. In particular, compliance with international standards is required for disease control measures, such as those for foot-and-mouth disease. Furthermore, while small and medium-sized livestock farmers make up the majority, there is a lack of technical and financial support, making it difficult to improve productivity and quality. Additionally, the beef export market is heavily concentrated in specific countries, resulting in high vulnerability to fluctuations in international supply and demand.

To address these challenges, the Ministry of Agriculture and Livestock has formulated the “Agricultural and Livestock Sector Policy Framework (Marco de Políticas del Sector Agropecuario) 2020–2030” (Ministry of Agriculture and Livestock, 2020), which outlines measures to: (1) improve productivity and strengthen competitiveness in the agriculture, livestock, and forestry sectors; (2) clarify land distribution and rights; (3) strengthening public services in technology and innovation, finance, hygiene and quality control, information management, human resource development, and climate risk management.

1.2.2 Climate Change (SDG 13)

Paraguay is highly vulnerable to climate change. Because the country's economy relies heavily on agriculture and livestock farming, it is at risk of suffering severe damage from floods and prolonged droughts. Due to the impacts of the drought and floods that occurred in 2019, meat production decreased by approximately 12%, and GDP growth turned negative at -0.4%, dealing a major blow to the economy. Furthermore, the severe drought that persisted from 2021 to 2022 caused soybean production to drop by approximately 6.4 million tons, and the household income of soybean farmers plummeted by about 60%. Furthermore, during the severe storms of 2023, approximately 54% of rice-growing areas were flooded, with estimated losses reaching approximately \$200 million. Additionally, due to the effects of drought, the Paraguay and Paraná

Rivers—the country’s major waterways—have experienced record-low water levels in recent years. In September 2024, the water level at the Port of Asunción dropped 89 cm below normal, marking the lowest level recorded in 120 years. Due to the low water levels, ships have been forced to reduce their cargo capacity, leading to a significant decline in transport efficiency and increased costs. This poses a major economic blow to Paraguay, which relies on river transport for approximately 80% of its international trade in grains and other commodities. Furthermore, at the Itaipú Power Plant—located on the Paraguay-Brazil border and supplying approximately 80% of Paraguay’s domestic electricity demand—power generation in 2024 fell by 20% compared to the previous year. The IMF estimates that the slump in grain and electricity exports caused by the severe drop in water levels reduced GDP growth by 0.5 percentage points in 2024.

The primary sources of greenhouse gas emissions are the agriculture and livestock sector (50%), the energy sector (26%), and the land use, land-use change, and forestry sector (13%).

Although deforestation has decreased in the eastern region thanks to the implementation of the Zero Deforestation Law, significant forest loss continues in the Chaco region. According to NASA satellite observations, approximately 20% of the forest in the Gran Chaco—which spans Paraguay, Argentina, and Bolivia—was lost between 2000 and 2019, with the highest rate of deforestation reported on the Paraguayan side. The main causes of deforestation include the expansion of farmland and grazing land, as well as forest fires caused by extreme heat and drought.

As part of its climate change measures, the Paraguayan government has formulated the National Adaptation Strategy (ENACC), the National Adaptation Plan (PNACC 2022–2030), and the National Climate Change Policy (PNCC). Additionally, the National Climate Change Fund (FNCC) and the National Climate Change Commission have established to promote initiatives aimed at enhancing the country’s resilience to climate change.

In accordance with the Paris Agreement, Paraguay submitted its “Nationally Determined Contribution (NDC)” to the Secretariat of Framework Convention on Climate Change of the United Nations in 2016. The NDC sets a target of reducing GHG emissions by 10% by 2030, with the possibility of raising this reduction target to 20% if international technical and financial support is available. In the energy and transportation sectors, various initiatives are underway, including the use of hydrogen, biofuels, and electric vehicles. Furthermore,

Paraguay is moving forward with its entry into the carbon market; the “Carbon Credit Law” (Law No. 7190) was enacted in 2023, and work is currently underway to formulate its implementing regulations.

1.2.3 Transport (SDG 9)

For landlocked Paraguay, transportation infrastructure is a key element for economic development and regional integration, and the efficiency of logistics corridors supporting imports and exports has a significant impact on the country’s competitiveness. However, many challenges remain regarding the quality and coverage of infrastructure.

Road transport accounts for approximately 90% of freight transport within Paraguay (MOPC, 2021). While the total length of the road network connecting Asunción and major cities exceeds 78,000 km, the pavement rate is only about 15%, and maintenance is insufficient.

To address this, the Ministry of Public Works and Communications (MOPC) has formulated the Transport Master Plan (2012–2032), which sets out a long-term strategy for the road sector. The ministry is working to develop a strategic road network, maintain and improve existing infrastructure to reduce costs and enhance safety, and ensure fiscal sustainability through efficient investment and the expansion of the toll road system.

River transport plays a vital role in foreign trade, with more than 80% of meat and soybean exports transported via river. However, in recent years, chronic low water levels since 2019 have led to reduced transport capacity and longer transit times, resulting in a sharp decline in export volumes (World Bank, 2021). According to the maritime industry association (Centro de Armadores Fluviales y Marítimos, CAFyM), while riverine export volumes averaged 22 to 24 million tons prior to 2019, estimated exports for 2024 are expected to remain at only 16 to 17 million tons. Furthermore, due to various issues such as inadequate dredging, insufficient signage, and a lack of port infrastructure, losses amounting to hundreds of millions of dollars annually have occurred in recent years, significantly reducing Paraguay’s international competitiveness.

Although the railway system existed until 1999, it ceased operations due to a lack of maintenance and the impact of floods and is currently non-operational. Air transport is also limited and accounts for only a very small portion of total exports.

