



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

**PARAGUAY  
POVERTY  
REDUCTION  
PROGRAM  
(PPRP)\***

Quarterly Report October – December 2006\*



**PARAGUAY VENDE**  
*expanding sales and generating jobs*

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\*Although not in accordance with the new communication guidelines, the PPRP project is maintaining its specific name “Paraguay Vende” as allowed by a written waiver from the United States Agency for International Development (USAID).

\*\* This publication was produced for review and approval by the USAID. 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.

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## Executive Summary

This report covers the activities and results of Paraguay Vende during the first quarter of the Fiscal Year 2007.

During this quarter Paraguay Vende focused on providing assistance to current, high-value clients as well as to the new client firms. The additional time provided through recent extension of the project through May 2007 will show the additional value added to project beneficiaries. Additional work by the project focused on providing assistance to firms with the greatest potential for increased sales. The extension through May 2007 reduced the overall project budget and therefore the project reduced its administrative staff. Due to strong management, these reductions did not have an impact on the project's achievement of results and the team closed 2006 with outstanding performance numbers with respect to increased sales. During the quarter Vende again surpassed the life of project targets in sales and employment, being slightly below the export and investments targets (see table 1).

To date, Vende has succeeded in achieving a ratio of close to US\$8 in sales for every US\$1 invested in project funds as of the December 2006 invoice for the project.

**Table 1**  
**Targets and Results**

<b>Items</b>	<b>Total Additional Sales US\$</b>	<b>Additional Exports US\$</b>	<b>Additional Employment (Person Days)</b>	<b>Additional Investments US\$</b>
Life of Project Targets	30.000.000	22.000.000	3.600.000	2.800.000
Accumulated Results August 2003 to December 2006	30.758.457	19.844.204	3.701.657	2.368.610
<b>Results Q1 2007</b>	<b>5.340.139</b>	<b>2.876.665</b>	<b>632.983</b>	<b>41.668</b>

Source: Monitoring Unit (UMR) of Paraguay Vende

## 1. Economic Service Centers (CSEs)

While the CSE of the Central Corridor has achieved the most with respect to employment generation, the CSE of the Eastern Corridor has achieved the largest sales increase, relative to the other centers (see table 2). Also of note is that collectively the CSEs have increased their total sales results by almost 21% during the quarter; remarkable for a non-harvest season.

Another interesting result is that for 2005 Vende contributed to a US\$10 million in increased sales and US\$19 million in 2006 – a 93% increase. Although Vende is not formally targeting pre-identified “high-growth” potential sectors, the design and management of the project to provide assistance where it has the greatest potential to generate a sizeable return on project investment naturally led project activities to high-growth sectors. While the Paraguayan GDP grew by a modest 4% in 2006, Vende client firms have close to doubled their productivity and sales. Vende’s mantra, “produce what sells” has provided the conceptual bedrock for generating the project’s impressive results. Furthermore, the demand-driven approach of the project is gaining adherents in Paraguay and contributing to an overall “paradigm” shift in how project partners view economic development initiatives. For instance, a former minister of agriculture recently declared that sesame and sugar were the most profitable crops in Paraguay and that the country should provide programming to support these crops instead of non-performing crops such as cotton. To date, sesame and sugar have generated some 40% of Vende’s sales results.

**Table 2**  
**Accumulated Results of CSEs**  
**August 2003 – December 2006**

Corridor	Total Additional Sales US\$	Additional Local Sales US\$	Additional Exports US\$	Additional Employment (Person Days)	Additional Investment US\$
East	14.405.843	3.752.104	10.653.739	1.411.003	1.539.416
Center	12.462.206	5.864.106	6.598.101	1.702.804	600.550
North	3.890.408	1.298.044	2.592.364	587.850	228.644
<b>Total general</b>	<b>30.758.457</b>	<b>10.914.254</b>	<b>19.844.204</b>	<b>3.701.657</b>	<b>2.368.610</b>

Source: Monitoring Unit (UMR) of Paraguay Vende

In December 2006 the performance of each Vende client firm was analyzed as well as the client's potential for additional sales through support activities managed by the project. The client assessment, conducted in concert with each CSE, was a good opportunity for project staff to share experience working with different client firms and review what the project can do to maximize results in the final months. The meeting between Vende's technical management team, CSE staff, and subcontractor representatives was closed with a dinner in a relaxed and informal ambience. The performance bonuses of the business advisers were delivered during these meetings. All the teams expressed an optimistic vision about the future of business development activities in their respective regions of operation and they emphasized the richness of their experience over the past three years implementing the Paraguay Vende project together.

