



**USAID** | **PARAGUAY VENDE**  
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# PARAGUAY POVERTY REDUCTION PROGRAM WORK PLAN

**FY 2008**  
**JUNE 2007 –SEPTEMBER 2008**

**September 2007**

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**Contract No. EEM-I-00-07-00008-00 TO 346**

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 work plan provides information and organizes activities for the Vende II project of the extended FY2008. It covers a 16 month period, from June 2007 through September 2008, and it begins the month after the coverage from the last work plan for Vende I (May 2007).

The work plan is summarized in Table 6 at the end of the document and contains 5 sections. Section 1 proposes the achievements of the TO targets and the businesses to be assisted, especially those which will continue from the Vende I project. Section 2 outlines the main steps to be taken in order to set up the three new Economic Services Centers (ESCs) and explains the reason for some changes in subcontractors and staff. Section 3 indicates activities planned in order to achieve the additional objectives of the project in capacity building, training, diagnostics and consultations. The monitoring efforts are summarized in Section 4 and the implementation of a proper communication strategy is included in Section 5.

## SECTION 1 TARGETS AND BUSINESSES ASSISTED

Per Task Order 346, signed on July 6th, 2007, the Vende II project has begun officially, having in fact a period of performance of 37 months that runs from June 1st, 2007 through June 30, 2010. The targets in the TO are established per each fiscal year and the combination of targets for FY2007 and FY2008 generated the targets for the extended FY2008.

Below, in Table 1 the targets for the extended FY2008 are reduced slightly in comparison with the original targets per indicator, but these are increased again for FY2009 and the partial FY2010 in order to maintain the life of project targets. The next milestone for the Vende project is to achieve US\$ 21 million in additional sales by September 2008.

The new targets are similar to those obtained during the last phase of Vende I. Although ambitious, the demonstrated capacity of the Vende project makes them attainable. Vende is dependent on each ESC's ability to achieve the targets. As such, Chemonics has introduced some changes in the ESC teams and the locations of the economic corridors. In order to provide an incentive to the new ESCs to meet these targets, Vende plans to disperse the approved bonuses at the end of each of the above mentioned fiscal years. Chemonics will send a proposal to the Mission at the end the year in order to get approval for the distribution of these bonuses.

Table 1  
Targets for Vende II

	Life of Project Targets (37 month)	Proposed Targets for FY 2008 (16 month)	Proposed Targets for FY 2009 (12 month)	Proposed Targets for FY 2010 (9 month)
Increased sales, US\$	57,000,000	21,000,000	20,000,000	16,000,000
Increased exports, US\$	23,000,000	8,500,000	8,000,000	6,500,000
Increased employment, person days	7,150,000	2,650,000	2,500,000	2,000,000
Increased investments, US\$	4,650,000	1,700,000	1,650,000	1,300,000

Vende I managed assistance for 40 client firms through signed business plans, increasing sales and employment for suppliers and buyers; 22 of these firms are planned to continue receiving assistances in new or related business areas (see the details on Table 2). The selection has been done by each ESC team and was based on the potential to further increase sales and employment.

The MOU signed with the 22 firms already receiving assistance under Vende I will remain valid under Vende II and therefore will not be submitted again for the Mission's approval. Furthermore, all firms will negotiate and sign new business plans with the project, signed during formal meetings with the client, the business advisor, the project director and the CTO.

During the extended FY 2008 the project will search for 13 new client firms, cooperatives or civil society organizations in order to assist them in increasing their sales and employment in the corridors. Most of the new technical assistance will be centered in the southern economic corridor and less in the central corridor. The ESC of the eastern corridor will also search for many new client firms.

In order to ensure a demand-based approach, it is important for the project to maintain its autonomy during the selection process. As such, the selection process will have first a bottom-up dynamic, which will be followed by a top-down validation. The ESC will have the responsibility for selecting the new client firms and propose them to the project. The MOU will be signed after receiving the approvals from the Mission, whereas the business plan will be signed in the same way as stated above.

The technical assistance for increasing sales will be developed on the grounds of continual improvements in communication and the creation of trust between the project's business advisers and the managers of firms and cooperatives, the producers supplying them and the buyers of the shipped containers and trucks (see Section 5 on communication and training).

