



**USAID**  
DEL PUEBLO DE LOS ESTADOS  
UNIDOS DE AMÉRICA

**PARAGUAY PRODUCTIVO**

Pequeños productores, grandes oportunidades

# PARAGUAY PRODUCTIVO

ANNUAL REPORT

OCTOBER 2010 TO SEPTEMBER 2011



**October 2011**

This publication was produced for review by the United States Agency for International Development. It was prepared by the Paraguay Productivo implementation team.



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## DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Cover photo: Paraguay Productivo is working to increase women's access to credit to fund agricultural investments to increase family incomes. Photo by Mayra Rivarola.



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# LIST OF ABBREVIATIONS

ACDI/VOCA	Agricultural Cooperative Development International / Volunteers in Oversees Cooperative Assistance
ADM	Archer Daniels Midland Company
CODIPSA	Compañía de Desarrollo y de Industrialización de Productos Primarios S.A.
DEAg	Dirección de Extensión Agrícola (dependent on the Ministry of Agriculture and Livestock)
DAP	Desarrollo Agrícola del Paraguay S.A.
FECOPROD	Federación de Cooperativas de Producción
GAP	Good Agricultural Practices
GDA	Global Development Alliance
MAG	Ministry of Agriculture and Livestock
PPR	Proyecto Paraguay Rural
PyP	Paraguay Productivo
REDIEX	Investment and Export Promotion Program
SENAVE	Servicio Nacional de Calidad y Seguridad Vegetal
SMS	Short Message System
USAID	United States Agency for International Development

# EXECUTIVE SUMMARY

This report summarizes the Paraguay Productivo (PyP) program's activities by value chains and project components from September 2010 to September 2011.

USAID's Paraguay Productivo has reached its targeted goals, including indicators and budgetary goals, set for the year. Previous delays in some results and the lower budgetary implementation level have been eliminated. The program has reached 67 percent of its life-of-project employment goal, leveraged 163 percent the projected amount and spent 62 percent of its budget.

PyP has signed twenty GDAs, as established in the Task Order (TO) and eight agreements to build capacity and implement policy changes. Many of these were done strategically to implement sustainable changes in rural family agriculture. Private sector partners are leveraging four times the amount of USAID funds and are very interested in continuing to invest in improving value chains if USAID continues to be their partner. This opens up interesting opportunities for the program beyond September 2012. As this report will show, one of the PyP team's assets is the strength of partnerships with the private and public sector, making the Mission a highly desired partner for generating economic growth inclusive of the rural population.

The tables in Annex A and B show that the 14 productive GDAs have an average budget of US\$ 95,133 in USAID funds, whereas the 6 financial GDAs have an average budget of US\$ 11,820 in USAID funds. The program has implemented 60 percent of the productive GDA budget and 20 percent of the financial GDAs. The degree of GDA implementation is in line with the program's target, which has just completed its first complete agricultural cycle in September 2011. Through PyP's financial GDAs, the program has facilitated 6,209 loans to new beneficiaries, an important achievement. PyP has generated 10,109 jobs, and trained 15,307 people.

After some personnel changes earlier in the year, the PyP team has been working to improve the quality of activities, especially M&E, budget execution, organization of training sessions, and reporting results of our work to a wider audience. These will be important as the project wraps up its work with the GDAs, focusing on sustainability, which is the main objective of the 2012 work plan.

# 1 ACHIEVEMENTS OF TARGETS

PyP is surpassing its targeted results in many of its most important indicators such as leverage, employment and training. When compared to Year 2 targeted results – established in the Program Monitoring Plan (PMP) – the outcome thus far in the program is encouraging; total sales is at US\$ 20.9 million (PMP US\$ 26 million), while employment has reached 10,109 jobs (PMP 5,000 – see table 1).

**PyP is surpassing its targeted results in many of its most important indicators such as leverage, employment and training.**

However, when these results are compared with the recently approved 2012 Work Plan (WP) and after the Midterm Evaluation, completed in 2011, the program has surpassed expectations. Total sales are at US\$ 20.9 million (WP US\$ 19.8) and employment is 10,109 (WP 8,500). The 2012 Work Plan increased some targets and redistributed sales over the 2011, 2012, and 2013 agricultural cycles, but it does not reduce targets. During the implementation of the program, there was a shift in focus away from exports, which led to the redistribution. As explained in the Midterm Evaluation, the program would need at least three agricultural cycles, at which point, the Paraguay Productivo team is confident that the original targets will be met.

Table 1 show that achievements in core indicators have surpassed 50 percent of its targets, except for sales, but as mentioned before, this target has been redistributed in the Work Plan because of the nature of the projects, which should include three agricultural cycles for concrete results. It is remarkable that the program has leveraged 4 times its USAID funds through GDA partners. One of PyP's assets is to develop effective alliances with the private sector.