1.2.4 Energy (SDG 7)

Paraguay meets nearly 100% of its electricity demand through hydropower, maintaining a clean and renewable power supply system. In particular, the Itaipú Hydroelectric Power Plant, located on the border with Brazil, boasts one of the world's largest power generation capacities, making Paraguay a net exporter of electricity. On the other hand, the high dependence on hydropower exposes the country to significant climate change risks, and there is a possibility that power generation could decrease due to droughts; therefore, there is a need to develop a more diverse and balanced low-carbon energy environment.

In terms of energy supply, hydropower and biomass account for the majority of the mix, at approximately 47% and 29% (2023), respectively. However, due to rising energy demand accompanying recent economic growth, the use of imported fuels and coal—primarily used in transportation, agriculture, and industry—is on the rise.

The electricity operations of the state-owned power utility (ANDE) suffer from efficiency issues; in particular, transmission losses to the Asunción metropolitan area—which accounts for 58% of electricity demand—frequently cause power outages, making a stable electricity supply a major challenge.

Although Paraguay has achieved 100% household electrification under SDG Goal 7 (2020), electricity demand has risen significantly in recent years due to economic growth, and according to ANDE, electricity demand is projected to exceed existing generation capacity by 2030.

In its 2024–2043 Power Generation Master Plan, the Paraguayan government aims to adequately meet the country's electricity demand and promote economic development and public welfare. Furthermore, through its National Energy Policy for 2050, the government has established goals and strategies to strengthen energy security, aiming to diversify energy sources and improve energy efficiency. Specifically, the plan includes reducing dependence on hydropower and promoting the adoption of solar, wind, and biomass energy, while also exploring the potential for future green hydrogen production. The Paraguayan government announced a “Green Hydrogen Roadmap” in June 2021 with support from the Inter-American Development Bank (IDB) and a “National Strategy for a Green Hydrogen Economy” in July 2025. Furthermore, a hydrogen bill was submitted in March 2023 (under deliberation as of January 2026).

1.2.5 Space Development (SDG 9, SDG 17)

In 2019, the Paraguayan government established the “Space Policy of the Republic of Paraguay” through Presidential Decree No. 1092, identifying the following as key policy priorities: the development of space talent; supporting national development plans through the promotion of space development; strengthening space-related activities; and promoting international cooperation in space-related matters.

Established in 2014, the Paraguayan Space Agency (AEP) is a public institution responsible for coordinating and implementing the country’s space policy. Its mission is to formulate and execute space programs aimed at the peaceful use of outer space, as well as to promote technological innovation necessary for national development. In addition to developing small satellites, the AEP conducts analysis and research on satellite imagery data related to agriculture, disaster risk, land-use changes, and vegetation cover, primarily providing information to public agencies such as the Secretariat of National Emergency (SEN), the National Service for Plant and Seed Quality and Sanitation (SENAVE), the Ministry of Agriculture and Livestock (MAG), and the National Institute of Forestry (INFONA).

Paraguay’s first satellite, GuaraniSat-1, was developed as part of a small satellite development project (commonly known as the BIRDS-4 Project) led by Kyushu Institute of Technology and was deployed into space in March 2021 from the Japanese Experiment Module “Kibo” on the International Space Station, where astronaut Noguchi was stationed. Currently, the AEP is proceeding with the design and development of GuaraniSat-2, the first satellite to be built entirely by Paraguayan engineers, with the goal of placing it into orbit in 2026. This project involves national institutions such as the National University of Asunción and the Catholic University, as well as international partners including the Mexican Space Agency, the National Autonomous University of Mexico, NASA’s Jet Propulsion Laboratory, and an Italian IT company. Furthermore, in May 2024, JICA, together with AEP and the Japan Aerospace Exploration Agency (JAXA), signed a memorandum of understanding confirming cooperation in space development through industry-government-academia collaboration between Japan and Paraguay, establishing the “Japan-Paraguay Space Cooperation Program.” The Paraguayan government aims to enhance its technical capabilities in space development through collaboration with these diverse actors and to utilize space technology in fields such as agriculture, disaster prevention, and public health.

On the other hand, efforts in the space sector are still in their early stages, and support is needed in areas such as strengthening technical capabilities, human resource development, and the development of related infrastructure.

1.2.6 Private Sector Development (SDG 8)

The sectoral composition of Paraguay's GDP is as follows: primary industries (agriculture, livestock, forestry, etc.) account for 10%; secondary industries (manufacturing, construction, electricity) account for 32%; and tertiary industries (commerce, services, etc.) account for 49%. Among private enterprises, 94% are small and medium-sized enterprises (SMEs), with the majority concentrated in the service sector. Furthermore, only about 12% of SMEs are officially registered as corporations (MIC, 2023), and approximately 62% of workers are employed in the informal economy (INE, 2023).

The Paraguayan government is actively seeking to attract foreign direct investment and is working to revitalize the economy by offering various incentives to foreign companies through laws such as the Investment Promotion Act, the Maquila Act, and the Free Zone Act. In recognition of the country's robust economy, fiscal management efforts, and stable debt levels, Moody's upgraded Paraguay's sovereign rating to Baa3 (investment grade) in July 2024, and S&P upgraded its sovereign rating to BBB- (investment grade) in December 2025. Paraguay boasts macroeconomic, monetary, and political stability, along with relatively good public safety. Furthermore, among Mercosur (Southern Common Market) member countries, costs such as wages and labor-related expenses, electricity rates, and various taxes are low (Japanese Chamber of Commerce and Industry in Paraguay, 2025), offering significant advantages for foreign companies looking to establish a presence. Additionally, Paraguay's average age is 27, indicating a young and abundant workforce. On the other hand, there is a shortage of specialized personnel in terms of technical skills and management, making the quality of the workforce a challenge. Among the workforce, female workers are particularly scarce. Furthermore, due to factors such as the fragility of economic and social infrastructure—including roads and electricity—net foreign direct investment inflows remain at a low level compared to other countries, standing at less than 1% of GDP. In addition, because the manufacturing sector is underdeveloped, measures aimed at industrial diversification and upgrading are required.

