



ECONOMIC MEASURES

- N/A **The Monetary Policy Committee (MPC) provided for the reduction of the interest rate of the monetary policy by 50 basic points, bringing it to 3.25%.** This reduction seeks to reduce the "cost of money", thereby lowering the cost of credit for the real sector. It is emphasized that there is still room to modify the monetary policy in order to mitigate the negative impacts that COVID may have, without implying a risk of meeting the inflation target of 4%.
- March 26 [Law 6524/20:](#)
- ✓ Power to contract loans and issue bonds: the Paraguayan State is empowered to contract loans of up to USD 1,600,000,000. Loans may come from international, multilateral, bilateral agencies and official aid or, through the issuance of debt securities in the national or international financial markets. In order for the loans to be completed shortly, the procedures have been significantly simplified or reduced. Thus, for the conclusion of the loan, only an opinion from the Central Bank of Paraguay ("BCP") will be required.
 - ✓ BCP short-term liquidity advances: the BCP is empowered to make short-term liquidity advances to the Paraguayan State, without further formalities and without interest in favor of the BCP.
 - ✓ Acceptance of national or international financial collaboration without further formalities: the Executive Branch is empowered to accept, extraordinarily, non-reimbursable financial resources (donations, subsidies, cooperation or financial assistance, among others) granted by foreign governments or national or international organizations, intended to finance measures to mitigate the emergency.
 - ✓ Constitution of a Trust for Aid to MSMEs: the Executive Branch is empowered to dispose of 20% of the net capitalized profits of the National Development Bank ("BNF" for its Spanish acronym), resulting from the 2019 financial year, for the constitution of a trust, in order to support MSMEs.
 - ✓ Important State Contribution for the MSMEs Guarantee Fund: the Executive Branch is empowered to make a contribution in the amount of PYG 30,000,000,000, for the MSMEs Guarantee Fund in order to refinance obligations or secure them.
 - ✓ Granting of Exceptional Credit Line Facilities for MSMEs by the Development financial Agency ("AFD" for its Spanish acronym): AFD may grant credit line facilities under favorable financial conditions for the economic relief of MSMEs, even when such conditions may have a negative impact on their financial statements.
 - ✓ Benefits: granting of a benefit equal to 25% of the minimum monthly wage to independent workers or to employees of MSMEs under employment contracts not registered to social security.
 - ✓ Granting of Credit Line Facilities by BNF for Public Companies: Public companies (e.g. ANDE, ESSAP, COPACO) are allowed to request credit line facilities from the BNF or the Ministry of Finance in order to finance temporary product requirements due to the decrease in their income, as a consequence of the declared state of emergency.
- March 30 [Resolution No. 1, Minute 21 from the Board of Directors of the BCP:](#) sets forth the ruling to concede special credits due to national emergency to banks and financial institutions, which can be requested until December 30, 2020.



March 31

Decree No. 3506:

- ✓ Lines of credit to Public Enterprises: they may be financed for up to 24 months with a grace period to be agreed by the parties.
- ✓ MSMES Guarantee Fund: The Ministry of Finance will regulate everything concerning budgetary, treasury, accounting, credit and public debt procedures and all those necessary for compliance with the Law.
- ✓ Issuance of bonds: the Ministry of Finance, by Ministerial Resolution, will provide for the necessary disposition, operational and regulatory mechanisms for the issuance, negotiation, placement and maintenance in circulation and rescue of Bonds of the General Treasury. The acquisition or rental of these bonds shall be exempted of all taxes. However, as a pre-Ministerial Resolution measure, the Minister shall seek a technical opinion from the Central Bank of Paraguay, which will be issued in 48 hours.
- ✓ Acquisition of international loans: under no circumstances shall multilateral, bilateral or BCP loans exceed the authorized maximum amount provided for in Law No. 6524/20.
- ✓ Acceptance of national or international financial assistance: these agreements must have a favorable technical opinion issued by the Ministry of Finance to subsequently obtain approval by Decree of the Executive Branch.

April 6

Technology for Transparency. The Ministry of Information and Communication Technologies ("MITIC" for its Spanish acronym), is coordinating the implementation of a platform that will allow citizens to know in detail the use of public money that will be allocated under the Law No. 6524/2020, "Emergency Health by COVID-19". The platform will be available in less than 60 days in an "Open Data" format so that any citizen can download and use the information for analysis.

The platform is automatic and will consume information directly from the databases of the institutions involved, such as: the Ministry of Public Health and Social Welfare, the Ministry of Finance, the National Directorate for Public Procurement, the National Emergency Secretariat, the General Comptroller of the Republic, the General Audit of the Executive Power, the Technical Planning Secretariat and all the other institutions that use these funds or must ensure their proper use.

On the other hand, MITIC is also developing a service to the Comptroller General of the Republic ("CGR" for its Spanish acronym) so that the accounts can be made digitally, speeding up this procedure and ensuring the quality of the information submitted. The CGR will define the standards, documentation, and procedures that will require public institutions to advance on this path to modernize the way in which public institutions are held accountable to the CGR and, through it, to citizens.

April 13

Decree No. 3530/20: authorizes the Ministry of Finance to allocate specific resources to the Guarantee Fund for MSMES, as well as the transfer of USD 100,000,000 to the same fund. Likewise, it can set up special funds with the resources transferred to support MSMES and non-MSMES.

Decree No. 3531/20: authorizes the constitution of the trust set forth in the Sanitary Emergency Law in order to provide financial support to MSMES. The mentioned trust will be made up of:

- 20% of the non-capitalized net profits of the *Banco Nacional de Fomento* (BNF), resulting from Fiscal Year 2019; and,



- USD 100,000,000, originating from the Loan Agreement between the Republic of Paraguay and the International Bank for Reconstruction and Development.

BCP Release: informs that the Ministry of Finance (MH), the BCP and the Financial Development Agency (AFD) have agreed to allocate resources worth approximately ₡ 650,000,000,000, equivalent to USD 100,000,000, as a complementary capitalization to the 20% of profits for the 2019 fiscal year that will be contributed by the *Banco Nacional de Fomento* (BNF), consisting of approximately ₡60,000,000,000, to the trust to be established according to Law No. 6524/20, as a special support for MSMES and in order to help provide cash flow to various sectors of the economy.

Likewise, the MH, the BCP and the AFD have agreed to contribute additional resources to the Guarantee Fund for MSMES (FOGAPY), created by Law No. 5,628/2016, for an approximate value of ₡ 650,000,000,000 (USD 100,000,000), which will allow the issuance of guarantees in the amount of ₡ 3,250,000,000,000 (USD 500,000,000), to cover new credit operations from the financial and cooperative sector aimed to the production sectors in order to promote and facilitate operations related to financial relief and credit support from various sectors.

Finally, the BCP decided to reduce again the legal reserve in local and foreign currencies in 2 percentual points, in order to make available for regulated financial entities estimated amounts of USD 582,000,000 and USD 374,000,000 that together amount to USD 957,000,000 to grant new credits, as well as to renew, refinance and restructure of portfolios, and has determined to move forward with implementing an additional liquidity window that will allow supervised financial entities to perform discount operations of portfolios of high credit quality, with repurchase, to promote the transitory cash flow.

April 24

Notice from the Monetary Policy Committee: sets forth the interest rate of the of monetary policy to be reduced in 100 basic points, by placing it at 1,25% annually.