TABLE 1 – Key Accumulated Targets & Achievements, as of September 2011

	LIFE OF PROJECT TARGETS	Y2 TARGETS PMP (2010)	Y2 TARGETS WP (2012)	Y2 RESULTS	RESULTS AS % OF TARGET
<b>1 TOTAL AMOUNT OR RESOURCES LEVERAGED THROUGH PARTNERSHIPS (US\$ MILLION)</b>	9.65	5.50	12.00	15.70	163%
<b>2 TOTAL SALES INCLUDING DOMESTIC SALES AND EXPORTS (US\$ MILLION)</b>	57.00	26.00	19.80	20.93	37%
<b>4 TOTAL EXPORTS (US\$ MILLION)</b>	38.00	17.00	15.70	19.36	51%
<b>5 NUMBER OF FTE JOBS</b>	15,000	5,000	8,500	10,109	67%

Source: Monitoring and Evaluation unit

Table 2 shows that one of most challenging indicators, to train at least 14,000 small producers (see indicator 7) has already been reached at this point of the program<sup>1</sup>. The PyP staff and the project's consultants organized hundreds of training sessions. Typically, these field days take one day and have more than 150 small producers present. In the coming year, almost every week, the program team will lead training activities. The project partners will keep using and expanding the implementation of SMS Productivo as a communications tool to connect producers, technicians, processors and buyers.



PyP will continue trainings, along with the expansion of SMS Productivo, a cost effective communications tool for anchor firms.

The number of borrowers from institutions extending microfinance is close to reaching its target (see table 2). The program was able to reach these targets due to the following activities:

- The PyP team contacted financial institutions and introduced them to areas where microloans are needed.
- The team connected these institutions with GDA anchor firms, facilitating agreements between them.
- The team organized meetings with small producers where microloan institutions offer their products.

Thanks to the program's efforts, 6,209 new loans were extended connecting small producers to microloan institutions.

<sup>1</sup> This indicator disaggregated by gender shows an increase from 15 to 19 percent for female beneficiaries. This percentage is still low and will be improved during 2012.

Table 2 - Achievements of Targets as of September 2011

PROJECT PERFORMANCE TARGETS/INDICATORS	LIFE OF THE PROJECT TARGETS	ACHIEVEMENTS TO FY 2011	IN %
<b>1. LEVERAGING USAID FUNDS</b>			
<b>1 TOTAL AMOUNT OR RESOURCES LEVERAGED THROUGH PARTNERSHIPS (US\$ MILLION)</b>	9.65	15.70	163%
<b>2 TOTAL NUMBER OF PARTNERSHIPS SIGNED</b>	20	20	100%
<b>2. CATALYZING SALES AND JOBS</b>			
<b>3 TOTAL SALES INCLUDING DOMESTIC SALES AND EXPORTS (US\$ MILLION)</b>	57.00	20.93	37%
<b>4 TOTAL EXPORTS (US\$ MILLION)</b>	38.00	19.36	51%
<b>5 NUMBER OF JOBS GENERATED BY DOMESTIC SALES AND EXPORTS</b>	15,000	10,109	67%
<b>6 NUMBER OF FIRMS AND COOP. RECEIVING CAPACITY BUILDING ASSISTANCE TO EXPORT</b>	125	116	93%
<b>7 NUMBER OF SMALL PRODUCERS RECEIVING TA AND TRAINING ON MARKET ACCESS</b>	14,000	15,037	107%
<b>8 NUMBER OF SMALL PRODUCERS RECEIVING USAID ASSISTANCE TO IMPROVE MANAGEMENT</b>	900	6,782	754%
<b>9 NUMBER OF USAID SUPPORTED TRAINING EVENTS ON INVESTMENT &amp; TRADE CAPACITY BUILDING</b>	45	763	1696%
<b>10 TOTAL NUMBER OF TRAINING EVENTS OR PRESENTATIONS SUPPORTED</b>	60	875	1458%
<b>11 NUMBER OF PARTICIPANTS RECEIVING TRADE AND INVESTMENT CAPACITY BUILDING TRAINING</b>	900	12,761	1418%
<b>12 TOTAL NUMBER OF PEOPLE PARTICIPATING RECEIVING TRAINING</b>	8,000	12,810	160%
<b>13 NUMBER OF CONSULTATIVE PROCESSES WITH INDIVIDUAL PRIVATE SECTOR VALUE CHAIN PARTICIPANTS</b>	105	40	38%
<b>14 NUMBER OF TRADE AND INVESTMENT DIAGNOSTICS UNDERTAKEN</b>	24	15	63%
<b>15 NUMBER OF PEOPLE WITH INCREASED BENEFITS FROM SUSTAINABLE ENVIRONMENTAL ACTIVITIES</b>	1,600	426	27%
<b>3. ENHANCING ACCESS TO MICROCREDIT</b>			
<b>16 NUMBER OF BORROWERS FROM INSTITUTIONS EXTENDING MICROFINANCE</b>	6,500	6,209	96%
<b>17 NUMBER OF INSTITUTIONS EXTENDING MICROFINANCE OR FINANCE-RELATED TECHNICAL ASSISTANCE</b>	14	10	71%

Source: Monitoring and Evaluation unit

Leveraging is important to PyP's success for two main reasons

1. Productive GDA anchor firms invest in fixed investments, working capital for increasing purchases from small farmers, or additional consultants.
2. The banks working with financial GDAs invest in loans for fixed investments and micro loans, both are focused on the productive GDAs.