The Ministry of Industry and Commerce has formulated the "National

Industrial Plan (Plan Nacional de la Industria 2025-2035)” and is advancing initiatives aimed at strengthening the competitiveness of domestic industries and achieving sustainable development through human resource development, technological innovation, and the development of export-oriented industries.

1.2.7 Water Resources (SDG 6)

Paraguay is one of the countries in South America with the highest per capita availability of freshwater, and surface water sources such as the Paraguay River Basin and the Paraná River Basin, as well as important aquifers such as the Guaraní Aquifer, support more than 80% of the country’s water use.

The Paraguayan government has established a legal and strategic framework for water resource management centered on the National Policy for Water Resources (PNRH, 2007). This policy promotes basin management, multiple uses of resources and public participation and stipulates the formulation and continuous updating of the National Water Resources Plan. In 2022, the Ministry of the Environment and Sustainable Development(MADES) was established as the implementing agency for water resource management measures, including the creation of a national water inventory. Furthermore, in 2023, MADES formulated the “National Action Plan for the Integrated Management of Water Resources (PAGIRH),” outlining priority strategic actions and a roadmap for the management, conservation, and protection of water resources.

However, water resource management in Paraguay still faces various challenges. Because multiple agencies operate with partial authority, overlaps and gaps in regulation, planning, and monitoring have arisen, and integrated management is not being fully implemented. As a result, in urban areas such as Asunción, overuse and water quality contamination caused by domestic and industrial wastewater have become significant problems. Furthermore, declining river levels caused by unregulated water use by large-scale farmers are affecting the supply of drinking water.

While the water supply coverage rate stands at 89%, exceeding the Latin American average of approximately 75% (Harrison and Arndt, 2023), the sewer connection rate remains at a remarkably low 15% and the treatment rate at 8%. Furthermore, there has been no comprehensive consideration of how to expand sewer services in light of the existing water supply infrastructure. Furthermore, due to poor management capacity and aging infrastructure, the non-revenue water rate for drinking water has reached 45%, indicating that water resources

are not being utilized efficiently. The tariff structure for water and sewerage services does not sufficiently cover operating costs, posing challenges to financial sustainability.

The Paraguayan government revised the “National Plan for Drinking Water and Sanitation(PNAPS)” in 2023, setting a target of achieving 100% water supply coverage and 48% sewerage connection rates by 2030 and planning investments estimated to exceed \$6 billion. Although this initiative is improving service coverage and efficiency, the reality is that measures aimed at water resource conservation and sustainable use have not been integrated.

1.2.8 Health and Nutrition (SDG 3)

Paraguay’s maternal mortality rate (per 100,000 live births) is estimated at 71.1 for 2020, having halved from 149 in 2000 (OPS, 2024). However, there are significant regional disparities: 347 in Boquerón Department and 190 in Amambay Department, compared to 52 in Asunción City and 52 in Central Department. Furthermore, childhood overweight and obesity have become significant issues in recent years. The prevalence of overweight children under five years of age stands at 15% in Paraguay, compared to the Latin American and Caribbean average of 9%, making it the highest in the region (FAO et al., 2023).

Meanwhile, according to the Global Burden of Disease Study, the leading causes of death by disease category as of 2019 were noncommunicable diseases (77.2%), infectious, maternal, and nutritional diseases (11%), and injuries (11%), with deaths from noncommunicable diseases accounting for nearly 80% of the total (IHME, 2023). In addition, mosquito-borne infectious diseases such as dengue fever and chikungunya fever are also major problems.

In terms of the healthcare system, three distinct healthcare systems operate independently: public healthcare administered by the Ministry of Health (funded by taxes and available free of charge to everyone), social insurance for employees administered by the Social Welfare Institute(IPS) (funded by employer and employee contributions and operating medical facilities separate from public hospitals), and private healthcare. Ensuring efficient access to healthcare services remains a challenge.

The “National Health Strategy Policy 2015–2030 (Estrategías de la Política Nacional de Salud 2015–2030)” sets forth seven strategic goals and action plans: (1) strengthening governance; (2) strengthening primary health care (PHC) within a comprehensive network of health facilities; (3) strengthening sector-wide,

integrated organizational action on social determinants of health; (4) improving the efficiency of the health system through the rational allocation of resources;(5) strengthening health workforce management, (6) strengthening public health in border regions, and (7) ensuring access to safe, high-quality medicines. In addition, through the Action Plan for Strengthening Health Information 2019–2023 (Plan de Acción para el Fortalecimiento de Información para la Salud 2019–2023), formulated in 2018, the country is focusing on the digitization of the health system. With support from the IDB, the World Bank, Taiwan, and South Korea, it is advancing the introduction of electronic health records and connectivity among healthcare facilities, alongside the formulation of a roadmap for 2026 and beyond.

1.2.9 Disability and Development (SDG 4, SDG 10)

Paraguay's total population is approximately 6.41 million, of whom 5% have disabilities (5% of men and 6% of women). Additionally, 1% are children, and approximately 10% are youth (Gobierno del Paraguay n.d.).

By type of disability, 57% have difficulty walking, climbing stairs, or moving their upper arms; 24% have difficulty hearing even with hearing aids; 28% require assistance; and 58% have difficulty seeing even with glasses or contact lenses.

According to the WHO, approximately 16% of the world's population has a disability, and 80% of them live in low- and middle-income countries. In comparison, the proportion of people identified as having some form of disability in Paraguay is low, and it is estimated that there are many people with disabilities who are not captured in the statistics.

