

HRS Resilience Foundation

COUNTRY READINESS ASSESSMENT 08

Paraguay: Institutional Readiness,  
Infrastructure Development and  
Hemispheric Alignment

*A 50-year readiness architecture for a hemispheric partner at an infrastructure and institutional inflection point*

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About this series. The Western Hemisphere Readiness Series applies the HRS Readiness Cycle and Strategic Dependency Test to country, sector and regional systems. CRA 08 integrates SRA 01–10 into a Paraguay-level system-of-systems assessment.

## EXECUTIVE SUMMARY

## Paraguay: Institutional Readiness, Infrastructure Development and Hemispheric Alignment

Paraguay enters the final quarter of 2026 as a broad-based infrastructure and institutional readiness case in this series, with readiness gaps distributed across nearly every Sector Readiness Assessment domain rather than concentrated in a single contested asset, as in Colombia, Bolivia, Peru or Ecuador. A 2016 World Bank estimate placed Paraguay's accumulated infrastructure capital gap at roughly 50% of GDP, and infrastructure investment has historically run below the Latin American average. [1][2] The government's 2026 infrastructure agenda, as described in December 2025 reporting, contemplated some 160 projects valued at more than US\$2 billion. [11] Execution capacity nonetheless remains a live consideration: Minister Claudia Centurión told the Senate in August 2026 that the MOPC had awarded 121 contracts worth US\$1.951 billion since August 2023, while the Ministry separately reported first-half 2026 budget execution of 42% of its financial plan — its highest for that period in a decade — and road-sector contractors estimated roughly US\$250 million in outstanding work certificates in March 2026. [13][14][21] The public health system is fragmented across five providers with incomplete integration — the Ministry of Public Health, the Instituto de Previsión Social (IPS), the Hospital de Clínicas, military and police hospitals, and private clinics — with many public hospitals holding fewer than 50 beds. [3][10]

Paraguay is also the last country in South America to maintain formal diplomatic relations with Taiwan rather than the People's Republic of China, a position under sustained and escalating Chinese pressure. President Santiago Peña, of the Colorado Party — in power almost continuously since 1947 — has publicly and repeatedly reaffirmed this position, including during a May 2026 state visit to Taipei, when China's Foreign Ministry publicly urged Paraguay to sever ties. [5] [16] Paraguay's abundant, low-cost hydropower from the binational Itaipú and Yacyretá dams — sufficient to attract growing cryptocurrency-mining demand — represents a distinctive structural asset largely unmatched elsewhere in the series. [7]

## CENTRAL HRS PROPOSITION

*Paraguay's readiness opportunity is not resolving a single strategic dependency, as in Peru's Chancay or Bolivia's lithium law, but building foundational institutional and physical capacity — a unified health system, financed infrastructure pipeline, and diversified trade posture — across nearly every sector simultaneously, while preserving the diplomatic alignment that already distinguishes it from every other country in this series.*

**PURPOSE AND SCOPE**

## Purpose and Scope

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Country Readiness Assessment 08 extends the Western Hemisphere Readiness Series from Brazil (CRA 01), Venezuela (CRA 02), Cuba (CRA 03), Colombia (CRA 04), Bolivia (CRA 05), Peru (CRA 06) and Ecuador (CRA 07) to Paraguay. It applies the HRS Readiness Cycle to Paraguay and integrates the ten Sector Readiness Assessments into a single system-of-systems framework, consistent with the methodology used throughout the series.

The assessment uses public information available through 27 September 2026. Statements about U.S., Paraguayan and Chinese government positions are identified as such; company statements are treated as representations rather than independent verification. The assessment does not endorse a political party, candidate, or electoral outcome, and takes no position on Paraguay's internal political disputes or on the merits of the underlying Taiwan-China dispute.

The intended audience includes U.S. institutions, international organizations, private-sector actors evaluating Paraguay entry, and Paraguayan public and private institutions. The document is a strategic research reference for infrastructure investment, health-system reform, sovereign-to-sovereign engagement, and long-horizon institutional capacity building; project-level decisions require current technical, legal, environmental, financial and security diligence.

