

PROJECT ABSTRACT

Country:	Paraguay
Sector:	Agribusiness
Project Name:	Promoting Soybean Industrialization in Paraguay (CAIASA)
Project Number:	PR-L1071
Borrower:	Complejo Agro-Industrial Angostura S.A. (CAIASA)
Sponsors:	Bunge Paraguay S.A., LDC Paraguay S.A. and Losur Overseas S.L.
Proposed A Loan:	Up to US\$92,000,000

OVERVIEW AND PROJECT DESCRIPTION

Paraguay's soybean production has grown steadily for the past 10 years - Paraguay is currently the world's sixth largest soybean producer. The Project will contribute to the export value added of the Paraguayan soybean production; foster the country's agro-industrial development, and the emerging crushing industry. IDB financing is proposed for the design, development, construction and operation of a new soybean crushing plant and its related facilities¹ (the "Project"). The new plant, located in Villeta, 40 km from Asunción (Paraguay), will have a crushing capacity of 4,000 tons of soybean/day and a total storage capacity of about 300,000 MT including approximately 200,000 MT of vegetable oil and 100,000 MT of oleaginous by-products. The Borrower is Complejo Agro-Industrial Angostura S.A. ("CAIASA" or the "Company"), and the Project Sponsors are Bunge Paraguay S.A., LDC Paraguay S.A., and Losur Overseas S.L.

DEVELOPMENT IMPACT

The Project will: (i) industrialize raw soybean, currently exported for crushing purposes; (ii) increase export-value added of soybean production in Paraguay; (iii) increase the country's installed crushing capacity by approximately 40%; (iv) transfer know-how from the experience of the Sponsors around the world to the crushing plant in Paraguay; (v) provide demonstration effect to promote the growth of industrialization of soybeans in the country; (vi) create direct and indirect jobs; and, (vii) reduce emissions by approximately 96,567 tons of CO₂ per year through the substitution of fossil fuels for renewable energy to meet power needs.

IDB'S ADDITIONALITY

The Bank's participation will support the competitiveness of Paraguay's agribusiness sector, while also providing long-term funding with a tenor and grace period for principal repayment not available from commercial financing sources. Also, IDB's participation will ensure the Project's compliance with high environmental and social standards.

PROJECT CONTRIBUTION TO IDB OBJECTIVES

The Project is aligned with Paraguay's country strategy which calls for support to the competitiveness of the agribusiness sector. CAIASA also fits well with the priorities of the GCI-9 by providing a small and vulnerable country with financing, food security and a positive impact in terms of climate change. It is also consistent with SCF's vision targets by positively impacting jobs and by undertaking investments that minimize impact on climate change.

¹ The facilities are a port and storage capacity. The port was sold to the Project.