Paraguay ratified the Convention on the Rights of Persons with Disabilities in 2008 and is required to comply with it. Furthermore, in 2012, Law No. 3540/08 was enacted to implement the Convention domestically, thereby incorporating the Convention and its Optional Protocol into national law.

In the same year, the National Secretariat for the Human Rights of Persons with Disabilities (SENADIS) was established. The secretariat aims to move away from the traditional medical model, promote a human rights-based approach, and foster the independence and comprehensive development of persons with disabilities through cross-sectoral activities.

In addition, the “Law Approving the Ratification of the Inter-American Convention on the Elimination of All Forms of Discrimination against Persons with Disabilities,” the “Law Mandating the Employment of Persons with Disabilities in Public Institutions,” the “Law on Accessibility to the Physical Environment,” the

“Law Establishing Incentives for Employers to Promote the Employment of Persons with Disabilities in the Private Sector,” the “Law on Inclusive Education,” the “Law Approving the Ratification of the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired, or Otherwise Print-Disabled,” and the “Action Plan on the Rights of Persons with Disabilities 2015–2030” has been formulated to implement these laws and regulations. Furthermore, Law No. 6808/2021, enacted in 2021, mandates the establishment of disability offices in all provinces and municipalities nationwide, aiming to enable persons with disabilities to participate directly in local decision-making.

Despite these government initiatives, laws and policies are not being effectively implemented due to a lack of resources, financial challenges, and insufficient knowledge and understanding among stakeholders. Consequently, people with disabilities are excluded from opportunities for social participation, such as education and employment, and face particularly severe circumstances among those whose equal participation is hindered, including economic poverty. For example, according to a 2022 survey conducted by the National Institute of Statistics, approximately 10% of the population with disabilities aged 5 and older attended some form of school at the time of the survey (INE, SENADIS, 2022). While the literacy rate for Paraguay as a whole is 95%, it is estimated to be 57% for people with disabilities. Furthermore, although a 5% employment quota for people with disabilities is mandated for public institutions, 40% of these institutions do not employ a single person with a disability, and only 6% of institutions meet the employment quota.

In 2023, the Committee on the Rights of Persons with Disabilities identified the following as key areas for the Government of Paraguay to address: enacting a comprehensive anti-discrimination law ; improving physical accessibility in public transportation and buildings, as well as information accessibility on websites and in the media; enhancing access to education and healthcare for persons with disabilities; and promoting employment and political participation.

1.2.10 Education (SDG 4)

Paraguay’s formal education system consists of four levels: preschool education (ages 0–5), primary education (ages 6–14), secondary education (ages 15–17), and higher education (universities, etc.). Primary education is compulsory and free of charge.

There is a significant disparity in enrollment rates between urban and rural

areas; for example, in 2022, the secondary school enrollment rate was 78% in urban areas compared to 56% in rural areas. Nationwide, the proportion of children not enrolled in primary school stands at 19%, a level significantly higher than the South American average of 3%. This represents a deterioration from the 15% recorded in 2015, indicating that the issue of non-enrollment is severe (UNESCO, 2023).

There are also major challenges regarding the quality of education. According to the results of the Programme for International Student Assessment (PISA), an international academic achievement survey conducted by the OECD every three years, the percentage of students who have acquired minimum proficiency in reading and mathematics by the secondary education level is 34% and 15%, respectively—significantly below the global averages of 64% and 51%—indicating a very high proportion of students with low proficiency. Paraguay's performance in mathematical literacy, reading literacy, and scientific literacy all fall well below the OECD average (PISA 2022). In particular, the country's performance in mathematical literacy fell well below the average, ranking 80th out of 81 countries worldwide. The OECD has recommended that Paraguay take steps toward improvement, including providing equitable educational opportunities, strengthening teacher training and support, and promoting the use of ICT.

In 2022, the Paraguayan government formulated the "National Plan for Educational Transformation in Paraguay 2040 (Plan Nacional de Transformación Educativa Paraguay 2040)," aiming to carry out fundamental reforms across the entire education system and provide high-quality education for all.

1.2.11 Biodiversity (SDG 15)

Paraguay has 11 ecoregions. The eastern region, in particular, is blessed with rich forest resources and contains important international biodiversity areas such as the Atlantic Forest—one of the world's 36 biodiversity hotspots—the Cerrado, which features rare savanna ecosystems, and wetlands registered under the Ramsar Convention. The Critical Ecosystem Partnership Fund (CEPF) has identified 58 areas of high biodiversity significance across Paraguay, which account for approximately 9% of the country's land area. Meanwhile, forest loss is accelerating due to agricultural expansion, urban development, and road construction, leading to a decline in ecosystem services and an increase in endangered species.

The Paraguayan government is a party to the Convention on Biological Diversity (CBD) and, led by the Ministry of the Environment and Sustainable Development, is revising its National Biodiversity Strategy and Action Plan (NBSAP). It is advancing initiatives to conserve ecosystems and the natural environment, including the enactment of the Zero Deforestation Law for the Eastern Region (Law No. 6256 of 2018), the expansion of nature reserves, and the protection of endangered species. However, environmental conservation policies have been unable to keep pace with the rapid pace of deforestation, and the biodiversity crisis is in a serious state.

It is expected that mainstreaming natural capital and biodiversity in development projects will contribute to achieving “Nature Positive,” which aims to halt the loss of the natural environment and biodiversity and put them on a path to recovery.

