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| <b>I. Outline of the Project</b>  |   |
| <b>Country: Paraguay</b>  | <b>Project title: Leader Training of the small and medium sized enterprises in the Republic of Paraguay</b>                   |
| <b>Issue/Sector: Private Sector Development</b>   | <b>Cooperation scheme: Technical Cooperation(Mini Project)</b>  |
| <b>Division in charge: SMEs Division, Economic Development Department</b>   | <b>Total cost: JPY 32,506,000</b>   |
| <b>Period of Cooperation</b>  | <b>(R/D): 2002/3/18~2005/3/17</b>   |
|   | <b>Partner Country's Implementing Organization: Ministry of Commerce and Industry(MOCI), Paraguayan Industrial Union(UIP)</b> |
|   | <b>Supporting Organization in Japan: Japan Productivity Center for Socio-Economic Development</b>                             |
| <b>Related Cooperation:</b>   |   |
| <b>1 Background of the Project</b>  |   |
| <p>The Paraguayan Government has been promoting free trade as its participation to the MERCOSUR in 1995 for the elimination of the tariffs in the South America since its democratization from 1989. However, the exportable products of Paraguay which have the competitiveness in the South America are limited in a few items such as cotton, soy beans, there was a pressure from Brazil and Argentine which have inexpensive agricultural products then the agriculture sector and the other sectors of Paraguay which did not have the competitiveness have been suffered and it faced the decrease of employment opportunity.</p> <p>Under this condition, the Paraguayan Government has delivered a National Plan in 1999. It aimed at the breakthrough and increase of the employment, and the government announced the formulation of the policy support for Small and Medium sized Enterprises(SME). And the government prioritized the training of technicians and managers who bore the value added techniques and better management skill for the promotion of SME.</p> <p>Ministry of Commerce and Industry of Paraguay requested to Japanese Government on the advice and training for improvement of SME and production management, the seminar on transfer of production techniques by the dispatch of Japanese experts and the project has started from March, 2002.</p> <p>To implement Capacity Development for Consultation for the model enterprises, making textbook, Training of Trainers(Lecturers of the seminar) for which Paraguayan Industrial Union provides the training, seminar, consulting service on the vitalization of SME in Paraguay.</p> |   |
| <b>2 Project Overview</b>   |   |
| <b>(1) Overall Goal</b>   |   |
| To develop/promote small and medium sized enterprises in Paraguay   |   |
| <b>(2) Project Purpose</b>  |   |
| The training, seminar, consulting service for the purpose of development/promotion of SMEs will be implemented effectively by MOCI, UIP.  |   |
| <b>(3) Outputs</b>  |   |
| <ol style="list-style-type: none"> <li>1. The system of training implemented by UIP will be established.</li> <li>2. The capacity of planning/implementation of MOCI and UIP will be upgraded.</li> <li>3. The ability of instructors on business administration, production management will be upgraded.</li> <li>4. Seminar on business administration, production management will be implemented.</li> <li>5. Necessary skills for business persons on business administration, production management will be acquired.</li> <li>6. The model enterprises will be advanced through the consulting activity by UIP.</li> </ol>  |   |