## CURRENT GOVERNANCE AND POLITICAL CONTEXT

## Current Governance and Political Context

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Santiago Peña, an economist and former finance minister, was elected president in April 2023 and took office on 15 August 2023 for a five-year term extending to 2028; Paraguay does not hold a scheduled national election in 2026. His victory extended the Colorado Party's near-continuous hold on power since 1947 — interrupted only between 2008 and 2013. [8][9] Peña is closely associated with former president Horacio Cartes, who was sanctioned by the United States government over corruption allegations; this report takes no position on the merits of those allegations and notes them solely as documented political context. [8]

Paraguay's public health system has drawn sustained domestic criticism in 2025–2026, including a March 2025 public Senate hearing on whether the system is "in crisis," an April 2026 civil-society manifesto describing chronic shortages of medicine, intensive-care beds and staff, and a July 2026 opinion column calling for structural reform. [4][15][10] This report does not characterize these domestic disputes as settled, and presents them as documented context for the health-system readiness gap addressed in Section 02.

**Material to readiness planning:** This assessment treats Paraguay's political alignment with the Colorado Party, its relationship with Taiwan, and its domestic health-system debate as documented facts and public positions, not as HRS political judgments. The report does not take a position on Paraguay's internal party politics, on corruption allegations against any individual, or on how Paraguay should resolve its health-system reform debate.

## 01 · PARAGUAY 2026 BASELINE

## A Broad-Based Infrastructure and Institutional Readiness Case

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Paraguay's baseline combines a landlocked economy dependent on river-based logistics, an abundant hydropower endowment from the binational Itaipú and Yacyretá dams, and a government-led infrastructure push through public-private partnerships (PPPs) that remains at an early stage relative to the scale of accumulated need. The government's 2026 infrastructure agenda, as described in December 2025 reporting, contemplated some 160 projects valued at more than US\$2 billion, including highway corridors (Routes PY01, PY02 and PY10), new general hospitals in Asunción and Itauguá, and an emerging electromobility and commuter-rail program. [7][11][12] Despite this activity, a 2016 World Bank estimate placed Paraguay's accumulated infrastructure capital gap at roughly 50% of GDP, and infrastructure investment has historically run below the regional average. [1][2] Execution capacity remains a live consideration: the Ministry of Public Works reported first-half 2026 budget execution of 42% of its financial plan, its highest for that period in a decade, while road-sector contractors estimated roughly US\$250 million in outstanding work certificates in March 2026. [13][14]

Paraguay's economy remains commodity-dependent (soy, beef, electricity exports) and structurally exposed to its landlocked geography, routing much of its foreign trade through regional river and port corridors. Abundant, low-cost hydropower is both a genuine competitive advantage and an emerging strategic-dependency question, as energy-intensive loads such as cryptocurrency mining emerge alongside rapid demand growth. [7]

**BASELINE CONCLUSION**

*Paraguay's readiness priority is converting an active but still-early infrastructure and health-reform pipeline into durable institutional capacity — sequencing investment so that today's broad-based opportunity does not simply reproduce fragmentation at a larger scale.*

02 · HEALTH-SYSTEM FRAGMENTATION

Health-System Fragmentation as a National Readiness Test

Paraguay's public health system is fragmented across five largely uncoordinated providers — the Ministry of Public Health, the IPS social-insurance system, the Hospital de Clínicas, military and police hospital networks, and private clinics — operating without fully integrated national management, with coordinated procurement and interoperable medical records still incomplete across the principal providers. [3][10] Digital integration is nonetheless underway: the Ministry of Health's hospital information system (HIS), developed with the Ministry of Information and Communication Technologies and technical cooperation from Taiwan, is being brought into the national health-information system (SINAIS) to advance data standardization and interoperability, and a May 2026 interoperability "Conectatón" convened the Ministry, the IPS, PAHO and the IDB. [18][19] A 2023 study cited in a Universidad Nacional de Itapúa journal documents that many public hospitals operate with fewer than 50 beds, evidencing weak coverage and infrastructure capacity even where new facilities are under construction, while the World Bank (2018) characterized the system as fragmented and segmented. [3] A July 2026 opinion column argued that the priority is not to copy any country's financing model, but to apply principles of good governance — separation of functions, technical independence, preventive management, institutional coordination and distribution of responsibilities — across Paraguay's existing providers. [10]

| System                            | Primary Dependency                                                                                                                 | Cascading Effect                                                                                                    | Readiness Response                                                                                            |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Provider coordination             | Five parallel, only partially coordinated health systems (MSPBS, IPS, Hospital de Clínicas, military/police, private)              | Duplicated infrastructure, non-interoperable records, inefficient resource use                                      | National care-coordination framework; interoperable health information systems                                |
| Hospital infrastructure           | Many public hospitals under 50 beds; new hospitals under construction (Asunción, Itauguá, Chaco, Concepción, Curuguaty)            | New capital investment without integrated staffing and supply-chain planning risks repeating fragmentation at scale | Sequenced investment tied to governance reform, not construction alone                                        |
| Primary care & emergency response | Limited nationwide primary-care network and emergency medical response comparable to Brazil's Family Health Strategy or SAMU model | Preventable escalation of treatable conditions into hospital-level emergencies                                      | Primary-care network and emergency-response system development, adapted to Paraguay's institutional structure |