1.2.12 Gender (SDG 5)

In the World Economic Forum’s Gender Gap Index rankings, the country ranks 87th out of 148 countries in the overall index and 86th in the economic gap index (2025). Within the Latin American region, the country ranks 22nd out of 23 countries, placing it near the bottom, with particularly low rankings in political and economic participation. The UNDP’s Gender Inequality Index ranks the country 99th out of 193 countries (2023), and data shows that women account for 23% of members of parliament, while the female labor force participation rate stands at 59%, compared to 83% for men. The ratio of young people not in education, employment, or vocational training is three females to every male, and women spend approximately three times as much time as men on unpaid household and care work. Although the adolescent pregnancy rate is declining, it remains at 71 per 1,000, exceeding the Latin American average of 51.7 (World Bank, 2025).

The World Bank assesses the status of (1) laws and policies and (2) implementation mechanisms related to gender-based violence (SGBV) on a scale where the best possible state is scored as 100; for Paraguay, the scores are 50 for (1) and 75 for (2). Both the status of basic laws and policies and the comprehensive implementation framework are insufficient, and various challenges exist, such as the absence of a law prohibiting child marriage. Additionally, 5.5% of women aged 15–49 reported having experienced physical or sexual violence from an intimate partner in the past 12 months (UN Women, 2018).

In light of this situation, JICA will promote gender mainstreaming initiatives across all projects in a cross-sectoral manner.

1.2.13 Collaboration with Nikkei Community (SDG 11, SDG 17)

Japanese immigration to Paraguay began with the settlement of La Colmena in 1936. After an interruption due to World War II, full-scale immigration resumed in the late 1950s when the Japan Overseas Migration Promotion Corporation—the predecessor of JICA—established directly managed settlements in La Paz, Pirapo, and Iguazú. The immigrants cleared virgin wilderness and contributed to the development of local communities and Paraguay as a whole, primarily through agriculture. In addition to developing the infrastructure of these directly managed settlements, JICA has focused on disseminating agricultural technology and fostering human resources with the aim of establishing stable livelihoods for the settlers, primarily through agriculture. One such initiative is the Paraguayan Agricultural Research Center (CETAPAR), where research and development on the introduction of no-till farming techniques and crop breeding has been continuously conducted. These achievements have spread widely not only within the Japanese-descendant community but also among local farmers, and the Japanese-descendant community has made a significant contribution to the region's agricultural development. In particular, regarding soybean production, the introduction of advanced agricultural technologies by Japanese immigrants and Japan's ongoing support have played a crucial role in making Paraguay one of the world's leading soybean-producing countries.

Currently home to approximately 10,000 people of Japanese descent, Paraguay is known as one of the most Japan-friendly countries in Latin America and celebrated the 100th anniversary of the establishment of diplomatic relations with Japan in 2019. The two countries maintain exchanges at the leadership level, and economic cooperation and technical assistance have been ongoing for over 50 years.

Since fiscal year 2012, JICA has been implementing the “Survey Mission on Collaboration with Japanese Communities in Latin America,” a field survey program aimed at fostering collaboration between the Japanese community and local societies. Four survey missions have been dispatched to Paraguay. This initiative has also led to Japanese companies establishing a presence in Paraguay.

In 2023, a mission from the Keidanren Latin America Regional Committee was

dispatched to South American countries. In Paraguay, the mission held meetings with government officials and attended a networking event organized by the Paraguayan Industrial Union (UIP) with local companies, thereby advancing public-private cooperation. Furthermore, President Peña, who visited Japan as a guest of the Osaka-Kansai Expo in May 2025, held talks with then-Prime Minister Ishiba, and the Japan-Paraguay Investment Agreement was signed in December 2025. This is expected to revitalize private-sector cooperation between the two countries in the future.

In 2026, the Nikkei community will mark the 90th anniversary of Japanese immigration to Paraguay. Friendly relations between Paraguay and Japan have steadily grown closer, centered on agriculture and manufacturing. At the same time, the Nikkei community faces challenges such as an aging population, the preservation of cultural identity, and the maintenance of Japanese language education.

2. Key Development Issues for JICA to Address

2.1 Significance of Cooperation with Paraguay

Amid recent global situation—particularly the deepening divisions and conflicts within the international community, such as those in Ukraine and the Middle East—it has become increasingly important to collaborate with friendly nations to address the various challenges facing the international community. Paraguay and Japan have deepened their friendly relations as partners who share values and principles such as freedom, democracy, and the rule of law. During President Peña’s visit to Japan in May 2025, the two leaders agreed to upgrade the bilateral relationship to that of “strategic partners.”

In the economic perspective, with regard to Paraguay’s primary industries—agriculture and livestock—the cooperation will be made to address the challenges identified in Section 1.2.1 by improving productivity through the use of satellite data for soil analysis and meteorological information; by enhancing the efficiency and connectivity of grain transportation through the improvement of transport infrastructure; by strengthening competitiveness, providing technical support and improving access to finance to small-scale farmers, and establishing hygiene and quality control systems in the livestock sector. Such cooperation contributes to the stabilization of Paraguay’s food supply and, by extension, can be considered an activity that contributes to global food security. Furthermore, the Japanese government cites “ensuring stable imports” as an initiative that

contributes to food security. Supporting the improvement of Paraguay's agricultural production and export capacity—given its political and economic stability and fertile farmland—will benefit Japan from the perspective of food security.

Although Paraguay's economy is highly dependent on agriculture and is considered vulnerable to climate change and fluctuations in international market prices, it has maintained robust economic growth for over a decade—with the exception of a few years when natural disasters significantly impacted the economy—and is classified as a middle-income country with a per capita GDP of \$6,390 in 2024. Despite its robust economic growth and strong creditworthiness, Paraguay has significant development needs in areas such as roads, electricity, water and sewerage systems, urban transportation, and irrigation facilities. Supporting infrastructure development will contribute to strengthening Paraguay's competitiveness, attracting foreign investment, and improving the living environment for local residents.