The mutual understanding of business practices and uses will be improved using coaching techniques provided by the ESC business advisors and external consultants. The three types of assistance provided under Vende I will continue: (1) generating sales, (2) improving supply, and (3) increasing productivity. Special attention will be given to capacity building and training by organizing workshops and meetings, by participating in regional conferences and by making business assessments on selected issues, like improving access to new markets and to buyers of biofuel, beef, pork and poultry. These activities will be demand and result oriented.

**Table 2**  
**The Client Firms from Vende I to be assisted by Vende II**

PARAGUAY VENDE I		PARAGUAY VENDE II	
ESC Corridor East	1 UPISA	ESC Corridor East	1 Cooperativa Bergthal Ltda.
	2 Cooperativa Chortitzer Komitee Ltda.		2 Cooperativa Chortitzer Komitee Ltda.
	3 Molinos El País S.A.		3 Dalazen S.A.
	4 Dalazen S.A.		4 Grupo Estancias FD
	5 Grupo Estancias FD		5 HNR Industrial
	6 X-Treme S.R.L.		6 Frutika S.R.L.
	7 HNR Industrial		
	8 Motopar S.A.		
	9 Metal Fuerte S.R.L.		
	10 La Lechuza S.R.L.		
	11 Frutika S.R.L.		
	12 Mercolink Paraguay Shelter		
	13 El Cardumen S.R.L.		

PARAGUAY VENDE I		PARAGUAY VENDE II	
ESC Corridor Center	14 Shirosawa Company S.A.I.C. 15 Cooperativa Bergthal Ltda. 16 Destilería del Sur S.A.C.I.A. 17 Delfin Ruiz 18 Fibrac 19 Infosa S.R.L. 20 Cooperativa Ycua Bolaños Ltda. 21 Bosques Asunción S.A.	ESC Corridor Center	7 Shirosawa Company S.A.I.C. 8 Destilería del Sur S.A.C.I.A. 9 Delfin Ruiz 10 F brac 11 Infosa S.R.L. 12 Chung Bo S.A.I.C.I 13 Desarrollo Turístico Paraguayo S.R.L. 14 Hierbapar S.A. 15 Ecotrading Yva PY S.A 16 Compañía Paraguaya de Asfalto S.A. 17 Ypeha S.A. (Intercultural Experience) 18 Paraguay Trade Fair 19 Cooperativa Guayaibi Poty Ltda. 20 Semillas Kemagro S.A.
ESC Corridor North	22 Chung Bo S.A.I.C.I 23 Cooperativa Norteña Ycuamandyuda. 24 Desarrollo Turístico Paraguayo S.R.L. 25 Hierbapar S.A. 26 SUR PY S.A.-Pombero 27 Ecotrading Yva PY S.A 28 Compañía Paraguaya de Asfalto S.A. 29 Ypeha S.A. (Intercultural Experience) 30 Paraguay Trade Fair 31 One World Trading 32 Telnet S.A. 33 Cooperativa Guayaibi Poty Ltda. 34 Imperio Guaraní S.A. 35 POLIFOAM S.R.L. 36 Semillas Kemagro S.A. 37 Naturit S.R.L. 38 Fructus Terrae S.A.C.I. 39 Paraguay Teas S.R.L. 40 Scampi S.A.	ESC Corridor South	21 UPISA 22 Molinos El País S.A.

## SECTION 2 ECONOMIC SERVICE CENTERS

The corridors and the value-chain approach is a central element of the Vende project and the ESCs will continue to focus technical assistance based on this methodology. Based on the experience accumulated in over 30 projects worldwide, Chemonics is constantly developing these concepts and translating them into useful guidelines. In accordance with these knowledge based developments, Chemonics is planning to transfer its know-how directly to the ESCs of the Vende project (see Section 5).

The selection of client firms belonging to a corridor does not necessarily mean that they have to be located in the region, but instead that they are integrated into a trade chain, which is well present in the corridor or passes through it. A firm sourcing from the corridors' producers; a firm that produces an important input for many trade chains located in the corridor; a firm that ships its products using the route located in the corridor, etc., are all arguments for selecting the business for assistance.

