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PARAGUAY POVERTY REDUCTION PROGRAM WORK PLAN

FY2010 OCTOBER 2009 – JUNE 2010

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INTRODUCTION

As Paraguay VENDE II approaches the closeout period, the project is pleased to have already surpassed the revised life-of-project targets for sales, employment and investment. The project is also very close to reaching its export targets, having achieved 96 percent of the target already, despite the economic recession during the past fiscal year (See Table 1). This work plan defines the activities and strategy for the project for the time frame remaining on the project from October 2009 to June 2010.

Table 1 Targets and Achievements

	Life of Project Targets (37 month)	Revised Life of Project Achievements (37 month)	Achievements per FY2009 (28 month)	Expected Achievements FY2008 (37 month)
Increased sales, US$	57.000.000	94.500.000	103.845.989	115.000.000
Increased exports, US$	23.000.000	64.000.000	61.749.880	67.000.000
Increased employment, person days	7.150.000	7.400.000	7.560.599	9.000.000
Increased investments, *US$*	4.650.000	5.000.000	5.521.489	6.000.000

The combination of excellent results and the limited time available for final implementation (nine months) provide the project a unique opportunity to concentrate its effort in two areas: promote an outreach initiative and further innovation on its well known demand-driven approach. As such, the key areas of this work plan activities focus on communications and the program "Tu Producto al Super," in which the project is already concentrating many of its innovative effort.

Section 1 of this work plan summarizes the technical assistance focused on generating increased sales for micro and small enterprises (MSE) in domestic supermarkets and in exporting. Section 2 proposes new alliances with an Brazilian organization, known as the Brazilian Support Service to Micro and Small Companies (SEBRAE), in order to develop more effective business rounds, which can serve as a tool for promoting sales from MSEs to midsized and large firms. Section 3 discusses the project's plan to communicate lessons learned on the project before closeout. Section 4 presents a month-by-month budget for the remaining period of the contract (October 2009-June 2010) and Section 5 summarizes the project closeout activities.

TECHNICAL ASSISTANCE TO FIRMS

As Table 2 shows, the Vende II project has provided individual technical assistance to 65 firms (35 medium and large sized firms, 15 micro and small firms, and 15 supermarkets). Of these 65 firms, the project had either "graduated" or discontinued providing technical assistance to 21 firms, by the end of the FY 2009. Currently, this leaves a total of 44 firms still receiving active technical assistance (16 large firms; 13 small firms; 15 supermarkets). During the period of this work plan, the project will continue to provide some of this technical assistance, graduate others, and incorporate an additional assistance to 22 firms (2 large firms; 10 small firms; 10 supermarkets).

One specific area of technical assistance that will be offered during the remaining period of the contract is in frozen cooked beef. Frozen cooked beef is a potential interesting product where Paraguay has competitive advantages, but is not capitalizing on them. As such, the project will hire local and international specialists for setting up the required information and specific analysis for a group of client firms interested in making investments in this technical area. Furthermore, Vende will organize a business trip to both a frozen cooked beef plant in Rosario, Argentina and to a potential buyer/distributor of frozen cooked beef in the United States.

To date, Vende II has registered 345 micro and small enterprises (MSE) and – together with the Ministry of Industry and Trade (el Ministerio de Industria y Comercio, known as MIC in Spanish) – started to formalize the businesses and products of these MSEs in order for them to trade with supermarkets. MIC is investing resources from FOCEM, a donor organization, and covers the cost to formalize these MSEs. During the period of this work plan the Vende project will register 100 additional MSEs (See Table 2).

Table 2 Technical Assistance Provided in FY 2008 & FY 2009 and Planned for FY 2010

Medium and Large Sized Firms		Micro and Small Sized Firms		Supermarkets	
16	Assisted and not graduated during FY 2008 & FY 2009	13	Assisted and not graduated during FY 2008 & FY 2009	15	Assisted and not graduated during FY 2008 & FY 2009
19	Assisted and graduated during FY 2008 & FY 2009	2	Assisted and graduated during FY 2008 & FY 2009	0	Assisted and graduated during FY 2008 & FY 2009
2	To be incorporated during FY 2010	15	To be incorporated during FY 2010	10	To be incorporated during FY 2010
		345	Registered during FY 2009		
		100	To be registered during FY 2010		
37	Firms	475	Firms	25	Firms

While the core of Vende's planned activities focus on MSEs and supermarkets, there are many worthwhile spinoffs and related projects that are highlighted below:

Milk project

Lacteos Cremo is a small firm specialized in the production of high premium cheeses. The owners and stakeholders, mostly Swiss immigrants, developed a project to setup a school where rural men and women will receive training to make cheese and other value-added dairy products. These activities are also related to the current government program aimed at supplying milk to public schools in rural areas. The idea is to assist the same rural communities to produce the milk that is demanded by their schools.