READINESS PRINCIPLE

*The relevant lesson from regional models such as Brazil's unified health system and family-clinic and mobile-emergency (SAMU) programs is not the financing structure, but the governance principle: national coordination, primary-care-first triage, and integration across previously parallel providers. Clinical technology, equipment standards and care-delivery protocols are a separate question from this governance principle, and U.S. providers, manufacturers and standards of care represent the more relevant reference point for that layer. Applied to Paraguay's own institutional structure, the governance principle — not wholesale replication of any single country's system — is what would convert the current hospital-construction pipeline into durable population-health gains.*

03 • HRS METHOD

## Paraguay as a System of Systems

The HRS Readiness Cycle — Detect, Assess, Decide, Coordinate, Deploy, Sustain, Learn — is applied to Paraguay across infrastructure financing, health-system reform, and diplomatic-alignment tracks simultaneously, given that Paraguay's readiness gaps span nearly every sector rather than concentrating in one contested asset.

| HRS Function | Paraguay Application                                                                                                 |
|--------------|----------------------------------------------------------------------------------------------------------------------|
| Detect       | Identify infrastructure and health-system gaps against regional and income-adjusted benchmarks.                      |
| Assess       | Fuse infrastructure-pipeline, health-system and trade-dependency information into a common operating picture.        |
| Decide       | Sequence PPP and health-reform investment against governance-readiness milestones, not construction timelines alone. |
| Coordinate   | Connect Paraguayan ministries, multilateral development banks, private concessionaires and international partners.   |
| Deploy       | Move capital and technical assistance to priority infrastructure and health-governance reforms.                      |
| Sustain      | Maintain investment and reform continuity through Paraguay's political cycles.                                       |
| Learn        | Convert early PPP and health-pipeline experience into durable institutional practice before scaling further.         |

The HRS Strategic Dependency Test asks whether Paraguay's current infrastructure and health-investment pipeline is sequenced to build lasting institutional capacity, or risks reproducing today's fragmentation and underinvestment pattern at greater scale.

04 • TAIWAN AND THE DEPENDENCY TEST

## Taiwan and the Diplomatic-Resistance Dependency Test

Paraguay is the only country in South America, and one of 12 worldwide, that maintains formal diplomatic relations with Taiwan rather than the People's Republic of China. This position has come under sustained pressure: in December 2024, Paraguay's foreign ministry cancelled the visa of Chinese diplomat Xu Wei and ordered him to leave, citing interference in domestic affairs after he urged Paraguayan lawmakers to recognize China rather than Taiwan; in May 2026, during President Peña's second visit to Taiwan as president, China's Foreign Ministry publicly urged Paraguay to sever ties with Taipei, and Peña reaffirmed the relationship the following day, receiving military honors. [5][6][16] The practical cost is real: Paraguay cannot sell directly to China and routes agricultural shipments through third countries, even as Chinese imports into Paraguay topped US\$6 billion in 2025. [17]

| Test Dimension   | Paraguay Application                                                                                                  | Readiness Question                                                                                |
|------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Concentration    | A single, formal diplomatic alignment (Taiwan) foregoes direct market access to a much larger trading partner (China) | What alternate trade and investment relationships offset the foregone direct China market access? |
| Substitutability | Agricultural exports must route through third-country intermediaries to reach Chinese demand indirectly               | What logistics and diplomatic tools reduce the cost of this routing constraint?                   |
| Control          | Sustained Chinese diplomatic pressure, including a May 2026 public call from China's Foreign Ministry to sever ties   | What institutional resilience sustains this position against continued pressure?                  |
| Recovery         | Long-standing alignment with no reversal to date; recovery pathways untested                                          | What would durable, alternative economic partnerships look like if pressure intensifies?          |
| Cascading impact | Trade-routing costs affect the same agricultural export sectors central to Paraguay's economy                         | How does diplomatic alignment interact with Paraguay's broader trade-diversification readiness?   |