The boundaries of the corridor are also flexibly conceived because most trading activities depend on the existence of secondary roads, which could expand or decrease according to the agro-business development requirements.

The targets for Vende II are equally distributed between the three ESCs and, contrary to Vende I, there are no obvious arguments to expect large differences of achievements.

**Table 3**  
**The Targets of the Corridor's ESC's**  
**2008-2010, In USD and person days**

Corridors	Additional Sales (US\$)	Additional Exports (US\$)	Additional Employment (person days)	Investment (US\$)
East	19,000,000	7,666,666	2,383,333	1,550,000
Center	19,000,000	7,666,666	2,383,333	1,550,000
South	19,000,000	7,666,666	2,383,333	1,550,000
<b>Total</b>	<b>57,000,000</b>	<b>23,000,000</b>	<b>7,150,000</b>	<b>4,650,000</b>

### **The ESC of Coronel Oviedo**

The northern corridor has been integrated into one central corridor because the regional trade route follows the line connecting the cities of Coronel Oviedo, Santa Rosa, Yby Yau, Concepción and Pedro Juan Caballero. Thus, the central corridor and its ESC located in Coronel Oviedo will provide services to the firms and producers of this enlarged corridor. It is a complex region that includes many strong peasant organizations, which demand a business center with strong negotiation capabilities.

Many new businesses of biofuel, beef, pork and poultry are targeting this corridor and require high levels of responsiveness to new demands. The enhanced ESC of Coronel Oviedo will have stronger capabilities for negotiating with foreign partners, absorb the knowledge of English speaking professionals from Chemonics and manage the office of Oviedo as a real business center.

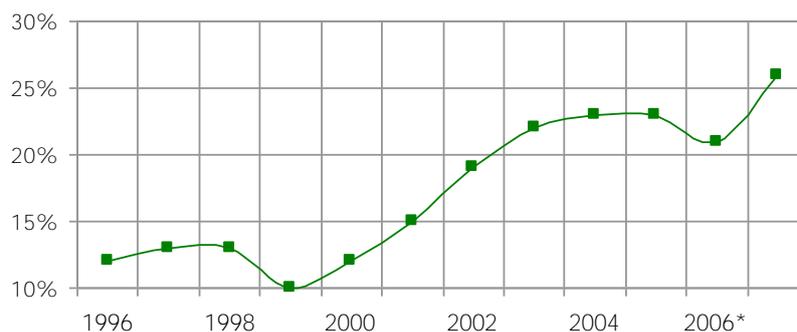
For this reason, Chemonics selected its former Coordination Manager, Sergio Feliciangeli, to assume the position of subcontractor and director of the ESC. The former technical and administrative staff has been maintained, including the former director of ESC, Paulino Invernizzi, who will be the main consultant of the ESC in Coronel Oviedo. Basically, the subcontractor changed, whereas the technical staff has been maintained and enhanced with a new accountant and stronger negotiation skills of the new director.

A cost saving aspect of this placement is that the project will be managed without a Coordination Manager of the ESC, mainly because the three ESC candidates for directors vs. subcontractors already have a level of professionalism which makes this position almost redundant.

## The ESC of Encarnación

The export-led growth of the Paraguayan economy is expanding and will exceed 25 percent of GDP in the current year (see Graphic 1 below). The single most significant market for Paraguay within the region and an important port to other markets is Argentina. Therefore, our project strategy includes the establishment of an ESC in Encarnación, the main city within the southern economic corridor connecting Paraguay and Argentina.

Graphic 1  
Export Value in Percentage of GDP, 1996-2006



Two of our best and most innovative client firms include UPISA (exporting frozen pork and supplying ham and sausages to the internal market) and Molinos El País (exporting rice to Chile and Brazil) received assistance during Vende I from the ESC of Ciudad del Este, but now will be better assisted from Encarnación. Distance from the Eastern Corridor and a rather specific culture in the south are the main reason for the expectation of improving business services. Both, pork and rice are products introduced to the external market for the first time by USAID project Vende I.