By improving the quality of milk, the Swiss entrepreneurs want to direct a portion of this milk to their cheese project and generate additional income for small producers. Furthermore, the project is also considering selling the rest of the future milk production to the supermarkets working with Paraguay Vende. The Lacteos Cremo project focuses on establishing the cheese school, for which they already secured 50% of the funds. For the remaining investment, the firm is seeking support from donors and plans to submit a request for a GDA facility to the USAID Mission in Paraguay.

Formalization of MSEs

The current cost associated with formalizing small firms surpasses US$ 1,500 per firm and also includes the registration of one product. These costs are excessive and unfeasible for most MSEs. The project is addressing this challenge by supporting a new law governing MSEs in Paraguay and works together with many stakeholders, including public sector agencies involved in formalization processes and private business associations. The task to craft the law is being conducted by Club de Ejecutivos, a local business association.

MSEs exporting under US General System of Preferences program

Most small firms are not prepared to sell abroad and require support to strengthen their exporting skills. The government of the United States is now promoting the use of the General System of Preferences (GSP) program. Also, if the United States Congress renews the Andean Trade Promotion and Drug Eradication Act (ATPDEA) it plans to include Paraguay into it. This would double the number of preferences for Paraguay in the US market. Previously, the project participated in supporting these activities, but is now planning to narrow down its involvement, focusing specifically on developing business rounds carried out in collaboration with REDIEX, Unión Industrial Paraguaya (UIP) and AMCHAM.

NEW UNIT FOR BUSINESS ROUNDS FOR MSEs

The Brazilian agency for small entrepreneurs "Servicio Brasileiro de Apoio às Micro e Pequenas Empresas" (SEBRAE) is supporting the project in organizing business rounds. SEBRAE developed in recent years years a new method of business rounds which is different from the usual "ruedas de negocios" which are held anywhere in Latin America as informal meetings between many parties interested in generating new business. The Brazilians strictly organize formal meetings for around 10 minutes, aimed at reaching a sales contract between one seller and one buyer. Before the round takes place, the MSE received technical assistance, sometimes for years, preparing them to supply sophisticated buyers. In addition, the few national or international buyers brought to the business round usually receive full coverage for all their expenses, including travel and lodging costs, when they have meetings with a large number of MSEs.

The larger number of MSEs and the few buyers are previously registered and rigorously selected to increase the chance of success. While the "rueda" is a business meeting between many firms registered for this occasion, the Brazilian business round (BR) is a monitored effort to generate additional sales. This approach applies very well to VENDE's assistance to small firms geared towards increasing sales to local and foreign buyers, as well as to the micro firms supplying supermarkets. In the case of the "rueda" conducted during last year's Expo, VENDE already started to follow the Brazilian method and brought a buyer form Chile. More recently, the ESCs began organizing business rounds between the micro firms and the supermarkets in a much more formal style.

The Program for Business Rounds

	Targets	Activities	Results
Micro firms for supplying to supermarkets	- 12 BR's for the Program "Tu Producto al Super"	- Develop data base of MSE	- Open sales opportunities for formalized MSE
		- Develop site for support BR's-based trade	
		- Contract 3 new business advisers por the BR's program	- Generate sales and employment
Small firms for exporting to regional markets (Brazil, Chile and others)	- 2 BR's with Brazilian food buying firms (alliance with AMCHAM Curitiba)	- Develop the partnership with SEBRAE	- Open sales opportunities in Brazil and Chile
		- Develop the partnership with AMCHAM Curitiba	
	- 1 BR with Chilean food buying firms	- Organize local BR's	- Generate sales and employment
Small firms for exporting under GSP to USA and EU	- 1 BR with USA buying firms in food	- Organize regional BR's (bring to Paraguay buyers from Brazil and Chile)	- Open sales opportunities with USA and EU
		- Organize BR's with US buyers (bring buyers to Py)	- Generate sales and employment

When connecting large rural firms with small producers, no business rounds were necessary. In other words, under the traditional assistance activities of the VENDE project these business rounds were not a required sales expertise. But what is needed now is a program to assist producers increase sales and make the relationships more efficient. This is a typical rural-urban assistance used to increase sales, generate employment and alleviate poverty. The business rounds are intended for urban firms selling to larger firms, like foreign trading firms or local supermarkets. The business rounds provide direct contact between small and large firms and facilitate the realization of 20 to 25 meetings in one afternoon at a much lower cost.

With the aid of this business unit, the project's TPS program, its export promotion effort for individual firms, and its recent work in the GSP facilities will be grounded and will become more operational. The expected result is that MSEs will learn to access complex markets, like selling products to local supermarkets and foreign markets (i.e., Brazil, Chile and the United States).

PROJECT OUTREACH

The project has invested considerable efforts in communications and outreach during FY 2009 and these will increase during the project closeout period in order to effectively deliver the message and make sure people better understand the importance of promoting trade and reducing poverty in the country. In this area, the communications unit will propose activities to the Mission, to start in March 2010 with a special program. Instead of focusing only on the final report and a closing ceremony, the Paraguay Vende program plans to launch a communication campaign, so that people can better understand lessons learned and best practices applied by USAID Paraguay Vende.

