

Signing of Japanese ODA Loan Agreement with the Republic of Paraguay for the Eastern Region Export Corridor Improvement Project

Supporting Efficient Grain Transportation to Bolster Global Food Safety and Security

On June 24, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the Republic of Paraguay in the presence of the president of Paraguay during a visit to Japan to provide up to 17.897 billion yen for the Eastern Region Export Corridor Improvement Project. This is the first Japanese ODA loan to Paraguay since the Rural Roads Improvement Project in September 2010.

The objectives of this project are to improve trunk roads (laying asphalt and gravel, and replacing bridges with wider structures) in Alto Paraná and Itapúa Departments in eastern Paraguay to make the transportation of grain in Paraguay more efficient, bolstering export competitiveness and stimulating economic activities in the country. The Japanese ODA loan funds will be allocated to paving and laying gravel on existing roads, replacing aging wooden bridges with concrete bridges, consulting services and the like.



Germán Hugo Rojas, minister of Finance(right), and Akihiko Tanaka, JICA president, shake hands after signing the loan agreement.



Horacio Manuel Cartes(right), president of Paraguay, and Germán Hugo Rojas, minister of Finance.

In Paraguay, a landlocked country, trade takes place using river transportation on the Paraná and Paraguay Rivers (69 percent), and road (22 percent) and air (9 percent) transportation to neighboring countries, making trade reliant primarily on rivers and roads as transportation means. Of the some 62,000 kilometers of roads in the country, however, only about 8 percent (5,000 kilometers) which is mainly trunk roads has been paved, a number that rises to only 14 percent (9,000 kilometers) when gravel improvements are included. In addition to unimproved sections of road being impassable by automobiles during rainy weather, they are damaged on the surface by trucks and the lack of improvements has other adverse effects such as lowering the travel speed of traffic, and damaging vehicles and cargo.

In Paraguay, the agricultural and livestock industry accounts for approximately 27 percent of the gross domestic product and 85 percent of the value of exports, a substantial factor. In the eastern part of the country, a major crop-producing region, Alto Paraná and Itapúa Departments are located adjacent to the Paraná River and are noteworthy in having increased their production of grains such as soybeans and corn with the recent worldwide rise in demand for grain, increasing the demand for exports via the Paraná River. As most roads connecting production areas and export ports are unpaved, domestic transportation faces efficiency problems.

It is expected that improvements to roads connecting grain production areas and export ports in the project target areas will stimulate exports. In addition, as Paraguay is the fourth largest exporter of soybeans in the world, improved export infrastructure in the country will contribute to the response to the worldwide increase in demand for grain, stability for soybeans and other grains and prevention of a food crisis, making this project important from the perspective of strengthening global food security and safety.

JICA's policy is to make effective contributions toward sustainable economic growth in Paraguay.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Eastern Region Export Corridor Improvement Project	17,897	0.95	0.01	20	6	General untied

2. Executing Agency

Ministerio de Obras Públicas y Comunicaciones (Ministry of Public Works and Communication)

Address: Oliva esq. Alberdi, Asunción, Paraguay

Phone: +595-21-4149-350, fax: +595-21-4149-613

3. Planned Implementation Schedule

(i) Completion of project:

April 2020 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including construction supervision):

August 2014

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package title: Public Works

Release date: March 2016