As table 3 shows, the best examples of successful leveraging have been reflected in the partnership between FIELCO (mainly microloans) and ARASY (working capital and consultants).

Sales and employment are only generated by productive GDAs and as table 3 shows, ARASY and CODIPSA generate the most. Products like cassava, sesame, dairy and mburucuyá generate the most sales, whereas stevia and moyashi are not generating sales yet<sup>2</sup>.



Cassava and sesame are amongst the most widely spread cash crops with small producers in rural Paraguay.

The employment generated by the GDAs is substantially higher than expected in the task order. One possible explanation is the extensive success of Paraguay Productivo in agro-processing, whereas the multiplier mix used in the TO had assumed a mix of primary, secondary and tertiary activities. Agriculture plus processing is a high performer in terms of employment generation, and PyP has focused in these value chains

<sup>2</sup> Lemon grass sales have not been measured by M&E and will be included in the next quarterly report.

Table 3 - Achievements of Core Targets per GDA, as of September 2011, US\$ Millions

	<b>LEVERAGE</b>	<b>SALES</b>	<b>EXPORTS</b>	<b>EMPLOYMENT</b>
<b>1 ARASY</b>	3,043,277	7,188,750	7,188,750	2,499
<b>2 CODIPSA</b>	1,782,210	6,800,00	5,695,899	4,578
<b>3 SHIROSAWA</b>	747,743	1,023,060	1,023,060	356
<b>4 BIOEXPORT</b>	1,502,575	2,449,044	2,449,044	851
<b>5 COOP. MANDUVIRA</b>	1,411,293	1,297,250	1,297,250	802
<b>6 KEMASEM</b>	343,704	632,630	632,630	220
<b>7 LA FORTUNA</b>	52,293	465,051	-	189
<b>8 GRANULAR</b>	-	-	-	-
<b>9 LA NORTEÑA</b>	139,313	935,791	935,791	569
<b>10 FRUTIKA</b>	121,704	141,783	137,992	45
<b>11 COOP. CAPIBARY</b>	28,356	-	-	-
<b>12 ADM</b>	89,831	-	-	-
<b>13 COOP. COLONIAS UNIDAS</b>	45,324	-	-	-
<b>14 FINANCIERA EL COMERCIO</b>	4,932,424	-	-	-
<b>15 VISION BANCO</b>	597,627	-	-	-
<b>16 COOPEDUC</b>	-	-	-	-
<b>17 BANCO FAMILIAR</b>	443,665	-	-	-
<b>18 BANCO REGIONAL</b>	400,000	-	-	-
<b>19 COOPER SANJUBA</b>	14,659	-	-	-
<b>20 CRÉDITO AGRÍCOLA DE HABILITACIÓN</b>	-	-	-	-
<b>TOTAL</b>	<b>15,695,997</b>	<b>20,933,358</b>	<b>19,360,416</b>	<b>10,109</b>

Source: Monitorinig &amp; Evaluation Unit

## 2 VALUE CHAIN ASSISTANCE

The objective of the twenty GDAs is to generate sales and employment among low-income rural family farms. In order to achieve these results, the program is deploying 160 professional consultants to provide technical assistance in good agricultural practices. The PyP staff includes 3 GDA managers, 2 GDA directors, and 34 consultants. The GDA anchor firms have their own 121 consultants as well. The type of TA provided is focused on value chain agriculture:

- Linking small producers with the anchor firm;
- Establishing access to microloans;
- Improving gender equity in family agriculture;
- Using GAP to increase productivity and reduce environmental impact;
- Incorporate traceability;
- Train small producers, women and men, as well the firms' staff.

Table 4 below summarizes the GDAs' results in the key FY 2011 indicators. Of the 20 GDAs, 14 are in the productive area and 6 in the financial area, but all generate results in some of the four key indicators (Leverage, Sales, Exports, Employment). The 20 GDAs are at the core of the program activities providing TA in agricultural value chains. For that reason, they are constantly being monitored by PyP's M&E unit.

**These developments empower the families and facilitate their expansion into new crops and opportunities.**

The program has other signed agreements, as discussed in Section 3, with the Red de Microfinanzas, FECOPROD and the trilateral agreement USA-CHILE-PARAGUAY. These agreements have other objectives beyond generating results within the projects' indicators. They are not monitored by the M&E unit of the project. The objective in these cases is to support the 20 GDAs, by building capacity in the private sector or facilitating policy change. As section 4 illustrates, some of these agreements are generating results, like in the training indicator.