During the quarter the CSEs initiated new activities with local businesses – all of these new businesses being located in the Northern Corridor. (see table 3).

**Table 3**  
**New Client Firms**

Northern Corridor	<p><i>COMPAÑIA PARAGUAYA DE ASFALTO</i> is the first company in Paraguay dedicated to oil recycling and reuse. Vende is helping this client establish new alliances with used motor oil suppliers and improve the production process. A specialist was contracted to continue with the design and installation of new production infrastructure for oil recycling.</p>
	<p><i>COMPAÑIA PARAGUAYA DE ACEITES VEGETALES</i> is buying up 'tártago' (<i>Euphorbia lathyris</i>), a castor oil producing seed, which is the basic input for a wide range of pharmaceutical and industrial uses. The company is a consortium of Brazilian-Paraguayan investors and was set up to supply the Brazilian company with raw material for resin production. The firm is planning build Paraguay's first oil extraction facility. Vende will help the new firm to structure its business and identify appropriate financial products from local banks. The producers of 'tartago' are small-holding farmers from the Northern Corridor who have received considerable aid from the government but who suffer from low productivity practice and low prices.</p>
	<p><i>ECOTRADING</i> is a local NGO that markets organic and conventional agricultural products. Vende is assisting this firms by improving the company's linkages with farmers, identifying new distribution channels, organizing supply, and training producers in It is being assisted in the field of organizing the supply, training producers in post harvest handling, and organizing appropriate storage for the product.</p>
	<p><i>POLIFOAN</i> manufactures household cleaning products such as synthetic and metal sponges, and markets these products to local supermarkets. Vende is providing assistance to the firm with respect to identifying new distribution channels and market niches for its sponges.</p>

Vende's 36 clients are now at the top of their production capacity and many are now planning on major investment to expand their production facilities. Examples of companies planning on making major investments in the coming year include UPISA, FIBRAC, Chortitzer, Molinos El País, and Shirosawa. When Vende started in 2003 most of the project's clients were operating well below their production capacity with several plants empty or closed. Things are now more promising, especially in the agribusiness sector, with many firms expecting considerable growth during the coming years.