HRS PROPOSITION

*Paraguay is the inverse case within this series' Strategic Dependency Test: rather than a country whose infrastructure or resources are concentrated with China, Paraguay has deliberately foregone direct economic integration with China to preserve a diplomatic alignment – a resistance case rather than a dependency case, but one whose economic cost is real and measurable.*

## 05 • STRATEGIC DEPENDENCY MAP

## Paraguay's Critical Capability Network

| Capability                      | Critical Inputs                                                                                                                                                  | Failure Consequence                                                          | Readiness Response                                                                       |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| <b>Health system</b>            | Five only partially coordinated providers (MSPBS, IPS, Hospital de Clínicas, military/police, private)                                                           | Duplicated infrastructure; inefficient resource use; persistent care gaps    | National coordination framework; interoperable records; primary-care network development |
| <b>Infrastructure financing</b> | Early-stage PPP and public-works agenda (some 160 projects, >US\$2B per December 2025 reporting) against a historically estimated accumulated infrastructure gap | Underinvestment relative to accumulated need; execution-capacity constraints | Sequenced, governance-linked infrastructure investment                                   |
| <b>Trade logistics</b>          | Landlocked geography; dependence on Argentine and Brazilian river/port infrastructure                                                                            | Limited direct control over export logistics and costs                       | Diversified logistics partnerships; regional infrastructure coordination                 |
| <b>Energy</b>                   | Abundant hydropower (Itaipú, Yacyretá) facing emerging energy-intensive demand, including cryptocurrency mining                                                  | Allocation questions as energy-intensive demand grows                        | Transparent energy-allocation policy; diversified industrial demand                      |
| <b>Diplomatic alignment</b>     | Formal recognition of Taiwan under sustained Chinese pressure                                                                                                    | Foregone direct China market access; recurring diplomatic pressure           | Diversified trade partnerships; sustained institutional resilience                       |

## 06 • SRA 01

## Telecommunications & Digital Infrastructure

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Paraguay implementation objective: build digital infrastructure capacity commensurate with the country's broader infrastructure catch-up, applying transparent, nationality-neutral standards from the outset rather than retrofitting them later.

### Paraguay implementation — priority actions

- Map current telecommunications infrastructure ownership and coverage gaps, particularly outside Asunción.
- Apply transparent, nationality-neutral trusted-supplier standards to new digital infrastructure investment.
- Protect network nodes with resilient, diversified power, leveraging Paraguay's hydropower base.
- Build domestic technical capacity for network operations and cybersecurity.
- Sequence digital-infrastructure investment alongside the broader PPP pipeline.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Coverage-gap mapping → trusted-supplier standards → protected power → cybersecurity capacity → resilient national digital backbone.

## 07 · SRA 02

## Data Centers, Cloud & AI Infrastructure

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Paraguay implementation objective: Paraguay's abundant, low-cost hydropower creates a genuine comparative advantage for data-center investment, provided it is developed transparently and does not crowd out other productive uses of the same power base.

### Paraguay implementation — priority actions

- Assess the comparative advantage of Paraguay's hydropower base for data-center and cloud investment.
- Apply transparent standards to energy-allocation decisions between data centers, cryptocurrency mining and other industrial demand.
- Build backup and disaster-recovery capacity for critical government and health-system data.
- Develop domestic technical capacity for data governance and cybersecurity.
- Support the health-system interoperability objective identified in Section 02 through appropriate data infrastructure.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Hydropower-advantage assessment → transparent energy-allocation standards → distributed backup → domestic technical capacity → health-system data integration.

## 08 · SRA 03

## Critical Minerals & Strategic Materials

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Paraguay implementation objective: Paraguay's mineral sector remains modest relative to its regional neighbors; the readiness priority is transparent, realistic sector development rather than overstating current mineral significance.

### Paraguay implementation — priority actions

- Apply transparent, nationality-neutral investment screening to any mining-sector transactions.
- Build independent geological-survey capacity to validate resource potential realistically.
- Avoid single-buyer or single-financier dependency for any minerals developed.
- Maintain Paraguayan decision rights over long-term mineral policy.
- Sequence mineral-sector development behind higher-priority infrastructure and health investment.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Realistic resource assessment → transparent screening → diversified offtake → sovereign long-term policy.

## 09 · SRA 04

## Rare Earths & Western Hemisphere Mineral Security

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Paraguay implementation objective: distinguish confirmed mineral potential from exploratory data, applying the same transparency standard used elsewhere in the series, without assuming Paraguay has a comparable rare-earth profile to Bolivia or Peru.