The technical assistance mentioned above is catalyzing changes within firms and small producers. For instance, the value chain and gender strategies promoted by the projects are facilitating more integrated and complementary roles for women in agriculture. Technical assistance is also facilitating access to microcredit. GAP, especially when combined with traceability, catalyzes increases in income by improving yields and quality. More importantly, it creates and strengthens the link between families and the GDA anchor firm. This is a new element of the Paraguayan family-agricultural landscape, because intermediaries are no longer a part of the value chain and the focus is on the quality of production and sales logistics. These

developments empower families and facilitate their expansion into new crops and opportunities. PyP is having transformational, sustainable impact.

Table 4: Value Chain Development per GDA during FY 2011

<b>Table 4A: Brief description of the activities at the 'productive' GDAs during the FY 2011</b>
<b>GDA 1 – PARTNER FIRM: ARASY</b>
<p>The GDA's objective:</p> <ol style="list-style-type: none"> <li>(1) Introduce sesame in new areas; in Caazapá, Caaguazú, Guairá, Itapúa and Paraguari the results were successful; in Cordillera less successful; but in Canindeyú with very good results.</li> <li>(2) Benefit at least 5,000 new families in the new areas: 3,485 have been reached. More families were reached through the middlemen in the new areas.</li> <li>(3) Encourage the agriculture extension specialists from the DEAg to take over the assistance in the new areas: was not achieved except in very few cases. In other words, until now the TA has had to be done almost entirely by the extension workers from the projects and the GDA partner. For the coming season the program will have 7 and the GDA-firm 16 extension workers. Nonetheless, the PyP team will try to establish more effective alliances between the GDA partners and the DEAg.</li> <li>(4) Assist in the traceability 1,500 organic and 2,000 of conventional sesame producers (Banco Familiar's clients): expected to be achieved in 2012.</li> </ol>
<b>GDA 2 – PARTNER FIRM: CODIPSA</b>
<p>The GDA's objective:</p> <ol style="list-style-type: none"> <li>(1) Benefit 1,000 small producers: until this year 2,319 have been reached.</li> <li>(2) Train 15 technical assistants in GAP: has been achieved.</li> <li>(3) Train 8 technical assistants in setting up community organizations: has been achieved.</li> <li>(4) Train 100 small producers in setting up community organizations: the achievement is 30 producers but the technical assistants of CODIPSA are training other producers.</li> <li>(5) Help 800 producers to access microloans: a total of 724 have been achieved until the end of FY 2011.</li> <li>(6) Improve two rural road facilities: has been fulfilled.</li> <li>(7) Support the establishment of a cassava chamber ('Cámara Paraguaya de la Mandioca y Almidón'): is projected for 2012.</li> <li>(8) Develop the Foreign Trade Department of the firm: has not been achieved</li> <li>(9) Connect with three new clients in the United States: has not been achieved.</li> <li>(10) Increase sales by 30 percent (\$6,414,274): has been surpassed, by 206 percent (\$13,214,274).</li> </ol>
<b>GDA 3 – PARTNER FIRM: SHIROSAWA</b>
<p>The GDA's objective:</p> <ol style="list-style-type: none"> <li>(1) Establish traceability: During this year traceability has been fully implemented by SHIROSAWA</li> <li>(2) Benefit at least 2,000 small producers during 2011: 1,894 have been incorporated and assisted in value chain agriculture, traceability and GAP; they have improved their quality of life by delivering the volumes of sesame subject to traceability.</li> <li>(3) Develop the alliance between the small producers' organization of FECOPROD and SHIROSAWA for supplying sesame: for 90 percent these organizations have a stable and efficient relationship with the firm.</li> <li>(4) Improve yield and quality of sesame: yield per ha is still low and not increasing, between others, due to weather conditions. There is still a lot to do in terms of GAP in order to increase yield by a 30 percent above de base line (600 kg per hectare).</li> </ol>

Source: Monitoring & Evaluation Unit and direct information from the GDA management staff

**Table 4B: Brief description of the activities at the 'productive' GDAs during the FY 2011****GDA 4 – PARTNER FIRM: BIOEXPORT**

The GDA's objective:

- (1) Support the fixed investments: this new medium size firm with young and innovative entrepreneurs has been assisted by the DCA facility of Banco Regional.
- (2) Establish traceability: the system has been installed as a manual process which still needs to be computerized during the next year.
- (3) Train 1,000 sesame producers: 800 have been trained this year
- (4) Introduce moyashi and train 500 producers: the firm has faced difficulties with the cultivation of moyashi but for this year the product will have a dedicated TA.
- (5) Introduce mburucuya: are being introduced successfully in Itapúa (Alto Vera, one of most poor districts of Paraguay) and Alto Parana and San Pedro del Paraná.