**Table 4**  
**Active Client Firms per CSE and Markets**

	<b>Client Firms</b>		<b>CSE</b>	<b>Product</b>	<b>Markets</b>
1	Coop. Chortitzer Komitee	1	CDE	Milk products	External
2	Dalazen S.A.	2	CDE	Tractor cabins	External
3	Estancias FD	3	CDE	Organic yerba tea	Internal
4	Frutika S.R.L.	4	CDE	Fruits juice	External
5	HNR Industrial	5	CDE	Hand bags	Inter/Exter.
6	José Devanir Gomes	6	CDE	Luminosity signs	External
7	La Lechuza S.R.L.	7	CDE	Package printing	Internal
8	Molinos El País S.A.	8	CDE	Rice	External
9	Motopar S.A.	9	CDE	Motorcycles	Inter/Exter.
10	UPISA S.A.E.C.A.	10	CDE	Pork meet	External
11	Coop.de Producción Agrícola Bergthal	1	CO	Flour	Inter/Exter.
12	Cooperativa Icuá Bolaños	2	CO	Honey	Internal
13	Delfín Ruíz A.	3	CO	Cotton oil	Internal
14	Destilería del Sur S.A.C.I.A.	4	CO	Fuel alcohol	Internal
15	Fibrac	5	CO	Fiber glass tanks	Internal
16	Infosa S.R.L.	6	CO	Parquet floors	External
17	Shirosawa Company	7	CO	Sesame	External
18	Chung Bo S.A.I.C.I.	1	PJC	Sesame products	External
19	Coop.del Norte Guayaivi Poty	2	PJC	Fruits	Inter/Exter.
20	Coop.La Norteña de Ycuamandiyu	3	PJC	Natural herbs	Inter/Exter.
21	DTP S.R.L.	4	PJC	Ecotourism	External
22	Fructus Terrae S.A.C.I.	5	PJC	Fruits for export	External
23	Hierbapar S.A.	6	PJC	Medicinal herbs & tea	Internal
24	Imperio Guaraní S.A.	7	PJC	Stevia products	Inter/Exter.
25	Maxi Vigas S.A.	8	PJC	Parquet floors	External
26	One World Trading	9	PJC	Organic products	External
27	Paraguay Teas	10	PJC	Stevia & yerba mate	External
28	Paraguay Trade Fairs	11	PJC	Fairs	Internal
29	Scampi S.A.	12	PJC	Sweet and sour shrimp	Internal
30	Semillas Kemagro S.R.L.	13	PJC	Premium sesame	External
31	Sur-Paraguay S.A.	14	PJC	Artisan apparel	External
32	Ypeha S.A. Intercultural Experience	15	PJC	International first jobs	Externo
33	Ecotrading	16	PJC	Organic products	Inter/Exter.
34	Polifoam S.R.L.	17	PJC	Synthetic and metallic sponges	Inter/Exter.
35	COMPASA	18	PJC	Recycled motor oil	Inter/Exter.
36	Cia.Pya. de Aceites Vegetales	19	PJC	Oil of 'tartago' seed	Externo

Source: Monitoring Unit (UMR) of Paraguay Vende  
CDE = Ciudad del Este – Este; CO = Coronel Oviedo – Centro; PJC = Pedro Juan Caballero

## 2. Assistance Provided by the Export Development Unit (SAME)

Many Vende clients need more sophisticated assistance, especially in the realm of international trade. Trade assistance requires not only identifying a buyer, but also in assisting clients in establishing business relationships with buyers and brokers as well as assisting the client make the necessary product alterations to meet orders. Because of this the SAME shifted its focus during the quarter to providing integrated services - accompanying clients through the process of change. This new focus of the SAME is taking the unit closer to providing advisory services that are strategically focused on increasing sales. Additionally, the SAME is now more engaged in assisting the CSEs in the provision of export support services to project clients.

During the quarter the SAME added a short-term consultant to supporting project activities. Mr. Gustavo Escobar is an agribusiness specialist and experienced in developing new opportunities in this sector. Mr. Escobar has many years of experience working in commodities trading and possesses a multitude of contacts in the MERCOSUR countries. Notably, the volume of rice required locally through orders developed by the SAME has not been fulfilled. The SAME spent part of the quarter visiting additional rice companies in Paraguay to try and fulfill the demand. This quarter was especially remarkable with respect to the increase in rice exports (see table 5).

Other industries in the agribusiness sector have also been analyzed, with the objective of adding one or two new clients to the project portfolio during the second quarter of 2007. Efforts during the quarter in this area were devoted to creating a database for high-growth potential businesses.

**Table 5**  
**Exports of Clients Assisted by SAME**  
**Q1 2007**

<b>Clients Firms</b>	<b>Additional Exports USD</b>	<b>Investments USD</b>	<b>Employment (Person Days)</b>
Cooperativa de Producción Agrícola Bergthal Ltda.	24.534	0	74.742
Infosa S.R.L.	81.301	0	7.842
Molinos El País S.A.	391.003	0	56.379
Paraguay Teas S.R.L.	1.728	0	249
Semillas Kemagro S.A.	0	0	0
<b>Total</b>	<b>498.565</b>	<b>0</b>	<b>139.213</b>

## 3. Impact on Gender

No new information to report this quarter.

## 4. Discontinued Business Plans

No new information to report this quarter.