### Paraguay implementation — priority actions

- Validate any rare-earth or critical-mineral geological data through independent survey.
- Avoid premature investment promotion ahead of validated resource data.
- Maintain Paraguayan decision rights over long-term mineral policy.
- Apply national-security review to any strategic-mineral asset sales that do emerge.
- Sequence behind higher-priority infrastructure and health-sector development.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Data validation → transparent screening → diversified offtake → sovereign long-term policy.

## 10 • SRA 05

## Energy Security & Strategic Power Infrastructure

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Paraguay implementation objective: Paraguay's binational Itaipú and Yacyretá hydropower dams provide a distinctive structural energy advantage; the readiness priority is transparent allocation of this advantage as demand diversifies, including from cryptocurrency mining.

### Paraguay implementation — priority actions

- Develop transparent energy-allocation policy balancing industrial, residential and cryptocurrency-mining demand.
- Advance the diversification objectives of Paraguay's National Energy Policy to 2050, approved by Decree 2,553/2024, alongside the hydro-led base.
- Build grid-security and cybersecurity capacity as energy-intensive digital demand grows.
- Apply transparent regulatory oversight to new energy-sector investment regardless of ownership.
- Coordinate energy policy with data-center and digital-infrastructure development (SRA 02).

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Transparent allocation policy → diversification alongside hydro base → grid-security capacity → coordinated digital-energy planning → long-horizon energy resilience.

## 11 · SRA 06

## Ports, Logistics & Maritime Infrastructure

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Paraguay implementation objective: Paraguay's landlocked status makes river-based logistics and dependence on Argentine and Brazilian ports a structural readiness question distinct from the coastal-port cases elsewhere in this series.

### Paraguay implementation — priority actions

- Assess river-port and waterway infrastructure capacity along the Paraguay-Paraná corridor.
- Diversify export logistics routes and regional port partnerships.
- Advance the Asunción commuter-rail project, currently in development with construction anticipated from 2027, alongside broader transport-corridor investments already underway.
- Digitize customs and cargo visibility across river and land transport.
- Coordinate logistics investment with regional partners given Paraguay's landlocked exposure.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Waterway-capacity assessment → route diversification → transport-corridor investment → customs digitization → resilient regional logistics.

## 12 · SRA 07

## Food Security & Strategic Agricultural Resilience

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Paraguay implementation objective: protect and diversify the soy and beef export sectors central to Paraguay's economy, while addressing the trade-routing constraints created by the absence of direct China market access.

### Paraguay implementation — priority actions

- Diversify agricultural export markets to reduce dependence on any single routing arrangement.
- Invest in storage and cold-chain capacity linking rural producers to export logistics.
- Build rural economic resilience independent of routing and diplomatic-alignment costs.
- Apply transparent screening to agricultural-sector investment.
- Coordinate food-security investment with the broader logistics and trade-diversification tracks.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Market diversification → cold-chain investment → rural resilience → transparent screening → resilient agricultural economy.

## 13 · SRA 08

## Pharmaceutical & Medical Supply Chains

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Paraguay implementation objective: this is the central readiness gap of the assessment, directly connected to Section 02 — Paraguay's fragmented health system produces recurring shortages of medicine, ICU beds and staff even where new hospital construction proceeds.

### Paraguay implementation — priority actions

- Build a coordinated national medical-supply and procurement system across the five parallel health providers.
- Sequence new hospital construction (Asunción, Itauguá, Chaco, Concepción, Curuguaty) with governance and staffing reform.
- Develop a nationwide primary-care and emergency-response network, drawing the national-coordination governance principle from regional reference models such as Brazil's Family Health Strategy and SAMU, while sourcing clinical technology, equipment and care-delivery standards from U.S. providers and manufacturers.
- Diversify medical-device and medicine suppliers.
- Build local repair capacity for medical equipment.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** National procurement coordination → governance-linked hospital investment → primary-care/emergency network development → supplier diversification → integrated national health system.

## 14 • SRA 09

## Advanced Manufacturing & Industrial Capacity

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Paraguay implementation objective: build domestic industrial capacity to support the infrastructure and health-construction pipeline already underway, rather than relying solely on imported capacity for a multi-decade investment program.

### Paraguay implementation — priority actions

- Identify industrial bottlenecks around construction, health-equipment and energy-infrastructure supply.
- Develop technical training linked to the active PPP infrastructure pipeline.
- Prioritize repair and maintenance capacity for hospital and infrastructure equipment.
- Evaluate domestic manufacturing opportunities tied to electromobility and rail investment already underway.
- Measure industrial resilience by domestic value capture, not construction volume alone.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Bottleneck identification → technical training → maintenance capacity → domestic manufacturing evaluation → diversified industrial base.

