



Services Policy Review: Paraguay



Services contribute more than 50% of GDP in Paraguay, with leading sectors including distribution, communication, construction and transport. They contribute more than 60% of employment. Distribution and social, community and personal services are important sectors from the perspective of employment. Leading sectors contributing to investment include finance, distribution, communication and transport. “Other business services” contribute to trade.

Strengthening the services sectors is important from the perspective of advancing towards development goals, according to Paraguay’s economic and development strategies. These strategies emphasise universal access to housing, sanitation, water, health, education and energy (electricity). Transport, telecommunications, electricity, education and access to finance are also of critical importance to improve Paraguay’s overall competitiveness.

The Government of Paraguay identified four services sectors, holding the potential to contribute significantly to the future growth and development of Paraguay’s economy, to form the focus of the SPR: Construction services and associated professional services (architecture and engineering); Education services; Financial services, and Telecommunication services.

The SPR found that improvements in the following areas could maximise development benefits in the sector: supply-side capacity; control and enforcement of existing regulation and formalisation; inter-institutional coordination, particularly between the academic sector and the private sector;

collection and analysis of statistics; regulation relating to quality standards, competition and consumer protection; access to credit and financing, and utilisation of trade agreements.

Recommendations proposed to improve the contribution of the specific sectors analysed in this SPR include, among others:

- Revising the whole regulatory framework encompassing: municipal licences, environmental licences, work sites safety rules, permits and regulatory supervision, for a national system of unified construction rules.
- Renegotiating the Mercosur Government Procurement Protocol so that it comprises not only a guarantee of non-discrimination during the bidding process but also procedures regarding the execution of contracts of public works, enabling personnel and machinery of the awarded company to enter the market under non-discriminatory conditions.
- Reinforcing provisions on the prevention and penalisation of professional malpractice by improving the draft Law of Professional Practice, through a by-law, or through a code of professional ethics.
- Regulating the cross-border provision of education services at the regional level, for instance, through agreements between education institutions from the country and foreign ones.
- Developing initiatives which aim simultaneously at financial inclusion, balancing indebtedness with payment capacity and formalisation.
- Establishing a system of syndicated loans among several co-financing banks, for projects requiring significant investment (for instance, for Public-Private Partnerships for infrastructure development), which would receive benefits according to their contribution.
- Introducing regulatory changes to enable leveraging of the electricity grid so that telecommunications providers can reach underserved areas.