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| <b>(4) Inputs</b>  |   |                   |  |
| Japanese side:   |   |                   |  |
| Long-term Expert   | <u>2</u>  | Equipment         | 40 million Yen                                 |
| Short-term Expert  | <u>7</u>  | Local cost        | 10 million Yen                                 |
| Trainees received  | <u>6</u>  | Others            | 0 Yen  |
|  |   | <b>Total Cost</b> | <b><u>50 million Yen</u></b>                   |
| Paraguayan Side:   |   |                   |  |
| Counterpart  | <u>2</u>  | Equipment         |  |
| Land and Facilities  | —   | Local Cost        | 294 million Gs                                 |
| Others   |   |                   | (approximately JPY 8,160,000)                  |
| <b>II. Evaluation Team</b>   |   |                   |  |
| <b>Members of Evaluation Team</b>  | Mr.Nobutetsu ENOSHITA, Mission Leader, Special Adviser, JICA  |                   |  |
|  | Mr.Kenji FUJITA, Planning of Technical Transfer, Japan Productivity Center for Socio-Economic Development |                   |  |
|  | Mr.Ryuji SENO, Evaluation Plan, Junior Expert, JICA   |                   |  |
|  | Mr.Hiroshi NOZAKI, Evaluation Analysis, Consultant of Pacific Consultant International                    |                   |  |
| <b>Period of Evaluation</b>  | <b>12/9/2004 ~ 25/9/2004</b>  |                   | <b>Type of Evaluation: Terminal Evaluation</b> |
| <b>III. Results of Evaluation</b>  |   |                   |  |
| <b>1 Summary of Evaluation Results</b>   |   |                   |  |
| <b>(1) Relevance</b>   |   |                   |  |
| Paraguay was promoting free trade as it participated in Mercado Comun del Cone Sur(MERCOSUR), then the product from its neighboring countries which is high quality and low cost pouring into the domestic market, as the result of that, the situation of domestic industry came under threat. It is imperative and urgent need to strengthen the ability and capacity of business administration, production management to promote SMEs which consist of 97% of domestic industry of Paraguay. |   |                   |  |
| It is matched with the project purpose and important task in Paraguayan national development plan at the point of “Economic vitalization, job creation and training”.  |   |                   |  |
| <b>(2) Effectiveness</b>   |   |                   |  |
| There was a room for improvement in logicity in the project purpose and PDM(revised), however, it did not become an obstacle for the realization of the effectiveness. By implementing qualified/upgraded seminar, consulting activity to the SMEs was improved, then the evaluation by the participants of seminar and the SMEs are 75~90% of satisfaction and 3.8 out of 5 of evaluation point. Based on this, it is judged that the degree of attaining the project purpose is high.          |   |                   |  |
| <b>(3) Efficiency</b>  |   |                   |  |
| The input by Japanese side and Paraguay side are implemented properly, the project was managed in good manner by periodically organized Steering Committee.  |   |                   |  |
| <b>(4) Impact</b>  |   |                   |  |
| It is not confirmed to the achievement of overall goal, if it becomes to achieve certainly then the impact of the project would be developed. In the model SMEs which received upgraded consultation, it was clear that the actual business administration was improved then can be judged that the impact of the project is now developing.   |   |                   |  |
| <b>(5) Sustainability</b>  |   |                   |  |
| The policy of SMEs development/promotion continues even the existing government administration, MOCI express the support on the project and consider the expansion of the project to the rural area.   |   |                   |  |
| The counterparts and concerned personnel trained/cultivated in the project became to make work plan by their selves. By these result, it says sustainability of the project is high.   |   |                   |  |
| In regard with the fiscal side of the MOCI and UIP, even though the department of training of UIP maintains surplus budget, it is necessary for UIP to make an effort on increase the revenue due to the cost escalation of making training materials.   |   |                   |  |

## **2. Factors that promoted realization of effects**

### **(1) Factors concerning to Planning**

By the reason such as UIP is private institution, the project was managed effectively in view of procedure.

### **(2) Factors concerning to the Implementation Process**

MOCI, UIP, JICA conveyed periodically and jointly the Project Steering Committee, Working Group consist of the experts and Counterparts to tackle the problem was held every week, a good human relationship are the key factor to boost up the effectiveness of the project.

## **3. Factors that impeded realization of effects**

### **(1) Factors concerning to Planning**

It was observed slightly that a lack of logicity in regard with the description of project purpose in the PDM and the relationship between the project purpose and output.

### **(2) Factors concerning to the Implementation Process**

Due to the reason that the counterpart were holding the additional post, it made them to make time for technical transfer by the expert, then the start-up of the consulting activity has delayed. It was resolved later the counterpart became to have a full-time post to the project.

## **4. Conclusion**

As the above mentioned in the part of the summary of evaluation result, it was confirmed that the achievement of the project purpose, was expected that the development of effect of the project, to conclude the project at the term of 3 years is proper.

## **5. Recommendations**

The Paraguay government has requested that the project for establishment of Quality and Productivity Center as new project in 2005, it is judged that there is feasibility for the project because it confirmed the impact and sustainability by this Terminal Evaluation.

## **6. Lessons Learned**

In view of confirming how it works effectively for the management of the project by collaboration with the private institution, the project can be a model of cooperation between Paraguayan and Japanese government.

It is imperative for the purpose of promotion of SMEs, not only for the strengthening of the business management, development of human resources in each enterprise, to consider and implement the official support such as the development and improvement of legal framework, financial system, establishment of inspection and accreditation system for SMEs.

## **7. Follow-up Situation**

NA