

## PARAGUAY

### 1. Socio-economic and perceived impacts of the coronavirus (COVID-19) pandemic

The economic impact of the crisis due to the COVID-19 pandemic on Paraguay's growth was modest – one of the smallest in the Latin America and the Caribbean (LAC) region – as gross domestic product (GDP) contracted annually by only 0.6%. In addition, poverty has been unchanged in the last few years. The modest shock has not much affected the poverty and extreme poverty rates (19.7% and 6.2%, respectively, in 2020 based on the latest international comparable estimations), which are lower than in LAC (30.9% and 10.0%, respectively). Just before the crisis, Paraguay's public expenditures on health stood at 6.7% of GDP, similar to LAC (6.8%) but much lower than Organisation for Economic Co-operation and Development (OECD) countries (8.8%). However, in the last decade, Paraguay made significant progress, as public expenditures on health grew by two percentage points of GDP, catching up with the region, which recorded a modest increase of 0.3 percentage points. In 2020, 38.4% of people declared being satisfied with the quality of health care, a proportion lower than in LAC (48.2%) and considerably lower than in the OECD (70.7%). The perceived quality has decreased by more than 15 percentage points in the last decade, compared to a decrease of almost ten percentage points in LAC and an increase of more than one percentage point in the OECD. Between March 2020 and May 2021, schools were fully closed for 32 weeks, compared to 26 weeks in LAC and 15 weeks in the OECD. In 2020, 87.2% of citizens thought that the government was corrupt, up by seven percentage points in a decade. Paraguayans share the concern with other Latin Americans, as 72.4% of people in the region have similar negative perceptions, much more than in the OECD (58.8%).

### 2. National and international co-operation initiatives aimed to build forward better

Paraguay introduced a significant set of measures to mitigate the negative impact of the COVID-19 crisis, targeted to alleviate the burden of the pandemic and contain the highly regressive impact on the most vulnerable households, workers and firms. Through Law N 6524/2020, Paraguay provided cash transfers for food and hygiene products to help families not covered by traditional social protection schemes. The new law entailed subsidised exemptions and payment deferrals for public services. Concerning workers, Paraguay introduced additional subsidies for those who lost their jobs during the pandemic, especially informal workers, and granted severance and suspension payments to formal employees. To help mitigate the impact of the crisis on firms, Paraguay performed transfers and guarantees so that national institutions could provide financing for small and medium-sized enterprises.

Going forward, *Plan de Recuperación Económica Ñapu'a Paraguay* is focused on three short-term goals: i) increasing social protection; ii) investment and employment; iii) financing of economic growth and medium-long term goals which consist of structural reforms aimed at the transformation of the State. Accordingly, the plan recognises that current institutions must be strengthened and the well-being of citizens placed at the centre of the economic development model. Proposals for the *Transformación del Estado* aim to move Paraguay towards a new social contract that reduces existing equality gaps and pursues a sustainable future.

Paraguay's international co-operation projects *within* and *beyond* the region have channelled collaboration with various partner countries and international organisations to overcome the challenges brought about by COVID-19. *Within* LAC, in the framework of the Southern Common Market (MERCOSUR) Structural Convergence Fund, a working network was built to provide health support and the development of acute diagnostic and serological tests. Paraguay also engaged with the Governments of Chile Colombia, Mexico, Uruguay, Argentina and Brazil in the exchange and strengthening of medical personnel among other cooperation initiatives. Additionally, the Latin American Development Bank (CAF) is supporting Paraguay in funding the *Ñapu'a Paraguay* plan for economic recovery. *Beyond* LAC, Paraguay's partners such as the European Union, the United States, Chinese Taipei, Qatar, UAE, India among other institutions, have redirected their co-operation efforts to projects that support key sectors of the economic and social recovery. These include the consolidation of social protection schemes, strengthening water and sanitation systems (e.g. providing water supply for towns in the Paraguayan Chaco), supporting small and medium-sized enterprises, quality education for all children, campaigns against gender-based violence, and the improvement of youth training opportunities.