## 15 • SRA 10

## Western Hemisphere Strategic Infrastructure & Resilience

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SRA 10 is the integration layer, converting the ten sector assessments into a Paraguay-level dependency architecture, with the health-system fragmentation and PPP infrastructure pipeline as the defining test cases for the series' Strategic Dependency Test methodology applied to a broad-based, multi-sector readiness case.

### Paraguay implementation — priority actions

- Maintain a national Infrastructure and Health-System Readiness Register spanning all ten SRA domains.
- Run Scenario Stress Tests for compound infrastructure-execution and health-system disruption.
- Use Readiness-to-Investment Assessments applied consistently regardless of investor nationality.
- Specify decision rights, recovery time and alternate capacity for every major infrastructure and health system.
- Coordinate with Shield of the Americas and multilateral development partners on shared readiness standards.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** National readiness register → scenario stress testing → nationality-neutral readiness assessments → international coordination → integrated long-horizon resilience.

16 • INFRASTRUCTURE-TO-INSTITUTIONAL-CAPACITY

## A National Conversion Architecture

The conversion model treats Paraguay's current PPP infrastructure pipeline and hospital-construction program as a necessary but insufficient foundation within a wider capability program, not as readiness itself.

| Stage               | Core Action                                                                                         | Readiness Result                               |
|---------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1. Measure          | National infrastructure and health-system readiness register against regional benchmarks            | Public baseline and auditability               |
| 2. Stabilize        | Governance reform sequenced alongside active PPP and hospital construction                          | Reduced fragmentation risk in new investment   |
| 3. Rebuild          | Coordinated procurement, interoperable health records, diversified logistics                        | Reduced duplication and inefficiency           |
| 4. Industrialize    | Domestic technical capacity for construction, health-equipment and energy infrastructure            | Reduced import dependence for critical systems |
| 5. Diversify        | Diversified trade partnerships; energy-allocation transparency; agricultural market diversification | Reduced concentration risk                     |
| 6. Institutionalize | Administration-independent infrastructure and health-governance institutions                        | Continuity across changes of government        |
| 7. Adapt            | Technology renewal, demographic change, evolving regional trade patterns                            | 2076 resilience                                |

HRS ALLOCATION PRINCIPLE

*Infrastructure and health-sector capital should be sequenced so that construction proceeds alongside, not ahead of, the governance reforms that determine whether new capacity translates into durable population and economic benefit.*

17 • MIGRATION AND HUMAN CAPITAL

## Migration, Human Capital & Regional Development

Paraguay's development challenge includes significant rural-urban and regional disparities, with infrastructure and health investment historically concentrated around Asunción relative to departments such as Chaco, Concepción and Curuguaty — all destinations for new hospital investment identified in Section 01. [11]

| Priority                   | Readiness Action                                                                        | Expected Capability                                              |
|----------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Regional equity            | Infrastructure and health investment reaching departments beyond Asunción               | Reduced regional disparity and governability risk                |
| Workforce                  | Technical training linked to the active infrastructure and health-construction pipeline | Domestic workforce depth supporting the PPP program              |
| Health workforce           | Staffing and retention planning alongside new hospital construction                     | New facilities that are staffed and functional, not merely built |
| Rural economic development | Agricultural value-chain investment reaching rural producers directly                   | Reduced rural-urban development gap                              |

HRS MIGRATION READINESS METRIC

*Whether infrastructure and health investment reach departments beyond Asunción at a pace that reduces, rather than reinforces, regional disparity.*

18 • TRADE DIVERSIFICATION

Trade Diversification and External Economic Partners

Paraguay's diplomatic alignment with Taiwan, examined in Section 04, creates a distinctive trade-diversification requirement not present elsewhere in this series: the need to develop economic partnerships that do not depend on direct market access to China, even as Chinese imports into Paraguay topped US\$6 billion in 2025. [17]

| Partner              | Relationship                                                                                                                                | Readiness Consideration                                              |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Taiwan               | Sole formal diplomatic recognition in South America; sustained under Chinese pressure                                                       | Preserve alignment while managing its economic cost                  |
| China (indirect)     | Major source of imports (over US\$6 billion in 2025); Paraguayan exports must route through third countries; no direct diplomatic relations | Manage routing costs; avoid overreliance on indirect export channels |
| Argentina and Brazil | Primary logistics partners for landlocked trade                                                                                             | Diversify port and route dependency where possible                   |
| United States        | Growing security and economic-alignment partner within the Shield of the Americas framework                                                 | Deepen without displacing other partnerships                         |