## **5. Monitoring Results**

In addition to the regular monitoring activities, during this quarter, the Monitoring Unit (UMR) reviewed the archives where the results of project assistance are stored. This information was then verified, validated, and then presented to project management and CSE staff. The presentation provided CSE staff with a more global view of project implementation and gave CSE staff a better idea of how their work fits in to the bigger picture. The objective of the review was to evaluate the consistency of all the data that have been entered to the system by different users to date. The review allowed for correction of previously entered data as well as for the elimination of duplicate data. Vende's database is now up to date and contains detailed information on each project client.

During this quarter the UMR updated the environmental and labor documentation for each active project client. The clients for which the UMR reviewed environmental and labor standards during the quarter include Cooperativa del Norte, Guayaivi Poty, and Cooperativa La Norteña de Ycuamandiyu. Previous environmental and labor review which were not provided to the USAID, were submitted including Motopar, Shirosawa, Destisur, HNR, Molinos El Pais, and Sur PY Pombero.

UMR also performed regular verifications of the sales reports for each client, performing site visits and interviewing managers. Some adjustments for sales and investment were subsequently made. Additionally, the values of coefficients for natural growth corresponding to year 2007 were updated and subsequently subtracted from project results.

Tables 6 and 7 are the central part of this report, showing both the results from the quarter and the accumulated results from the beginning of the project. Please note that employment generation is based on a statistical multiplier per industry, provided by the Central Bank of Paraguay.

**Table 6**  
**Q1 FY 2007 Results**

<b>Corridor</b>	<b>Client Firms</b>	<b>Total Additional Sales U\$S</b>	<b>Additional Local Sales U\$S</b>	<b>Additional Exports US\$</b>	<b>Additional Employment (Person Days)</b>	<b>Additional Investments</b>
CSE corridor eastern	UPISA S.A.	1.630.322	594.115	1.036.206	160.511	0
	Molinos El País S.A.	391.003	0	391.003	56.379	0
	Soc.Coop.Col. Chortitzer Komitee	330.714	0	330.714	25.483	0
	Grupo Estancias FD	132.849	132.849	0	22.046	0
	Frutika S.R.L.	46.286	0	46.286	6.674	0
	HNR Industrial	37.224	37.224	0	4.599	5.002
	Dalazen S.A.	26.576	26.576	0	1.611	0
	La LechuzaS.R.L.-CSE ESTE	3.240	3.240	0	180	0
<b>Total</b>		<b>2.598.214</b>	<b>794.004</b>	<b>1.804.209</b>	<b>277.483</b>	<b>5.002</b>
CSE central corridor	Coop.de Prod. Agrícola Bergthal	718.958	694.425	24.534	74.742	0
	Shirosawa Company S.A.I.C.	586.005	0	586.005	97.244	0
	Destileria del Sur S.A.C.I.A.	456.207	456.207	0	37.718	0
	Fibrac	224.464	224.464	0	32.395	13.666
	Infosa S.R.L.	81.301	0	81.301	7.842	0
	Coop.Producción Ycua Bolaños	647	647	0	93	0
<b>Total</b>		<b>2.067.582</b>	<b>1.375.743</b>	<b>691.840</b>	<b>250.034</b>	<b>13.666</b>
CSE northern corridor	Ypeha S.A.	138.990	0	138.990	24.040	0
	Coop.La Norteña Ycuamandyu	133.359	0	133.359	22.130	0
	DTP S.R.L.	107.572	107.572	0	18.606	23.000
	SUR PY S.A.-Pombero	87.639	87.639	0	11.240	0
	Ecotrading Yva PY S.A	64.307	0	64.307	10.671	0
	Compañía Paraguaya de Asfalto	42.304	42.304	0	3.480	0
	Coopdel Norte Guayaibi Poty	39.328	10.456	28.873	6.526	0
	Imperio Guaraní S.A.	39.264	25.905	13.359	5.662	0
	Hierbapar S.A.	15.746	15.746	0	2.270	0
	Fructus Terrae S.A.C.I.	4.106	4.106	0	592	0
	Paraguay Teas S.R.L.	1.728	0	1.728	249	0
<b>Total</b>		<b>674.343</b>	<b>293.728</b>	<b>380.616</b>	<b>105.466</b>	<b>23.000</b>
<b>Total general Q1-2007</b>		<b>5.340.139</b>	<b>2.463.475</b>	<b>2.876.665</b>	<b>632.983</b>	<b>41.668</b>