**GDA 5 - PARTNER FIRM: COOPERATIVA MANDUVIRA**

The GDA's objective:

- (1) Introduce new varieties of sugar cane and increase of the yield per hectares: is underway.
- (2) Develop traceability with at least 200 small producers of the Cooperative: during this year 562 producers have been incorporated.
- (3) Obtain the financial resources for fixed investment in a new plant: of US\$ 9 million for the construction of a new plant for organic sugar the following loans have been arranged (under a trust fund): IDB US\$ 1 million (9 years maturity; 3 years grace period; 6% interest rate); Oikocredit US\$ 3 million (6 years; 2 years grace period; 9% interest rate); Responsibility US\$ 2 million (5 years; 1.5 years grace period; 10% annually). The funds of US\$ 3 million will probably be provided by Oikocredit, Responsibility (US\$0.9 million and US\$0.6 million respectively) and SHARE US\$1.0 million, as well but it is requesting that a local bank invest the remaining US\$0.5 million of the whole amount (probably Banco Regional's DCA facility could provide \$200.000).
- (4) Assist the cooperative in organizing the securitization of its land of at least US\$ 2 million: the cooperative members have provided US\$ 2,044,000 and the process of legal transfer is underway.
- (5) Increment sales by US\$ 1,754,032: US\$1,297,250 to September 2011.
- (6) Design the new plant and allocate the order for equipment and construction efficiently: a TA is working for this area; construction plans are ready and assigned to a firm which will initiate in October 2011; equipment is ordered and being manufactured locally and internationally.
- (7) Design for loans sesame, sugar cane and for improving the soil: 590 producers accessed it.
- (8) Support the cooperative for recruitment, along with support the development of a financial risk unit: is underway.
- (9) Install SMS Productivo: has been fulfilled; this system facilitates other areas like the TA on GAP, value chain and micro-financial articulation.

**GDA 6 – PARTNER FIRM: KEMASEM**

The GDA's objective:

- (1) Install the traceability system: has been installed and is functioning at the firm and well at COOP. LA NORTEÑA and COOP. MANDUVIRA (exclusive suppliers of sesame to the firm).
- (2) Develop sesame with at least 600 small producers of traceable and organic sesame: 257 producers have been reached up to date.
- (3) Improve quality: although the number of small producer incorporated to the system is lower than expected, its first year of implementation has resulted in an improved quality of the supply. Many serious problems of non-conformity of the seeds have been detected early and where resolved in an efficient way. The producers in turn get better prices of their seed.

Source: Monitoring & Evaluation Unit and direct information from the GDA management staff

**Table 4C: Brief description of the activities at the 'productive' GDAs during the FY 2011****GDA 7 - PARTNER FIRM: LA FORTUNA**

The GDA's objective:

- (1) Incorporate 200 small producer of dairy: 30 additional small farmers have been incorporated supplying on average 8 liters per day.
- (2) Increased daily supply from 10,500 liters to 13,500 liters: will be achieved in 2012
- (3) Provided TA with 2 technicians: 1 veterinary surgeon is in place.
- (4) Make a dairy production manual for good practices of production and logistics: being prepared.
- (5) Assist 100 small farmers in accessing microloans: underway with COOPEDUC.
- (6) Increase sales to \$772,908: achieved \$450,000.

**GDA 8 – PARTNER FIRM: GRANULAR**

The GDA's objective:

- (1) Train the sales department: concluded and the firm is now trying to get new sales. One of the barriers to selling their stevioglycosides (provided by NL Stevia) is that the quality is below the level required by the European market. The firm is sending their Paraguayan products to its own plants in Europe and China for reprocessing.
- (2) Leverage \$63,615: achieved \$44,439
- (3) This GDA is finished because no sales are being achieved

**GDA 9 - PARTNER FIRM: COOPERATIVA LA NORTEÑA**

The GDA's objective:

- (1) Install traceability: La Norteña has adopted the lesson learned on GAP and traceability for its business on sesame, lemon grass and dried pills. One of the main changes within the Cooperative is that it is now planning with member farmers, rather than using middlemen.
- (2) Improve the quality: its products are improved with GAP and traceability and its European buyers are now placing more orders.
- (3) Incorporate at least 700 small producers: 227 have incorporated

**GDA 10 – PARTNER FIRM: FRUTIKA**

The GDA's objective:

- (1) Extend cultivation to 170 hectares: 120 have been achieved. Based on the TA of the GDA, two new areas of cultivating mburucuyá have been developed, which are Tavaí en Caazapá, and will probably be the densest suppliers of it in the near future. The target is a total of 150 hectares in alliance with Cooperativa Capiibary and 20 hectares in alliance with Frutika. The increase of the area will probably come from new sites like Cooperativa Sanjuba in Misiones and small producers linked to Bioexport in Itapua and Alto Parana, which are now engaging in mburucuyá. The zone around the Frutika plant, Carlos Antonio López and Mayor Otaño, have been disengaged for years from the industry, but are now starting to integrate it, due to the TA from the GDA.
- (2) Train five new technicians for extension: three from the project and two from Cooperativa Capiibary. They have become an example for other Cooperatives and small farmers' organizations for starting mburucuyá cultivation. The TA ensures that the small producers to operate environmental friendly and organic agriculture with Frutika.
- (3) Connect mburucuyá producers to microloans: CAH, Cooperativa Capiibary, and FIELCO are now supplying the farmers.
- (4) Frutika has contracted the expert of the project as part of its staff for mburucuyá.