Specifically, one of the activities that the project intends to do is to make sure that the several business reports detailed in the last quarterly report for FY 20009—which focus on a range of subjects like biofuels, sesame, frozen cooked beef, organic sugar and exporting to the US—are circulated and promoted in the media in Paraguay. The primary of objective of this outreach is to send a lasting powerful message to the public and private sector promoting how the project has successfully reduced poverty by increasing jobs, sales, and trade.

In terms of project outreach, the home office PMU director will also be responsible for working with the project staff to ensure that close out activities, especially events and the preparation of the final report, communicate the development impact that the USAID Paraguay Vende project has made not only in national media, but also with a larger audience including USAID and the international development sector at large. He will also travel to Paraguay to ensure that the project finishes on a strong note and to contribute to the successful completion of the remaining technical work and reports. Finally, he will also oversee the final submission of development experience documents relevant to USAID and development practitioners to the Development Experience Clearinghouse (DEC), per our contract regulations.

CLOSING THE PROJECT

This work plan period will include considerable activities dedicated to project close out. A complete close out and disposition plan will be submitted separately in the coming months, detailing more specifically all of the tasks involved.

During January, the team in Asunción will begin by preparing a demobilization plan, reviewing all contract requirements, updating all the trackers for deliverables and approvals and auditing the subcontractor files.

By the end of January, the trackers will be updated, subcontracts reviewed, subcontractor inventory reviewed, initial property disposition plans will be created, leave balances will be reconciled and HO and FO files will be updated to ensure proper documentation in the event of an audit. The outline of the final report will be prepared, a closeout budget will be created, all local employee exit procedures will be established, and all reports thus far will be submitted in electronic format.

In February, the trackers will continue to be updated, the first draft of the final report will be written, the subcontractor's property disposition plan will be developed, the inventory turnover process will be reviewed and the payments for allowances to the local staff will be audited. The subcontractors will be advised regarding the termination of their staff, COP interviews with the staff of the subcontractors will be arranged, the employment termination letters will be prepared, and all vendors will be notified of the project termination. A physical inventory check will be performed and USAID will be consulted for details regarding the disposition of the property. All client firms will be informed about the close out of the project.

In March, all ESCs will discontinue technical assistance and close the offices in each corridor by the end of the month. Subcontractors will be terminating their contracts with their technical staff and making the necessary pay outs, except for the administrative and accounting staff, who will conduct the complete close out in April. The office in Asunción will take on some additional technical staff to continue the program 'Tu Producto al Super,'which will last until June 2010. Some business advisors will also continue to be hired by the project to work with the communications program (See Section 3).

In March, the project will carry out its final evaluation, made by an international consultant accompanied by a local consultant, who both will be selected from at least three candidates, and presented for approval to USAID Paraguay. The TOR of this evaluation will include the tasks to be conducted.

In April, the final report will be completed and the final editing will be started, local bank accounts will be reconciled, and the end-of-assignment evaluations will be completed, COP interviews with the personnel will be arranged, local service providers will be terminated and paid out, local insurance coverage for office equipment will cease and the shipment of the files to the HO will be scheduled. The monitoring unit will make the last reviews of project achievements by visiting all client firms and by providing the information for the last quarterly report of Vende and its final report. During this month, a Chemonics home office field office accountant will conduct a final internal review of the project's field office financial records,

bookkeeping and accounting systems and make sure that as little as possible remains outstanding and that any problems identified are resolved as the project is closing out. To complete this assignment, the field accountant will travel to the project office to ensure compliance with all standard accounting principles and adherence to all relevant AID accounting regulations and requirements.

In May, one representative from the home office PMU will conduct a pre-closeout assignment to support the local staff in closing activities, the final report will be printed and submitted for USAID review, all trackers will be finalized, all release forms for the subcontractors will be sent out and collected, all equipment will be disposed of per the approved disposition plan, the final expense reports and timesheets will be processed, and the final activities regarding termination of local employees will be initiated (i.e., recommendation letters).

Finally, in June, a complete closeout package for USAID, including Chemonics release will be made, the files and report will be shipped to the HO, integrating HO and FO files and archiving those files. With assistance and oversight from one representative from the home office PMU, all local staff remaining will ensure that all property has been disposed of and that the office in Asuncion is properly closed. This PMU member will also be responsible for ensuring that the local bank accounts are closed and all documentation is in order. They will also be responsible for ensuring compliance with local labor law requirements for severance and notification of termination of personnel in closing activities. Furthermore, this PMU member will ensure that the subcontractor files are in order and any pending matters are addressed. Finally, this assignment will ensure that the contractually required documentation and files have been shipped to Chemonics home office in Washington.