Source: Monitoring Unit (UMR) of Paraguay Vende

**Table 7**  
**Accumulated Results**

<b>Corridor</b>	<b>Client Firms</b>	<b>Total Additional Sales U\$S</b>	<b>Additional Local Sales U\$S</b>	<b>Additional Exports US\$</b>	<b>Additional Employment Day/Persons</b>	<b>Additional Investments</b>
CSE corridor eastern	UPISA S.A.	8.892.317	1.776.662	7.115.655	808.385	330.000
	Soc.Coop. Col.Chortitzer Komitee	1.592.780	0	1.592.780	120.854	272.000
	Molinos El País S.A.	1.496.594	0	1.496.594	215.796	98.000
	Dalazen S.A.	734.800	734.800	0	43.888	0
	Grupo Estancias FD	636.714	636.714	0	111.828	0
	X-Treme S.R.L.	350.864	0	350.864	44.434	735.418
	HNR Industrial	186.931	186.931	0	23.016	43.998
	Motopar S.A.	156.568	156.568	0	10.173	0
	Metal Fuerte S.R.L.	139.823	139.823	0	8.349	0
	La Lechuza S.R.L.-CSE ESTE	82.124	82.124	0	4.595	60.000
	Frutika S.R.L.	57.092	0	57.092	8.232	0
	Mercolink Paraguay Shelter	40.754	0	40.754	5.014	0
	El Cardumen S.R.L.	38.482	38.482	0	6.439	0
<b>Total</b>		<b>14.405.843</b>	<b>3.752.104</b>	<b>10.653.739</b>	<b>1.411.003</b>	<b>1.539.416</b>
CSE central corridor	Shirosawa Company S.A.I.C.	5.479.860	0	5.479.860	1.008.085	400.000
	Coop.de Producción Agrícola Bergthal	2.312.080	2.063.120	248.961	240.362	0
	Destileria del Sur S.A.C.I.A.	1.605.314	1.605.314	0	128.790	58.000
	Delfin Ruiz	1.296.962	1.296.962	0	107.478	0
	Fibrac	897.583	897.583	0	128.401	128.666
	Infosa S.R.L.	869.280	0	869.280	89.526	0
	Coop.de Producción Ycua Bolaños	647	647	0	93	0
	Bosques Asunción S.A.	480	480	0	69	13.884
<b>Total</b>		<b>12.462.206</b>	<b>5.864.106</b>	<b>6.598.101</b>	<b>1.702.804</b>	<b>600.550</b>
CSE corridor northern	Chung Bo S.A.I.C.I	1.331.113	0	1.331.113	208.664	0
	Coop. La Norteña Ycuamandyu	550.137	0	550.137	91.292	0
	DTP S.R.L.	465.350	465.350	0	80.745	48.000
	SUR PY S.A.-Pombero	302.874	302.874	0	39.350	2.833
	Paraguay Trade Fair	189.193	189.193	0	18.775	0
	One World Trading	181.698	0	181.698	11.716	0
	Hierbapar S.A.	177.696	175.508	2.188	25.673	0
	Ypeha S.A. (Intercultural Experience)	170.525	1.290	169.235	29.494	0
	Telnet S.A.	101.785	0	101.785	20.006	42.811
	Imperio Guaraní S.A.	87.060	61.039	26.021	12.553	135.000
	Coop.del Norte Guayaibi Poty	78.246	10.456	67.790	12.984	0
	Ecotrading Yva PY S.A	64.307	0	64.307	10.671	0
	Semillas Kemagro S.A.	52.378	0	52.378	9.621	0
	Compañía Paraguaya de Asfalto S.A.	42.304	42.304	0	3.480	0
	Naturit S.R.L.	33.273	0	33.273	5.956	0
	La Lechuza S.R.L.-CSE NORTE	30.607	30.607	0	1.731	0
	Fructus Terrae S.A.C.I.	19.266	14.719	4.547	3.016	0
	Paraguay Teas S.R.L.	7.892	0	7.892	1.138	0
Scampi S.A.	4.704	4.704	0	985	0	
<b>Total</b>		<b>3.890.408</b>	<b>1.298.044</b>	<b>2.592.364</b>	<b>587.850</b>	<b>228.644</b>
<b>Total general</b>		<b>30.758.457</b>	<b>10.914.254</b>	<b>19.844.204</b>	<b>3.701.657</b>	<b>2.368.610</b>