	Key indicators – Paraguay <sup>1</sup>					
	Paraguay		LAC <sup>2</sup>		OECD <sup>3</sup>	
	2019	2020	2019	2020	2019	2020
<b>Socio-environmental</b>						
Extreme poverty <sup>4</sup>	6.2	6.2	8.1	10.0	N/A	N/A
Poverty <sup>5</sup>	19.4	19.7	26.8	30.9	N/A	N/A
Gini index <sup>6</sup>	0.50	0.47	0.50	0.46	0.31	0.31
Total population in informal households by quintile, 2018 <sup>7</sup>	Bottom 20%	Top 20%	Bottom 20%	Top 20%	Bottom 20%	Top 20%
	95.3	22.8	78.0	19.1	N/A	N/A
Health expenditures <sup>8</sup>	4.6	6.7	6.5	6.8	8.1	8.8
Out-of-pocket health expenditures <sup>9</sup>	45.9	44.2	35.6	34.1	20.2	20.6
Weeks of full school closure <sup>10</sup>	03/2020-05/2021					
	32		26		15	
Effective online learning <sup>11</sup>	N/A		32.5		54.1	
Effective online learning in disadvantaged schools <sup>11</sup>	N/A		21.5		48.8	
Share of Internet users <sup>12</sup>	2009	2019	2009	2019	2009	2019
	18.9	68.5	29.3	67.8	68.3	85.8
Number of students per computer <sup>13</sup>	2015	2018	2015	2018	2015	2018
	N/A	N/A	2.4	1.6	1.8	1.1
Exposure to PM 2.5 <sup>14</sup>	2010	2019	2010	2019	2010	2019
	15.3	12.8	18.1	18.0	15.7	13.9
% change in intact forest landscape <sup>15</sup>	2000-16					
	-80.0		-8.8		-6.3	
<b>Competitiveness and innovation</b>						
	Paraguay		LAC <sup>2</sup>		OECD <sup>3</sup>	
Labour productivity <sup>16</sup>	2009	2019	2009	2019	2009	2019
	22.0	27.2	29.3	26.7	72.2	70.7
High-tech exports <sup>17</sup>	2009	2019	2009	2019	2009	2019
	12.0	7.2	8.7	8.3	19.5	17.9
R&D expenditures <sup>18</sup>	2009	2017	2009	2017	2009	2017
	0.1	0.1	0.4	0.4	2.4	2.5
ICT patents <sup>19</sup>	2009	2017	2009	2017	2009	2017
	N/A	N/A	726	521	173 440	141 358
<b>Citizens' perceptions and institutions</b>						
	Paraguay		LAC <sup>2</sup>		OECD <sup>3</sup>	
Citizens' perceptions of corruption in government <sup>20</sup>	2009	2020	2009	2020	2009	2020
	79.7	87.2	72.0	72.4	67.5	58.8
Citizens' perceptions of country governed in the interests of few <sup>21</sup>	2009	2018	2009	2018	N/A	N/A
	67.7	90.0	64.8	82.0	N/A	N/A
Satisfaction with health care <sup>22</sup>	2009	2020	2009	2020	2009	2020
	54.1	38.4	56.9	48.2	69.2	70.7
Satisfaction with water quality <sup>23</sup>	2009	2020	2009	2020	2009	2020
	88.0	79.6	74.8	76.0	77.9	79.4
% of people victim of criminality <sup>24</sup>	2010	2016	2010	2016	N/A	N/A
	18.3	23.7	19.6	23.8	N/A	N/A
Rank in the Press Freedom Index <sup>25</sup>	2021					
	100		82		36	
Change in political polarisation <sup>26</sup>	2009-18					
	8.3		9.6		N/A	
SIGI index <sup>27</sup>	2019					
	32.8		25.6		16.3	
<b>Fiscal position</b>						
	Paraguay		LAC <sup>2</sup>		OECD <sup>3</sup>	
Total tax revenues <sup>28</sup>	2009	2019	2009	2019	2009	2019
	11.5	13.9	20.6	22.9	31.6	33.8
Share of VAT in total revenues <sup>29</sup>	2009	2019	2009	2019	2009	2019
	34.6	35.7	25.3	27.7	19.8	20.7
Social expenditures <sup>30</sup>	2009	2018	2009	2018	2009	2018
	7.0	8.6	11.3	11.4	21.0	19.7

Sources, footnotes and technical details can be found at the end of the country notes.

