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HHR Reps Paraguay State Bank in First International Funding

News & Events

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February 11, 2021 – Hughes Hubbard represented Paraguay’s state-run Banco Nacional de Fomento (BNF) in its first U.S. dollar funding from international financial markets.

The World Bank’s guarantee agency announced on Feb. 4 that it issued guarantees worth up to \$101 million to Citibank and Commerzbank for loans they are providing to BNF to support the local bank’s efforts to help Paraguay’s export sector recover from the impact of the coronavirus pandemic.

The guarantees are part of the Multilateral Investment Guarantee Agency’s (MIGA) COVID-19 response program and mark the first time MIGA has agreed to back loans for Paraguay in over 24 years. The guarantees will allow BNF to provide between five and seven-year loans to export-oriented Paraguayan corporates.

“This transaction marks a significant landmark for BNF’s 60-year history, as the first international operation whereby global financial institutions grant access to credit facilities, under remarkable market conditions,” BNF said in a statement. “The guarantees provided by MIGA will be instrumental in BNF’s efforts to provide credit support to a wide range of productive sectors across Paraguay, thereby contributing to stimulate long-term investments.”

Paraguay’s export sector represents over 35 percent of the country’s gross domestic product, or the sum of all goods and services produced. As of September 2020, total exports had contracted by 12.6 percent due to the pandemic.

BNF will use the proceeds to help preserve jobs while stimulating agricultural, services, commercial and industrial activity nationwide. The proceeds will enhance support for exporters by targeting productive investments, including the purchase of equipment and raw materials, as well as the expansion of infrastructure and other capital expenditure investments.

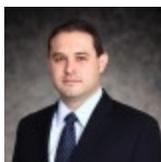
Headquartered in Asunción, BNF is a government agency regulated by the Central Bank of Paraguay, with a strong presence in the local market. BNF was created in 1961 with a mission to promote the country's economic and social development through banking and financial services, and prioritizing strategic and inclusive development projects.

Freddie Goudie and Emilio Saiz led the HHR team, which also included Alan Kravitz and Francesca Ferraresi.

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Federico A. Goudie



Emilio Saiz



Alan Kravitz

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