Furthermore, Paraguay is located in the heart of South America and is a member of MERCOSUR (the Southern Common Market). Among MERCOSUR member countries, Paraguay is politically and economically stable, and, as noted in Section 1.2.6, offers low operating costs, making it an attractive manufacturing base for Japanese companies looking to expand into South America.

As mentioned in the previous chapter, Paraguay is home to one of the world's largest Japanese communities, and the contributions of Japanese descendants, particularly in the agricultural sector, are highly regarded and trusted within the country. As a result, they serve as a bridge between Paraguay and Japan.

JICA began its development assistance in Paraguay in 1959, focusing primarily on support for Japanese immigrants. As of 2022, the cumulative amount of assistance provided has reached approximately 306 billion yen, making Japan the largest donor country in terms of total bilateral aid disbursements over the long term (Ministry of Foreign Affairs, 2024). In addition, Japan has dispatched a cumulative total of approximately 1,900 volunteers (ranking first in Latin America and second globally) and approximately 1,900 experts to the country. The contributions of Nikkei people and Japan's long-standing development cooperation have formed the foundation of friendly relations between the two nations, making Paraguay one of the most pro-Japanese countries in the world. Continuing cooperation with pro-Japanese Paraguay serves Japan's national interests from the viewpoint of strengthening Japan's food security and

maintaining diplomacy based on trust within the international community.

For these reasons, Paraguay is a strategic, reliable, and important partner with whom Japan should further strengthen cooperation in various fields, including the economy, diplomacy, and culture, and there is significant value in JICA continuing to promote cooperation with the country.

2.2 Major Development Issues and Sectors for JICA

In Paraguay, as mentioned in “1.1 Paraguay’s Development Policies and Plans,” development policies are being advanced based on the four pillars outlined in the “National Development Plan 2050,” and cooperation aligned with this policy is required.

Furthermore, as described in “1.2 Analysis of Major Development Challenges and Sectors,” development challenges in Paraguay manifest as complex risks that threaten people’s livelihoods and dignity, arising from the interrelated factors of climate change, economic structural vulnerabilities, regional disparities, and the exclusion of socially vulnerable groups. To address these complex risks, a “human security” approach that centers on the safety and dignity of each individual is required in the formulation and implementation of projects.

Based on this and taking into account “1.2 Major Development Issues and Sector Analysis” and “2.1 Significance of Cooperation with Paraguay,” the major development issues that JICA should address are summarized as follows.

2.2.1 Revision of the Three-Tier Structure

Based on the Paraguayan government’s fundamental development direction, and to promote sustainable economic growth for the future while ensuring that the benefits of such growth are widely shared by the poor and socially vulnerable, the basic policy is “Sustainable Economic Development through Industrial Promotion, Improvement of the Business Environment, and Inclusive Social Development.” The specific priority areas for cooperation are “Sustainable Economic Development Incorporating Climate Change Measures” and “Inclusive Social Development.” It is considered appropriate to revise the three-tier structure as follows.

[Current Status]

Priority Areas	Development Issues	Cooperation Programs
Sustainable Economic Development	1-1 Improving the Value Chain Environment for Major Agricultural and Livestock Products	Sustainable Agriculture and Livestock Development Program for Value Chain Development
	1-2 Enhancement of Economic and Social Infrastructure	Economic Infrastructure Development Program for National Land Development and Regional Integration
		Industrial Development Program
Social Development	2-1 Enhancement of Social Services	Water and Sanitation Improvement Program
		Nutrition Improvement and Primary Health Care Program
		Disability and Development Program
Other		

*Another priority area is collaboration with the Nikkei community.

[Revised Proposal (Changes are in red)]

Priority Areas	Development Issues	Cooperation Programs
Sustainable Economic Development taking Climate Change into account	1-1 Agricultural and Rural Development	Sustainable Agriculture and Livestock Development Program
	1-2 Industrial Development and Economic Infrastructure Development to Support It	Economic Infrastructure Development Program
		Program for Industrial Promotion, Innovation, and Investment Environment Improvement
Inclusive Social Development	2-1 Optimal Use and Conservation of Water Resources	Integrated Water Resources Utilization and Management Program
	2-2 Social Welfare	Disability and Development, etc Program.
Others		

* Another priority area is collaboration with the Nikkei community.

2.2.2 Background of the Revision of the Three-Tier Structure

In recent years, natural disasters such as droughts and floods have become frequent in Paraguay as well, and the impacts of climate change are inevitable. Consequently, since it has become essential to incorporate climate change measures into economic development, the priority area has been set as “Sustainable Economic Development Taking Climate Change Measures into Account.” In the area of agriculture and livestock cooperation, while the focus had previously been on value chain development, this revision has established the “Sustainable Agriculture and Livestock Development Program” to implement cooperation that includes not only value chain development but also climate change measures and improved financial access. Regarding economic infrastructure development, the “Economic Infrastructure Development Program” was established to comprehensively address aspects that contribute to national land development and regional integration, as well as those that strengthen export competitiveness and improve the lives of local residents. Regarding industrial development, in line with the current administration’s policies and the spirit of PND2050, the program has been designated as the “Program for Industrial Promotion, Innovation, and Investment Environment Improvement” to emphasize cooperation in cutting-edge scientific and technological fields such as space and hydrogen, as well as cooperation that contributes to investment promotion. For the priority area of “social development,” the program has been designated as “Inclusive Social Development” to ensure that the benefits of economic development reach the entire population, including vulnerable groups, by prioritizing “inclusivity.” To allocate limited resources efficiently, it is desirable to focus on two sectors—water and sanitation, and disability—rather than the previous three programs. In the water resources sector, in addition to the existing water and sewerage infrastructure development and measures to address non-revenue water, we have identified the lack of integrated water resource utilization and management—the root cause of the issue—and have named the program the “Integrated Water Resource Utilization and Management Program” to include cooperation addressing this issue. In the social welfare sector, it is desirable to continue supporting the social participation and involvement in decision-making of persons with disabilities from the perspective of their human rights.