Source: Monitoring & Evaluation Unit and direct information from the GDA management staff

**Table 4D: Brief description of the activities at the 'productive' GDAs during the FY 2011****11 - PARTNER FIRM: COOPERATIVA CAPIIBARY**

The GDA's objective:

- (1) Train 100 farmers: 65 have been trained in GAP.
- (2) Improve the logistics: a center of distribution of the crops harvested in its region has been installed to organize the logistics of sales to Frutika. This firm played a key role in the transferring its knowhow.
- (3) Extend cultivation to 50 has: 35 have been achieved.
- (4) Enhance the loan department of the Cooperative: is now operational for small farmers for financing mburucuya.

**12 – PARTNER FIRM: ADM**

The GDA's objective:

- (1) Extend cultivation of stevia to 22 hectares and to 40 producers in the surrounding areas: 30 hectares and 60 producers have been reached.
- (2) Develop and train ADM in value chain for small producers: ADM has hired the professional of the Project in charge of the TA, as part of its regular staff. Sales have been managed with great responsibility by the firm, but the business side – very crucial for a value chain approach – is under discussion because of the low yield and the low rebaudioside content of the stevia variety cultivated by the small producers of ADM. But this evaluation about the business is only technical; the program believes that ADM has sufficient experience and knowledge to turn around this issue.
- (3) The GDA has been closed and finished.

**13 – PARTNER FIRM: COOPERATIVA COLONIAS UNIDAS**

The GDA's objective:

- (1) Research de agronomics of stevia: has been achieved and widely shared with stakeholders and presented to the public.
- (2) Develop a pilot cultivation with the Cooperative: COLONIAS UNIDAS will continue to explore the agronomics and the business of stevia. The technicians of the project are working for the firm now; other two professional of the Cooperative have been trained in value chain and GAP.
- (3) This GDA is closed and finished.

**14 - PARTNER FIRM: COOPERATIVA SANJUBA**

The GDA's objective:

- (1) Incorporate at least 50 small producers in mburucuyá: 20 farmers have been achieved. The project is present in SANJUBA with one professional but is as well training technicians of the Cooperative in order to turn its TA sustainable.
- (2) Connect the farmers to microloans: is underway.
- (3) Improve the 'Reglamento de Crédito' in order to facilitate access to credit of the small farmer members for cultivating mburucuyá and sugar cane: is being achieved.
- (4) Train at least three employees of the credit department and get 100 farmer members of the Cooperative accessing credits from its own organization: is being achieved.
- (5) Incorporate 200 new farmer members: it is being achieved.
- (6) Train 100 small producers in value chain agriculture: it is being achieved.
- (7) Help to setup the trade department of the Cooperative: will be performed in 2012. Agreement with Manduvirá is underway.
- (8) Get 10.000 ton of sugar cane during the first year of operation of the new plant (the plan has started to operate in September 2011): is being achieved.
- (9) Develop planes with other small producers' organization in the region for getting sugarcane for the new plan of organic sugar: is underway.

Source: Monitoring & Evaluation Unit and direct information from the GDA management staff

<b>Table 4E: Brief description of the activities at the financial GDAs during the FY 2011</b>
<b>15 – PARTNER FIRM: FIELCO</b>
<p>The GDA establishes:</p> <ul style="list-style-type: none"> <li>(1) To train 3,000 small producers in value chain agriculture, GAP and access to market: 2,535 have been trained during 2011.</li> <li>(2) To provide at least 20 communal loans to water supply systems: has to be achieved in 2012.</li> <li>(3) Provide US\$ 2,768,935 in microloans to 1,500 farmers of dairy, cassava, sesame, sugarcane: US\$ 4,932,424 and 4,952 farmers have been achieved.</li> </ul>
<b>16 – PARTNER FIRM: VISION</b>
<p>The GDA establishes:</p> <ul style="list-style-type: none"> <li>(1) Train 20 managers: 30 achieved.</li> <li>(2) Train 1,000 small producer in accessing microloans and value chain: achieved 330.</li> <li>(3) Incorporate 1,000 small producers in the projects value chain, accessing microloans: achieved 724</li> </ul>
<b>17 – PARTNER FIRM: COOPEDUC</b>
<p>The GDA establishes:</p> <ul style="list-style-type: none"> <li>(4) Train 20 managers: 44 achieved.</li> <li>(5) Train 1,000 small producer in accessing microloans and value chain: being achieved. Started with Dairy Value Chain.</li> </ul>
<b>18 – PARTNER FIRM: FAMILIAR</b>
<p>The GDA establishes:</p> <ul style="list-style-type: none"> <li>(6) Train 20 managers: 7 achieved.</li> <li>(7) Train 1,000 small producer in accessing microloans and value chain: to be achieved in 2012.</li> <li>(1) Incorporate 1,000 small producers in the projects value chain, accessing microloans: achieved 533.</li> </ul>
<b>19 – PARTNER FIRM: REGIONAL</b>
<p>The GDA establishes:</p> <ul style="list-style-type: none"> <li>(1) Train 5 managers and 10 loan officers: to be achieved in 2012.</li> <li>(2) Disburse loans of US\$ 3,000,000: achieved \$500,000; Bioexport US\$400,000 (3 years maturity; DCA guaranty); Bioexport US\$ 100,000 (1 year maturity; warrant). A new business plan for Fix Investment will be presented for loan appraisal under the CDA.</li> </ul>
<b>20 – PARTNER FIRM: CAH</b>
<p>The GDA establishes:</p> <ul style="list-style-type: none"> <li>(1) Create documents to introduce mobile banking and subcontracting cash services: manual of procedures and functions; flow chart of interaction between processes and actors; templates: will be performed by PriceCoopers Paraguay:</li> <li>(2) Train employees for using mobile banking and subcontracting cash services: will be performed by CAH.</li> <li>(3) Validate the new processes, especially for disbursements and collecting: will be undertaken by CAH.</li> <li>(4) Install the SMS Productivo: is underway</li> </ul>