HRS PROPOSITION

*Paraguay's diplomatic alignment with Taiwan and its economic engagement with China through indirect channels are not contradictory; the readiness priority is diversifying trade partnerships broadly enough that no single routing constraint or diplomatic pressure point becomes decisive.*

19 • U.S. - PARAGUAY COOPERATION

## A Readiness-Based Cooperation Framework

Paraguay's alignment with the United States has developed alongside, rather than instead of, its bilateral relationships with multilateral development banks and regional partners. Paraguay is among the governments that joined the 22 September 2026 Joint Statement on Defending Hemispheric Sovereignty, providing an established framework for cooperation on hemispheric resilience, economic security and infrastructure-related readiness. [20]

| Domain               | Illustrative Readiness Objective                                                    | Authority / Accountability                                      |
|----------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Infrastructure       | Transparent, nationality-neutral PPP screening and execution capacity               | Paraguayan infrastructure and regulatory authorities            |
| Health               | Coordinated national health-governance reform                                       | Paraguayan health authorities                                   |
| Diplomatic alignment | Sustained Taiwan recognition amid Chinese pressure                                  | Paraguayan government; supported informally by aligned partners |
| Trade                | Diversified economic partnerships reducing routing and diplomatic-pressure exposure | Paraguayan and partner-country trade authorities                |

COOPERATION PRINCIPLE

*Build systems that remain useful if an administration changes, a diplomatic relationship comes under renewed pressure, or a development-financing partner's priorities evolve.*

20 · 2027–2030

## Foundational Investment

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**Objective:** sequence the active PPP infrastructure and hospital-construction pipeline alongside governance reform, avoiding fragmentation at scale.

### Priority portfolio

- Health-system coordination framework development
- Governance milestones tied to hospital and infrastructure disbursement
- Initial trade-diversification partnerships
- Transparent energy-allocation policy for hydropower demand
- Regional (non-Asunción) infrastructure investment

#### HRS LONG-HORIZON TEST

*Infrastructure investment should be traceable to measurable governance and coordination outcomes, not construction volume alone.*

21 · 2031–2035

## Institutional Consolidation

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**Objective:** move from foundational investment to durable, administration-independent infrastructure and health institutions.

### Priority portfolio

- National health-system integration substantially complete
- Administration-independent infrastructure-regulatory institutions
- Domestic technical capacity for construction and health-equipment maintenance
- Diversified trade partnerships reducing routing dependency
- Reduced regional (non-Asunción) development gap

#### HRS LONG-HORIZON TEST

*The central transition is from a construction-led investment program to institutional capacity that determines whether that construction delivers durable value.*

22 · 2036–2050

## Diversification

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**Objective:** reduce structural dependence on any single trade route, energy-demand source, or development-financing partner.

### Priority portfolio

- Diversified logistics, trade and financing partnerships, applied on nationality-neutral terms
- Expanded domestic manufacturing tied to infrastructure and energy investment
- Institutionalized regional-development mechanisms
- Sustained diplomatic alignment with diversified economic engagement
- Mature, integrated national health system

#### HRS LONG-HORIZON TEST

*A resilient Paraguayan system should continue functioning if one trade route, one energy-demand source, or one diplomatic relationship shifts.*

23 · 2051–2065

## Renewal

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**Objective:** replace first-generation post-2027 infrastructure and health facilities before systemic failure, applying updated technology and institutional standards.

### Priority portfolio

- Renewed infrastructure and hospital facilities
- Updated health-information and interoperability systems
- Continued institution professionalization
- Renewed energy infrastructure reflecting evolved demand patterns
- Sustained diversified trade and diplomatic relationships

#### HRS LONG-HORIZON TEST

*Long-horizon readiness means avoiding a second generation of infrastructure that reproduces the fragmentation risks of the first.*

24 · 2066–2076

## Intergenerational Resilience

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**Objective:** establish a continuously renewing portfolio of Paraguayan infrastructure and institutional capabilities.