2.2.3 Cooperation Policy for Priority Areas

Under Development Issue 1-1, “Agricultural and Rural Development,” within the priority area of “Sustainable Economic Development taking Climate Change into account,” we will promote the development of sustainable agriculture and livestock farming. Bearing in mind that this sector is closely linked to food security, we will do so through cooperation that contributes to mitigating climate change risks in the agricultural sector, improving production and marketing techniques and financial access for smallholder farmers, and ensuring the safety and quality of livestock products in the livestock sector.

Regarding the mitigation of climate change risks, we will provide support to enable appropriate responses to droughts and floods by strengthening capabilities to utilize satellite data through cooperation in the space sector, thereby aiming to mitigate damage. Additionally, we will implement cooperation related to the mitigation of diseases caused by global warming through the scheme of Science and Technology Cooperation (SATREPS). Regarding support for smallholder farmers, we will promote cooperation to improve production and marketing technologies through the SHEP approach and enhance financial access. Regarding the safety and quality assurance of livestock products, we will contribute to the provision of high-quality livestock health and food safety services by enhancing the capacity of the National Service for Livestock Quality and Health (SENACSA).

This cooperation contributes to sections 2.3.3 and 2.3.4 of the "National Development Plan 2050."

Under Development Issue 1-2, “Industrial Development and Economic Infrastructure Development to Support It,” we will advance cooperation in the areas of “economic infrastructure development” and “industrial promotion, innovation, and investment environment development.”

Regarding “economic infrastructure development,” support will continue primarily in the fields of road transport, river transport, and energy. The development of transport infrastructure is of high importance from the perspective of food security, as it directly leads to improved regional connectivity and enhanced competitiveness for the transport of agricultural products.

Furthermore, Paraguay has included “enhancing climate resilience to improve human mobility and domestic and international logistics” as Target 25 in its NDC for 2030. By incorporating climate change measures—such as raising the elevation of roads to account for future flooding—into future road development projects, we will support the Paraguayan government’s policy. Accelerating road

infrastructure development will enable residents to access public facilities such as schools and medical clinics even during inclement weather, thereby contributing to improved living standards and poverty alleviation.

In the energy sector, we will cooperate on improving the efficiency of energy supply—such as installing new power lines and replacing equipment with energy-efficient models—in light of increasing energy demand, aging infrastructure, and transmission losses. Furthermore, as part of the Paraguayan government’s efforts to diversify energy sources and with an eye toward the transition to a future carbon-neutral society, we will cooperate in exploring the utilization of hydrogen based on Paraguay’s abundant water resources. The hydrogen bill submitted to the legislature in March 2023 mentions the establishment of a fund to facilitate the development of hydrogen projects with an eye toward leveraging private capital. Anticipating the enormous future funding needs in the hydrogen sector, we will support the development of funding mechanisms to promote green hydrogen projects advanced by the Paraguayan government.

Regarding “Industrial Promotion, Innovation, and Investment Environment Development,” we will provide cooperation to support the Paraguayan government’s “National Industrial Plan 2025-2035,” mentioned in 1.2.6. In recent years, sectors such as manufacturing (e.g., plastics) and apparel/sewing have been gradually developing outside of agriculture and livestock farming. However, since there has been no analysis of the various industrial sectors and specific industries or products to be fostered have not been identified, we will cooperate through technical cooperation leveraging Japan’s expertise to identify strategic industrial subsectors and products for the country, as well as to identify bottlenecks hindering domestic production.

In the area of innovation, through cooperation in cutting-edge technology fields such as space and hydrogen, we will contribute to the incubation of new industries while promoting collaboration with private-sector companies, including those from Japan.

Given that fragile economic infrastructure and a shortage of specialized technical and managerial personnel have been cited as reasons for the lack of foreign direct investment, we will contribute to improving the investment environment by cooperating on the development of the aforementioned transportation infrastructure to enhance transportation efficiency and competitiveness. We will also cooperate in the development of industrial human resources through initiatives such as strengthening vocational training and

enhancing domestic business support via training programs.

Furthermore, we will support improved financial access for small and micro enterprises by providing highly concessional funds through bank loans and other forms of overseas investment and financing.

This cooperation contributes to sections 2.1.1, 2.2.1, 2.3.1, 2.4.4, and 3.4.2 of the "National Development Plan 2050."

Under Development Issue 2-1, "Optimal Use and Conservation of Water Resources," within the priority area of "Inclusive Social Development," we will continue cooperation aimed at improving sanitation through the development of water and sewerage infrastructure and reducing the rate of non-revenue water. To support the Paraguayan government in achieving the goals set forth in the National Plan for Drinking Water and Sanitation(PNAPS)—namely, 100% water supply coverage and 48% sewerage coverage by 2030—we will utilize financial cooperation to undertake water and sewerage infrastructure development, particularly in urban areas where shortages and deterioration of water and sewerage facilities are significant and population growth is pronounced. To improve the non-revenue water rate, we will work to enhance measures against non-revenue water and improve water distribution network management capabilities by disseminating and strengthening the results of technical cooperation implemented to date.

Furthermore, as described in "1.2.7 Water Resources (SDG 6)," although Paraguay possesses abundant water resources and has enacted various laws and action plans, there are overlaps and gaps in regulation, planning, and monitoring because multiple agencies operate with partial authority. As a result, problems have arisen, such as impacts on water supply caused by water pollution and unregulated water use by large-scale farmers, as well as low sewerage connection rates. To address these challenges and aim for the sustainable use and conservation of water resources, in addition to the infrastructure development through the aforementioned financial cooperation, we will also cooperate in capacity development for stakeholders—including coordination among stakeholders utilizing Japan's expertise and experience—to promote the integrated use and management of water resources.