Source: Monitoring & Evaluation Unit and direct information from the GDA management staff

## 3 CAPACITY BUILDING AND POLICY CHANGE

The program has signed many agreements with private and public sector organizations in order to develop broader support for its GDAs, but also for the purpose of developing activities to build capacity and generate policy changes within institutions, regarding the agriculture value chain approach. Of the 8 agreements, 4 have been completed (see table 5): FECOPROD, DAP, SENAIVE and CLUB DE EJECUTIVOS. The four agreements which are still active are those with the MAG, REDIEX, RED DE MICROFINANZAS and PARAGUAY RURAL.

One agreement which had a crucial impact on the program is the one with FECOPROD, because it involved 17 cooperatives which signed agreements with SHIROSAWA for producing traceable sesame. This was the beginning of a new model of production for the sesame value chain in Paraguay. The lead firms are in more direct contact and discussion with small farmers, in some cases organized through cooperatives, like the 17 cooperatives lead by SHIROSAWA. These are positive steps to add value to crops and directly benefit small farmers. Cassava, sugarcane, mburucuyá and many other crops are adopting similar changes.

**This was the beginning of a new model of production for the sesame value chain in Paraguay, where the leading firms have a more direct contact and compromise with the small farmers**

The largest and most important agreements are those signed with the Chilean development agency (AGCI) and the Paraguayan Government with the aim of strengthening REDIEX and MAG. The program is working not only with the private sector to develop agriculture value chains, but also with the public sector.



To integrate more farmers into successful value chains, the PyP team encourages dialogue with the private sector.

The program has sparked national interest in supporting the development of adapted seed varieties, along with the guidance and support of TA establishing quality guidelines which favor the expansion of crops suitable for small-scale agriculture. The private sector supports the

expansion of Paraguayan family agriculture to produce more crops for successful value chains rather than food crops. The private sector would like to integrate more small farmers into the value chains and the program is well positioned to facilitate the dialogue between the private and public sector.

The agreement with Paraguay Rural (PPR) was also an initiative for articulating public sector projects with the private sector and some GDAs are linked with famers assisted by PPR. FIDA, the organization that funds PPR, is now proposing to take over all or some of PyP's 20 GDAs when it finishes in September 2012. The proposal is that PPR II be launched in 2013, and will include TA (PPR I does not have this component) following the assistances provided by PyP. In the meantime, PPR I will get some additional funds from FIDA for coverage after September 2011.