**Priority portfolio**

- Effective redundancy across infrastructure, health and energy systems
- Diversified international partnerships, applied consistently and transparently
- Recurring national infrastructure and health-system stress tests
- Sustained regional-development investment
- Durable, administration-independent governance institutions

**HRS LONG-HORIZON TEST**

*Build systems that remain useful when governments change, trade patterns evolve, or diplomatic pressures shift.*

25 • READINESS METRICS

## Readiness Metrics and Governance

Country readiness should not be reduced to a single score. Metrics should be tracked by sector, geography and critical function.

| Domain          | Illustrative Metric                                                                                       |
|-----------------|-----------------------------------------------------------------------------------------------------------|
| Health          | Provider-coordination progress; hospital functional-capacity ratio (staffed beds versus constructed beds) |
| Infrastructure  | Infrastructure investment as share of GDP versus regional benchmark                                       |
| Energy          | Transparent-allocation share of hydropower demand across sectors                                          |
| Trade           | Trade-partner and logistics-route diversification                                                         |
| Regional equity | Non-Asunción infrastructure and health-investment share                                                   |

26 • GOVERNANCE & IMPROVEMENT FRAMEWORK

## HRS Paraguay Readiness Improvement Framework

| Cycle      | Paraguay Implementation                                                                                        |
|------------|----------------------------------------------------------------------------------------------------------------|
| Detect     | Maintain national infrastructure and health-system readiness registers.                                        |
| Assess     | Stress-test compound infrastructure-execution and health-system-integration scenarios.                         |
| Decide     | Sequence investment against governance-readiness milestones.                                                   |
| Coordinate | Align national ministries, multilateral development banks, private concessionaires and international partners. |
| Deploy     | Execute infrastructure and health-governance packages with measurable outcomes.                                |
| Sustain    | Fund institutions through Paraguay's political cycles.                                                         |
| Learn      | Conduct annual continuity exercises and update assumptions through 2076.                                       |

MANAGEMENT PRINCIPLE

*The HRS improvement framework should be used as a management system rather than a one-time report — particularly important given the scale of Paraguay's current investment pipeline relative to its historical execution capacity.*

## 27 • CONCLUSION

## Conclusion

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Paraguay's September 2026 position is defined by genuine opportunity paired with genuine risk: an active infrastructure and health-construction pipeline arriving after decades of chronic underinvestment, a distinctive hydropower endowment, and a diplomatic alignment with Taiwan sustained under real and escalating Chinese pressure. Unlike Peru's Chancay-style contested asset, Bolivia's stalled lithium law, or Ecuador's declared internal armed conflict, Paraguay's readiness gap is not concentrated in a single dependency but distributed across nearly every sector this series examines.

The HRS opportunity is not to resolve a single strategic bottleneck, but to help sequence an already-underway, multi-sector investment program so that it builds durable institutional capacity — a coordinated health system, a transparent infrastructure-governance framework, diversified trade partnerships — rather than reproducing today's fragmentation at greater scale.

**FINAL HRS PROPOSITION**

*Paraguay's resilience should be measured not by the volume of new construction, but by whether its infrastructure and health institutions can coordinate, sustain and adapt independent of which government is in office, how Chinese pressure over Taiwan evolves, or how regional trade patterns shift over the coming decades.*

**METHODOLOGY, RESEARCH INTEGRITY AND LIMITATIONS**

## Methodology, Research Integrity and Limitations

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This assessment is an original HRS Resilience Foundation synthesis based on public-source evidence and the Foundation's Western Hemisphere Readiness Series. It integrates the HRS Readiness Cycle, Strategic Dependency Test, effective-versus-nominal redundancy distinction, sector readiness logic and 50-year planning principles.

The assessment does not claim access to classified intelligence, confidential commercial information or privileged government information. Conditions in Paraguay, U.S. policy, and the Taiwan-China dispute can change rapidly.

Statements attributed to the U.S., Paraguayan, or Chinese governments are presented as their respective positions. This report references corruption allegations against a named former Paraguayan official as documented political context and takes no position on their merits. Scenario propositions are analytical pathways, not forecasts.

The report is not a political judgment, electoral recommendation, intelligence product, procurement recommendation, legal opinion, engineering certification or investment solicitation. Country conditions are analytical categories, not rankings.

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**About the HRS Resilience Foundation:** The HRS Resilience Foundation is an independent research organization advancing institutional readiness and health security across the Western Hemisphere.

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Independent research for institutional readiness, continuity, and 50-year resilience planning across the Western Hemisphere. Research Outputs span Strategic Reports, Policy Briefs, Technical Papers, Sector Readiness Assessments and Country Assessments, translating public-source evidence into practical frameworks built to remain valid for governments, infrastructure operators, investors, and institutional decision-makers across changes in technology, suppliers, and political leadership.

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