Source: Monitoring Unit (UMR) of Paraguay Vende

## **6. Administration of the Project**

Vende presented its work plan during the quarter which contains summaries of the activities for each unit and the CSEs for the period of October 2006 – May 2007. Vende's work plan was subsequently approved by USAID in December. The administrative changes of the project due to modification 10 occurred at the level of subcontracts and labor contracts and are described in greater detail below.

The subcontract with the three CSE operators – Enlace/Asecorp, Amcham and UCS/Shirosawa were modified to incorporate the extension for Paraguay Vende activities through May 31, 2007.

The administration unit is now preparing for close-out of Vende in May of 2007 in collaboration with the Vende team in Chemonics/Washington home office.

### **6.1 Human Resources Management**

Per modification 10 the project changed many labour contracts. Christen Gair from the Chemonics home office in Washington came to assist the team in Asuncion implement the changes. Her assignment was to provide daily support to the COP and to local colleagues in the on-going management of administrative and monitoring and evaluation systems; to perform a review of administrative systems and financial records to ensure an efficient administrative management of the project in accordance with USAID standards, and to review all local subcontracts to ensure to ensure compliance with USAID standards.

The director of SAME, Juan Carron, acted as team leader for the changes made to the labor contracts and worked closely with the lawyer of the project, Dr. Joaquin Irun, to modify Vende's labor contracts. The labor contracts between Chemonics International Inc. and Vende staff were subsequently modified. As a result of Modification No. 10 to the Vende Task Order, the following positions and/or managers where changed:

- a. The director of SAME, Juan Carron was the deputy of the Vende project and director of the SAME. Since October 2006 Mr. Carron transitioned to the role of short term specialist, working in a part-time capacity on the project.
- b. The coordination manager of the CSEs, Sergio Feliciangeli, is now under a subcontract. The position of assistant to the CSE coordination manager will not be renewed.
- c. The position of monitoring manager changed from local long term employee to a subcontract under AMCHAM. Cristina Sanchez, the former manager of the UMR, as well as her assistant and the IT specialist of the monitoring area finished their assignments with the project. The new monitoring manager is Mercedes Juvinel; the position of assistant will not be renewed. Mabel Meza is the new IT specialist of the monitoring area.
- d. The office manager, Zulma Barrios did not renew her contract with Vende. Also, the position of administrative assistant was not renewed. Stella Cardozo was assigned as administrative coordinator, a new addition to the project, and has joined administrative area of the project under the leadership of the accounting manager Enrico Aveiro.

### **6.2 The Communications Unit**

Vende's communication team was very busy this quarter. The bulletin N° 4 has been launched in December, as well as two reports, the final report of the trade policy unit (CFC) and the second report on IT trade in Ciudad del Este (see [www.paraguayvende.co.py](http://www.paraguayvende.co.py)).

Vende's current goal is to get at least two articles published in the national newspapers every month. During the past quarter, there appeared 13 articles in the major newspapers, all in the business section, and all published as lead stories.

### **6.3 Planned Activities and Events for Second Quarter FY 2007**

The following main activities are planned to be carried out in the next quarter:

CSE activities:

- Help make the FABE (May 2007) a success
- Give priority to assisting new client firms

SAME:

- Actively participate at the FABE
- Receive foreign buyers for meeting with project clients
- Travel to corridors to identify, assess, and develop new opportunities
- Select one or two cases for sales expansion

Asunción office:

- Focus on completing demobilization tasks