Other potential client firms for the south are operating in animal feed, yerba mate teas, wheat and rice flour, milk and soybean meal. A potential partner for this ESC is the Banco Regional, where the Dutch Rabo Bank has an important stake, and which already has been contacted by the Vende team of the south.

The subcontractor proposed by Chemonics for this ESC is a small consulting firm Human Resource Management (HRM) where Juan Carron, the former SAME director of Vende I, is a co-owner. Mr. Carron is not proposed as a part of the staff of Vende II due to his limited availability. However, he formed a winning team with an experienced director for the ESC, and Mr. Carron will be coaching them with great professionalism.

Previously, Mr. Carron invited the former subcontractor of the ESC of the North under Vende I, Oscar Aranda from Asecorp to join HRM for this new possible assignment, but the negotiation was not successful. Chemonics' proposal for Vende II was already based on the assumption that HRM would be the strongest candidate as subcontractor of the south.

Although Chemonics' preference for having Asecorp within the project is out of reach, it is as well important to mention that the former key staff of the North is not part of the new team of the South. This is because the project prefers for corridor teams to live near the ESC and the aforementioned staff preference is to be settled in Asunción.

### **The ESC of Ciudad del Este**

The most successful ESC and subcontractor of Vende I was in Ciudad del Este and managed by AMCHAM. Its director Richard Mora is one of the key people of the project and will work on Vende II with a similar team as in Vende I. AMCHAM is also proposed to be the subcontractor for the ESC.

During the phase out and phase-in activities the ESC of the East has been the most active in not only continuing to assist its client firms but as well searching for new opportunities for technical assistance. One of its great achievements is the first MOU that will be sent to the Mission after the submission of this workplan, and includes Alex SA requesting the assistance of Vende to begin exporting motorbikes to South Brazil.

As Table 2 shows, the ESC transferred two of its main client firms to the new ESC of the south. Now, it will attend the Cooperative Bergthal that is closer to Ciudad del Este than to Coronel Oviedo. Richard Mora was the SAME business adviser who coached this client to start exporting wheat flour to Brazil. It was the first case of Paraguay to achieve this.

## SECTION 3 CAPACITY BUILDING, TRAINING, CONSULTATIONS AND DIAGNOSTICS

Paraguay Vende will report on the many activities in which it will be involved in order to achieve its sales targets, like (a) capacity building for export, (b) improving trade, (c) making a better trade and investment environment, (d) enhancing the management practices of firms and (e) achieving better access to loans or private equity (see Table 4).

Furthermore, as was practiced under Vende I, the project will engage in producing special reports for evaluating business, especially when demand requires this kind of broader based information in order to achieve results from the assistance provided to client firms. Furthermore, the Unit for Monitoring Results (UMR) will propose a procedure for establishing a proper flow of information on these objectives.

Table 4  
Additional Objectives of Vende II

1	Firms receiving capacity building assistance to export
2	USG supported training events on topics related to investment capacity building and improved trade
3	Participants in USG supported trade and investment capacity building training activities disaggregated by gender
4	Trade and Investment capacity building diagnostics conducted
5	Consultations with private sector as a result of USG assistance
6	USG supported training events held related to improving the trade and investment environment
7	Participants in trade and investment environment training activities disaggregated by gender
8	Trade and Investment diagnostics conducted
9	Firms receiving USG assistance to improve their management practices
10	SMES receiving USG assistance to access bank loans or private equity
11	Firms receiving USG assistance to invest in improved technologies
12	New members in private business associations as a result of USG assistance

Paraguay Vende II will be participate more actively in the regional trade fairs and plans to organize partnerships with other organizations like CEDIAL for holding 'ruedas de negocios' (round tables), PARAGUAY TRADE FAIRS for improving the impact of the yearly FABE fair in May, and the EXPOS in the Departments of the corridors. During these events the project will make presentations of potential markets, products and successful businesses.

## SECTION 4 MONITORING

The staff of the ESCs will be trained in developing and documenting the baseline for the new client firms and making use of the former baselines of client firms, prior to the assistance provided by the project. The baseline is developed from the sales of the firm during the twelve months preceding the intervention by business advisors and consultants. Other important concepts will be refreshed, like the application of the growth coefficient, which reflects the increase of sales not generated by technical assistance but by the overall growth of the sector.