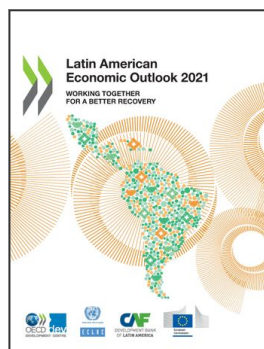
## Technical notes

1. As best as possible, the table follows the key areas identified in *Latin American Economic Outlook 2021*: i) socio-environmental aspects; ii) economic competitiveness and innovation; iii) citizens' perceptions and institutions; and iv) fiscal position.
2. Latin America and the Caribbean (LAC) average is a simple average of the largest set of LAC countries for which data are available in the latest year.
3. Organisation for Economic Co-operation and Development (OECD) average is a simple average that includes all OECD member countries as of May 2021.
4. Data refer to the definition of extreme poverty as specified by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC, 2021<sup>[1]</sup>), *Social Panorama of Latin America 2020*. [www.cepal.org/sites/default/files/publication/files/46688/S2100149\\_en.pdf](http://www.cepal.org/sites/default/files/publication/files/46688/S2100149_en.pdf). Data for 2020 refer to an estimate based on 2019 data, as specified in Annex I.A2 of (ECLAC, 2021). Projections are based on 2017 data for Chile, 2014 for Guatemala and 2018 for Mexico. Applying the same criteria as in previous LEO editions, data selection prioritizes comparability across LAC countries and shows the latest comparable data available at the report's publication date.
5. Data refer to the definition of poverty as specified by (ECLAC, 2021<sup>[1]</sup>), *Social Panorama of Latin America 2020*, [www.cepal.org/sites/default/files/publication/files/46688/S2100149\\_en.pdf](http://www.cepal.org/sites/default/files/publication/files/46688/S2100149_en.pdf). Data for 2020 refer to an estimate based on 2019 data, as specified in Annex I.A2 of ECLAC (2021). Projections are based on 2017 data for Chile, 2014 for Guatemala and 2018 for Mexico. Applying the same criteria as in previous LEO editions, data selection prioritizes comparability across LAC countries and shows the latest comparable data available at the report's publication date.
6. Data for LAC from ECLAC, CEPALSTAT | Databases and Statistical Publications, <https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3289&idioma=i>. Data for Chile refer to 2017, instead of 2019, data for Guatemala refers to 2014.
7. Data for the OECD from OECD Income Distribution Database, [www.oecd.org/social/income-distribution-database.htm](http://www.oecd.org/social/income-distribution-database.htm).
8. Indicator provides the distribution of the total population living in informal households by quintile. An informal household has all of its workers in informal work. Quintiles are based on monthly total household consumption or income. The source of this indicator is the OECD Key Indicators of Informality based on Individuals and their Households database, [https://stats.oecd.org/Index.aspx?DataSetCode=KIIBIH\\_B5](https://stats.oecd.org/Index.aspx?DataSetCode=KIIBIH_B5).
9. Health expenditures as % of gross domestic product (GDP). Data from OECD (2020), *Health at a Glance: Latin America and the Caribbean*. Share of current expenditure on health. Data are from OECD (2020), *Health at a Glance: Latin America and the Caribbean*.
10. Data from UNESCO, <https://en.unesco.org/covid19/educationresponse#schoolclosures>.
11. Data from OECD et al. (2020), *Latin American Economic Outlook 2020*, [www.oecd.org/publications/latin-american-economic-outlook-20725140.htm](http://www.oecd.org/publications/latin-american-economic-outlook-20725140.htm).
12. Data from International Telecommunication Union (2020), [www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx](http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx).
13. Data from OECD et al. (2020), *Latin American Economic Outlook 2020*, [www.oecd.org/publications/latin-american-economic-outlook-20725140.htm](http://www.oecd.org/publications/latin-american-economic-outlook-20725140.htm).
14.  $\mu\text{g}/\text{m}^3$ . Data refer to population exposure to more than 10 micrograms/ $\text{m}^3$  and are expressed as annual averages. Data from OECD, <https://data.oecd.org/air/air-pollution-exposure.htm>.
15. Data from OECD, [https://stats.oecd.org/Index.aspx?DataSetCode=INTACT\\_FOREST\\_LANDSCAPES](https://stats.oecd.org/Index.aspx?DataSetCode=INTACT_FOREST_LANDSCAPES).
16. Output per employed person as % of United States 2019 output per person employed. Data from the Conference Board, <https://conference-board.org/data/economydatabase/total-economy-database-productivity>.
17. High-technology exports as % of manufactured exports. Data from The World Bank, <https://data.worldbank.org/indicator/TX.VAL.TECH.MF.ZS>.
18. Research and development expenditure as % of GDP. Data from The World Bank, <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS>.
19. IP5 Patent families. Data from OECD, [https://stats.oecd.org/Index.aspx?DataSetCode=PATS\\_IPC](https://stats.oecd.org/Index.aspx?DataSetCode=PATS_IPC).
20. Percentage of people who think that the government is corrupt. "Is corruption widespread throughout the government in (this country), or not?" Data from Gallup 2021.
21. Percentage of people who think that the country is governed in the interests of few. "En términos generales ¿diría usted que (país) está gobernado por unos cuantos grupos poderosos en su propio beneficio, o que está gobernado para el bien de todo el pueblo?" Data from Latinobarómetro, 2020.
22. Percentage of people who think that the health care is of good quality. "In your city of area where you live, are you satisfied or dissatisfied with the availability of quality health care?" Data from Gallup 2021.

23. Percentage of people who think that the water is of good quality. “In your city or area where you live, are you satisfied or dissatisfied with the quality of water?” Data from Gallup 2021.
24. Percentage of people who are victim of criminality, “have you been a victim of any type of crime in the past 12 months?” Data from Latin American Public Opinion Project, [www.vanderbilt.edu/lapop/data-access.php](http://www.vanderbilt.edu/lapop/data-access.php).
25. Data from RFS, Reporters without Borders, [https://rsf.org/en/ranking\\_table](https://rsf.org/en/ranking_table).
26. Percentage of people who declare being left or right on a 1-10 scale (1=left, 10 = right). “In politics, it is normal to refer to left and right. On a scale where 0 is the left and 10 is the right, where would you place yourself?” Data from Latinobarómetro, 2020.
27. Data from OECD, [www.genderindex.org/ranking/](http://www.genderindex.org/ranking/).
28. Revenues as % of GDP. Data from OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean* (2021).
29. Value added taxes as % of total revenues. Data from OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean* (2021).
30. Social protection expenditures as % of GDP. Data from OECD and ECLAC.

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