Table 5: Activities per Agreement for Capacity Building & Policy Change

<b>Table 5A: Brief description of the activities at the agreements during the FY 2011</b>
<b>1 – MINISTRY OF AGRICULTURE AND LIVESTOCK (MAG)</b>
<p>In February 2010 the project signed an agreement with the ministry which is part of the trilateral agreement between USA-CHILE-PARAGUAY, and in September 2010 the project signed another agreement with the ministry which has a similar goal to first one, although it is set up in more general terms. The most relevant part of these agreements is the third component of the trilateral accord, which establishes the targets to training 210 extension professionals of the ministry and 70 loan officers of the CAH on value chain approach, food security and access to microloans. The activities for accomplishing this target have been broadly divided into phase 1 (value chain and food security) and phase 2 (access to microloans):</p> <p>(1) Phase 1: has been accomplished with 256 participants of the MAG, 78 of the CAH and 51 of other organizations attendants of the 7 training sessions.</p> <p>(2) Phase 2 will take place at Q1 of 2012 and the training will focus on</p> <ul style="list-style-type: none"> <li>– Value chain approach as articulator of the support services.</li> <li>– Roles, functions and services of the CAH and the MAG.</li> <li>– Basic requirements for accessing support of CAH.</li> <li>– Procedures for evaluating the creditworthiness of applications to the CAH.</li> <li>– Evaluation of the cost of loans of the CAH</li> <li>– Elaboration of the plans for organizational improvements and production plans according to the methods of the project Paraguay Rural (PPR).</li> </ul>
<b>2 – REDIEX</b>
<p>The trilateral agreement (February 2010) establishes that PyP has a role in component 1 and in monitoring and enhancing visibility of REDIEX:</p> <p>(1) Component 1 is to set up a new database of exporting firms of Paraguay: The database could have a maximum of 800 exporters; to date about 300 registrations have already been accomplished. The schedule establishes that the database should be published in 9 month after the signature of the agreement, which means that it will have to be ready in November of this year.</p> <p>(2) Component of monitoring and visibility: to be accomplished in 2012.</p>

Source: Direct information from the GDA management staff

**Table 5B: Brief description of the activities at the agreements during the FY 2011**

<b>3 – RED DE MICROFINANZAS</b>
<p>The agreement establishes:</p> <ol style="list-style-type: none"> <li>(1) Train at least 20 professionals of the banks, financial organizations and cooperatives members of the network: has been achieved.</li> <li>(2) Train 300 loan officers in credit technologies for rural microloans: is being achieved.</li> <li>(3) Develop access of at least 5,000 small farmers to microloans: has been achieved.</li> <li>(4) The agreement's end date is July 2012.</li> </ol>
<b>4 – FECOPROD</b>
<p>The agreement establishes:</p> <ol style="list-style-type: none"> <li>(1) Develop trustful relationship between the organizations: has been achieved</li> <li>(2) Produce traceable sesame: achieved.</li> <li>(3) Improve the yield and quality: has to be realized.</li> <li>(4) Introduce diversification: has been progress in 2011; will further developed in 2012.</li> <li>(5) Improve access to microfinance: has been achieved.</li> <li>(6) Organizational enhancement of the cooperatives: is being achieved.</li> <li>(7) Set up a Network which represents the involved organization: is being achieved.</li> <li>(8) Assure the sales of sesame: has been achieved.</li> <li>(9) The agreement's end date is August 2011</li> </ol>
<b>5 – PARAGUAY RURAL</b>
<p>The agreement establishes:</p> <ol style="list-style-type: none"> <li>(1) Train 120 local technicians in value chain agriculture, access to microloans; the professionals will be active at Paraguay Rural's projects in Concepción, San Pedro, Caaguazú, Guairá y Caazapá and benefit at least 12.000 families: has been achieved.</li> <li>(2) The agreement's end date is February 2012.</li> </ol>
<b>6 – SENA VE</b>
<p>The agreement establishes:</p> <ol style="list-style-type: none"> <li>(1) 5 training sessions on GAP and traceability, focused on the implementation of the 'Registro de Nacional de Trazabilidad Fitosanitaria, de Calidad y de Inocuidad' of the SENA VE: has not been done due to the fact that SENA VE is having a project for traceability which more oriented towards its function of regulator by controlling seeds and not establishing value chain developments.</li> <li>(2) The agreement's end date was July 2011.</li> </ol>
<b>7 – DAP</b>
<p>The agreement establishes:</p> <ol style="list-style-type: none"> <li>(1) Train and incorporate 500 small producers to the sesame value chain, in coordination with the Moises Bertoni Foundation (GAP, traceability, access to microloans and communication). The focus was on the region of San Pedro, where the firm has invested in agribusiness: the Foundation and DAP have achieved the established targets with support of the projects' staff and its expertise.</li> <li>(2) The agreement has been closed and finished; its end date is April 2012.</li> </ol>
<b>8 – CLUB DE EJECUTIVOS</b>
<p>The agreement establishes:</p> <ol style="list-style-type: none"> <li>(3) Support the elaboration of a new law for micro and small firms: the program team participated actively, at first it was led by the Club, but in the later phase, by the Ministry of Industry and Trade. The project was presented at Congress, approved and remitted to the Executive Branch, which partially approved the law and remitted it back to Congress.</li> <li>(4) The agreement has finished since August 2010.</li> </ol>

Source: Direct information from the GDA management staff

## 4 COMMUNICATING THE ACHIEVEMENTS

In addition to its standard communications activities, PyP's communications efforts focused on the production, filming, and editing of videos.

The following videos were filmed and edited:

- SMS Productivo, connecting farmers to markets (approved by USAID)
- Cassava for economic development (approved by USAID)
- CODIPSA, industrialization for peace and economic development
- Passion fruit, a passion for development

The following videos were filmed and are now pending review:

- Traceability, from farm to fork

The following videos will be filmed and edited in the following quarter:

- First loans, value chain financing and market linkages