The Unit for Monitoring Results (UMR) will review and update the manual that was used previously during Vende I. An important aspect that needs to be closely scrutinized and regulated is the treatment by the UMR of the 22 firms selected by the new ESCs for continued technical assistance during Vende II. Two questions which arise are the following: (1) the causality of increased sales during phase out – phase in periods and (2) the use of the baselines established during Vende I.

The first of the previous questions is regarding the results generated by the assistance received by these firms before the end of Vende I and during the phase out/phase in May-August period, before the new ESCs are formally established. Many client firms have been assisted during their period of cultivation, whereas their moment of exporting these crops has not been closely measured by Vende I. Other firms have been accompanied during the same (phase out-phase in) period, but the UMR has not accounted for the results since no special procedures have been agreed upon.

The second question deals with the UMR manual and is about the use of the former baseline for continuing technical assistance for the same products and markets. Other USAID projects, like MAPA in Bolivia and PRA in Peru, already have experience in this type of monitoring activities. For establishing procedures and a widely accepted norm, the project plans to organize a training workshop with Marco Antonio Aspilcueta from the Peru PRA project. (see Section 5).

The Planning Monitor developed during Vende I will be accessed online by all ESCs. In order to take full advantage of this accessibility, the business advisors will have to be trained in the proper use of this software.

The scheduled UMR visits for confirming the reported results, for reviewing and updating the aforementioned coefficients, and for submissions of quarterly results are included and detailed in Table 6 below.

## **SECTION 5 COMMUNICATION AND STAFF TRAINING**

### **Internal communication and training**

In the first induction workshop held during the week of July 16<sup>th</sup>, the project worked with the administrative and technical staff to support and improve internal communication and enhance the communication between the project and its targeted clients, as well with as its core audience. During the workshop some of the staff members were selected as candidates for ESC business advisors. The workshop included presentations by the staff about successful business cases and lessons learned from Vende. These were analyzed in groups, which came up with conclusions and recommendations. The monitoring unit made a complete presentation of its revised procedures and its special measuring proposals for the transitional period. The administrative staff presented its procedures for billing, recruiting and contracting consultants and main requirements of the FARs. The IT unit presented its planned changes for interconnection of the central office in Asunción and the three ESCs.

A second workshop will be held in September as part of an effort to improve the skills for accessing foreign markets. For this training session Chemonics will use the planned LOE of Antonio Calzada and Jim Riordan from its home office in Washington and Marco Aspilcueta from the PRA project of Peru. Visits to client firms in the beef, pork and poultry business will be organized with Antonio Calzada. Open public presentations will be organized by Vende during their visit. Mr. Aspilcueta will review and make recommendations for improving the monitoring area.

### **Communication with client firms, stakeholders and the wider audience**

The quarterly bulletin of Vende will be continued following the format of Vende I, but this time the project is planning to make an alliance with rural-based news magazines, like *Paraguay Rural*. Success stories will be written after the appearance of the bulletin and the mass media will be informed continuously of the results of the technical assistance.

### **The branding strategy**

During these visits, there will also be an analysis of how the project should change its present logo, which is not in accordance with the branding requirements of USAID. As the TO states “the contractor recommends transitioning the current logo out and working closely with USAID to create a program “sub-brand” so that local partners, beneficiaries, and other donors will identify PPRP II as USAID’s economic growth program while keeping the essence of the Paraguay Vende name” (see page 13 of the TO). At the end of September the project will present its Branding Implementation Program (see Table 6).

## **The reports structure and frequency**

All quarterly, biannual, and yearly reports, as well as the work plan will follow the same structure used here:

- a) Introduction and summary
- b) Targets and Businesses Assisted
- c) Economic Service Centers
- d) Capacity building, training, consultations and diagnostics
- e) Monitoring
- f) Communication and staff training
- g) Administration, Finance and Planning

Chemonics proposes to change the time frames of the quarterly reports sent to USAID from what has been established in the TO, which follows the calendar year, to a system which fits with the fiscal year, as the GBTI II establishes (see Table 6).