This cooperation contributes to Section 3.2.1 and other sections of the "National Development Plan 2050."

Under Development Issue 2-2 “Social Welfare,” cooperation will continue in the field of “Disability and Development.” As mentioned in 1.2.9, the National Secretariat for the Rights of Persons with Disabilities (SENADIS) was established in Paraguay in 2012, and the independence and comprehensive development of persons with disabilities are being promoted through a human rights-based approach. To support the Paraguayan government’s policies, JICA has been dispatching experts to SENADIS since 2016. Starting in 2024, JICA launched the technical cooperation “Project for Promotion of Social Participation of Persons with Disabilities,” which focuses on establishing and strengthening platforms for dialogue on disability at the local government level, enhancing the capacity of relevant stakeholders, and developing methodologies with a view to expanding these efforts to other local governments. Through these initiatives, JICA will contribute to creating opportunities for persons with disabilities to express their views publicly in local governance.

Furthermore, we are implementing initiatives to promote the mainstreaming of disability issues, ensuring that persons with disabilities participate as beneficiaries or implementers in all projects. Specifically, this includes collecting and utilizing disaggregated data on disability, ensuring physical and digital accessibility, and promoting the participation of persons with disabilities in projects and constructive dialogue.

This cooperation contributes to sections 1.2.1, 1.4.2, and others of the "National Development Plan 2050."

In the “Other”, the focus is primarily on promoting collaboration with Nikkei communities. Through programs such as training for the Nikkei community, the dispatch of overseas volunteers, and grants to Nikkei organizations, JICA will continue to strengthen initiatives including: (1) supporting Japanese language education for the younger generation and promoting understanding of and participation in Japan and the Nikkei community; (2) supporting the development of human resources who will lead the next generation of the

Nikkei community; (3) strengthening networks between Nikkei organizations and Japan; (4) expanding support for Nikkei startups through “Nikkei NINJA (Next Innovation with Japan)” (5) and matching opportunities through the Nikkei Community Private Sector Partnership Survey Mission. Supporting the Nikkei community, which serves as a bridge between the two countries, is essential for maintaining friendly relations between them, and strengthening the network

between Nikkei organizations and Japan will help facilitate the entry of Japanese companies into Paraguay. Furthermore, this cooperation contributes to sections 1.1.2, 1.3.3, 2.3.3, 2.4.1, 2.4.4, and others of the “National Development Plan 2050.”

2.2.4 Relationship with the SDGs and the JICA Global Agenda

The relationship between each priority area and the SDGs and the JICA Global Agenda (Issue-Specific Project Strategy (JGA)) is shown in the table below (JICA, 2022).

Priority Area	Development Issues	Cooperation Programs	Main Related JGA	Major Related SDGs
Sustainable Economic Development taking Climate Change into account	Agricultural and Rural Development	Sustainable agricultural and livestock development Program	5. Agriculture and Rural Development 15. Digital for Development 16. Climate Change	1. No Poverty 2. Zero Hunger
	Industrial development and the economic infrastructure to support it	Economic Infrastructure Development Program	2. Transportation 3. Energy and Mining 16. Climate Change	7. Affordable and Clean Energy 9. Industry, innovation and Infrastructure
		Program for Industrial Promotion, Innovation, and Investment Environment Improvement	3. Energy and Mining 4. Private Sector Development 15. Digital for Development 16. Climate Change	7. Affordable and Clean Energy 9. Industry, innovation and Infrastructure
Inclusive Social Development	Optimal Use and Conservation of Water Resources	Integrated Water Resources Utilization and Management Program	19. sustainable water resources management and water supply	6. Clean Water and Sanitation
	Social Welfare	Disability and Development, etc.	9. Social Security/Disability, and Development	3. Good Health and Well-being

3. Points to Note in the Implementation of Cooperation

Based on Paraguay's past projects and political, economic, and social trends, the following points should be taken into consideration in future cooperation.

3.1 Strengthening ODA Loan

Although the terms of yen loans are highly regarded by the Paraguayan side, the current administration has set a target of reducing the fiscal deficit by -1.5% and is cautious about new borrowing. While taking the current administration's stance into account, we will work to develop ODA loan projects in the road, power, agriculture, and water sectors, while also exploring possibilities for collaboration with the World Bank and the IDB.

3.2 Expansion of Private Sector Investment Finance

The "National Industrial Plan (PNI) 2025–2035" aims to increase the country's current GDP of approximately \$44 billion to \$100 billion over a 10-year period, through annual economic growth of 5–7% and the creation of 500,000 new jobs. To achieve this goal, the development and revitalization of the private sector are essential. To support this government goal, it is important to develop project with Private Sector Investment Finance

in parallel with projects funded by yen loans. In Paraguay, sectors where Private Sector Investment Finance can be deployed include agriculture and livestock, industrial promotion, economic infrastructure, SME promotion, and innovation—all of which contribute to the priority area of "sustainable economic development taking climate change into account." Furthermore, when formulating projects, we will ensure alignment with the MIDORI Initiative, which promotes Private Sector Investment Finance in green sectors across Latin America. In addition to prioritizing coordination with experienced international development financial institutions such as IDB Invest and the IFC, we will actively work to mobilize private capital through collaboration with commercial banks and the private sector.

3.3 Engagement with the Government of Paraguay

During the project formulation stage, administrative and legislative procedures are required after the signing of the E/N for grant aid and after the signing of the L/A for loan aid. Therefore, it is necessary to engage with the Paraguayan government to ensure these procedures proceed swiftly.

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