## **SECTION 6 ADMINISTRATION, FINANCE AND PLANNING**

Paraguay Vende II will have a smaller central office, staffed by the director Reinaldo Penner, the accounting and administrative manager Enrico Aveiro, the office manager Stella Cardozo, the monitoring manager Mercedes Juvinel, the IT manager Ricardo Lesme and the project assistant Silvia Aranda. This team took care of the phase out activities, which ended in June and the phase-in activities during July and August.

An office cleaner is contracted for limited hours during each week and a gardener during each month. The project office will seek to function without a receptionist, but contrary to the practice of Vende I, it will seek to buy a project car for tours to visit the clients, the ESCs and other trips. For this, the project will contract a driver. Furthermore, the project is searching for a communication specialist in order to set up the new unit.

The ESC will be enhanced as explained in Section 2, with more capable directors, English speaking advisors and more empowered accounting and administrative managers. The local sustainability of USAID PPRP II project is hereby improved.

The financial statement required by the TO for each yearly work plan is presented in the following Table 5. As the obligated amount is [REDACTED] and based on the forecasts of Table 5, the project will be requesting additional obligations during the second quarter of the FY 2008.

Table 5  
Financial forecasts for the extended period FY2008

CLIN	1 Jun-07	2 Jul-07	3 Aug-07	4 Sep-07	Total FY 2007 Expenditures
Trade and Investment Opportunities Increased					
Improved Trade and Investment Enabling Environment					
Private Sector Productivity Increased					
Monitoring and Evaluation					
<b>TOTAL</b>					

5 Oct-07	6 Nov-07	7 Dic-07	8 Ene-08	9 Feb-08	10 Mar-08	11 Abr-08	12 May-08	13 Jun-08	14 Jul-08	15 Ago-08	16 Sep-08	Total FY 2008 Expenditures	TOTAL

Table 6  
Gantt chart for achieving milestones

<b>Paraguay Vende Activities FY 2008, Jun 2007-Sep 2008</b>																
<b>TASKS</b>	<b>Q4 2007</b>				<b>Q1 2008</b>			<b>Q2 2008</b>			<b>Q3 2008</b>			<b>Q4 2008</b>		
	<b>Jun-Sep</b>				<b>Oct-Dec</b>			<b>Jan-Mar</b>			<b>Apr-Jun</b>			<b>Jul-Sep</b>		
	1	2	3	4	1	2	3	1	2	3	1	2	3	1	2	3
<b>Targets and Businesses Assisted</b>																
Transitional activities Vende I/II	■															
Launching the project		■														
Work plan FY 2008			■													
Performance Monitoring Plan				■												
Quarterly Reports					■			■				■				■
Visiting & assisting selected clients PYV I	■	■	■													
Visiting & assisting selected clients PYV I	■	■	■													
Searching for new alliances				■	■	■										
Establishing MOUs with partners						■	■	■								
<b>Economic Service Centers</b>																
Negotiation with subcontractors	■	■														
Selection of the key staff	■	■														
Establishing ESC in the corridors			■													
Providing assistances to client firms			■	■	■	■	■	■	■	■	■	■	■	■	■	■
<b>Capacity building &amp; training</b>																
Templates and training for informing				■												
Procedure of the UMR database				■												
Training to ESC teams on objectives			■													
Reporting to USAID								■	■	■				■	■	■
Participation & organization trade fairs				■	■	■	■	■	■	■	■	■	■	■	■	■
<b>Monitoring</b>																
Training sessions		■	■	■												
Review/update manual			■	■	■											
Adapting the Planning Monitor			■	■	■					■		■			■	
Visits for confirming results					■				■			■			■	
Review of coefficients & multiplier					■											
Presentation of quarterly results					■				■			■			■	
<b>Communication &amp; staff training</b>																
First workshop of induction (internal)		■														
Second workshop for training (open)				■												
Communications unit				■												
Renewed website					■	■	■									
Bulletin						■			■			■			■	
Success stories									■	■		■	■		■	■
Mass media						■			■			■			■	
Branding and Implementation Plan				■												
<b>Administration &amp; Finance</b>																
Phase out	■															
Phase in		■	■													
Contracting staff project office		■	■													
Subcontracts			■													