

0. Summary

This project was implemented with the objective of “firmly establishing CEPPROCAL as a center providing a high quality consulting service and training service on quality and productivity” with a view to contributing to the strengthening of the competitiveness of Small and Medium-Sized Enterprises (SMEs) in particular. The project was relevant to Paraguay’s development policies, the development needs of SMEs and Japan’s ODA policy and, therefore, its relevance is high. With the strengthening of the capacity of CEPPROCAL to conduct its businesses as well as improvement of the capacity to provide the consulting service, the above objective was mostly achieved. Since the completion of the project, the training service has been expanded but the number of contracts gained for the consulting service has shown a declining trend even though the service itself has continued. The diffusion of the outputs of the project by the Ministry of Industry and Commerce (MIC) has not been fully realized and the impacts of the project have been almost limited to the beneficiary enterprises of the consulting services. As such, the effectiveness and impacts of the project is fair. Although activities to extend the consulting service to local areas were suspended due to inefficiency, the project was smoothly implemented in general and was completed in three years and two months as planned. Together with the actual project cost for the JICA being only 70% of the planned cost, the efficiency of the project is high. Even though the sustainability of CEPPROCAL in terms of its institutional, technical and financial aspects poses no problems, the prospect of both collaboration with the MIC and the use of a subsidy scheme to extend the impacts of the project are unclear. Therefore, the sustainability of the project effects is fair. Based on the above, the project is evaluated to be satisfactory.

1. Project Description



Project Location



Consultant Training Completion Ceremony

1.1 Background

Small and Medium-Sized enterprises (SMEs)¹ (approximately 1,300 at the time of the ex-ante evaluation) were playing an important role in the economic development of the Republic Of Paraguay, accounting for 14% of the GDP and 18% of the total working population. Since the creation of a

¹ A SME at the time was defined as an enterprise of which the number of employees is between 10 and 99.

customs union under the Mercado Común del Sur (MERCOSUR) in 1995,² however, the international competitiveness of these SMEs had been extremely low. Under these circumstances, the Japan International Cooperation Agency (JICA) implemented “Leader Training of Small and Medium-Sized Enterprises in the Republic of Paraguay” (2002 – 2005) based on the recommendations of its own “Economic Development Study of Paraguay” which was a Development Study conducted in 2000. This project aimed at strengthening the training courses and consulting services for domestic enterprises which were provided by the Education and Training Department of the Paraguay Industrial Union (UIP: Union Industrial Paraguaya).³ The UIP was the counterpart organization for this project along with the Ministry of Industry and Commerce (MIC). Under the project, training curriculums for productivity improvement and quality management were developed and a total of 12 trainees consisting of some staff members of the UIP and such external knowledgeable persons as university professors and consultants were trained. Before the project, the main training courses organized by the UIP featured business manners. With the commencement of the project, some 90% of the training courses were changed to feature productivity improvement and/or business improvement. A new consulting service for business management and production management was also launched and 12 enterprises received this service.

Because of the limited role of the MIC in directly providing training, consulting and other services for enterprises in a sustainable manner due to its substantial dependence on donors’ funding and the instability due to the change of government etc., the UIP as a public interest corporation was selected to function as the counterpart organization along with the MIC for the project. The MIC was then made responsible for the general coordination of the project while the UIP was made responsible for the implementation of it. Through this public-private partnership, it was expected to attain; increased dynamism in project administration, sustainability of cooperation, and strengthening of private sector in providing training and consulting services for enterprises which is not the direct function of the MIC.

The Project of Strengthening of Paraguayan Quality and Productivity Center (CEPPROCAL) (hereinafter referred to as “the Project”) was the succeeding project to the above leader training project. The Project was implemented between 2007 and 2010 for the purpose of generally inheriting trained leaders and business services developed by the preceding project and making CEPPROCAL established under the UIP become a model institution for consulting services for enterprises in Paraguay.

1.2 Project Outline

Overall Goal		The competitiveness of industries in Paraguay, especially in Small and Medium-Sized Enterprises, will be strengthened by using consulting services provided by CEPPROCAL.
Project Objective		The organization of CEPPROCAL as the center that provides the consulting service and training, etc. concerning the quality and productivity is established, and high quality consulting services are provided.
Output(s)	Output 1	To strengthen the implementation capacity of CEPPROCAL
	Output 2	To improve the capacity of consulting services of CEPPROCAL
	Output 3	To expand consulting services in the region*

² The MERCOSUR was created as an integrated regional market with the participation of Argentina, Brazil, Paraguay and Uruguay and evolved into a customs union in 1995.

³ The UIP is a public interest corporation established in 1936 when an industrial group in Paraguay planned and held an industrial exhibition and is one of the leading industrial associations in Paraguay. It provides training, seminar and advisory services for its member as well as non-member enterprises. The principal objective is to improve the quality, competitiveness and productivity of domestic enterprises in order to contribute to the economic development of the country. As a non-profit making body, its working capital is financed by the membership fee and income from exhibitions, education and training services.

Inputs	<p><Japanese Side></p> <ol style="list-style-type: none"> 1. Experts total 12 persons: 3 long-term experts; 9 for short-term experts (3 in third countries) 2. 21 Trainees received 3. Equipment 13.8 million yen 4. Local cost support 14.3 million yen <p><Paraguayan Side></p> <ol style="list-style-type: none"> 1. 3 Counterpart personnel 2. Project office 3. Local cost
Total cost	217 million yen
Period of Cooperation	January, 2007 – February, 2010
Implementing Agency	Union Industrial Paraguaya (UIP); Ministry of Industry and Commerce (MIC)
Related Projects	<ul style="list-style-type: none"> - Commercial and industrial policy advisor (2002 – 2004) - Leaders training for the small and medium-sized enterprises (2002 – 2005) - Dispatch of senior volunteers to the UIP (3 volunteers from 2010 to the time of ex-post evaluation)

* Output 3 was withdrawn in November, 2008 as a result of a change of the plan.

1.3 Outline of Terminal Evaluation

1.3.1 Achieving of Overall Goal

The terminal evaluation report observed that “the realization of the overall goal, which have been originally set as a goal to be achieved several years after the achievement of the project objective, is expected”. The report expected that the positive signs of improvement of the business performance among the enterprises which had received the consulting service would impact on SMEs in Paraguay. In regard to “the diffusion of the positive outputs of the Project through the MIC”, an indicator for the overall goal, the report expected that the MIC would make an increased contribution as a mechanism of collaboration between donors in funding the implementation of national policies.

1.3.2 Achievement of Project Objective

The terminal evaluation report stated that “the organizational strength of CEPPROCAL has been improved and that a high quality consulting service has become available, indicating the likely prospect of achieving the project objective”. To be more precise, the organizational structure and authority of the CEPPROCAL had become clearer. Annual and medium-term plans had been formulated and a system to proceed with the work based on these plans had been developed. While the training and consulting department had emerged as a department with 12 elite staff members, there was a mechanism to use external personnel when a requested service necessitated such recruitment. The report also mentioned that the launch of a consultant training course had stimulated human resource development of consultants in collaboration with universities, etc., that the visibility of CEPPROCAL had increased among enterprises and that the level of satisfaction with CEPPROCAL’s consulting service was quite high as nearly 80% of the enterprises which used this service had seen an improvement of their business performance.

1.3.3 Recommendations

The terminal evaluation report put forward the following three recommendations.

- ① Arrangement of regular information exchanges between consultants: Regular meetings should be held for information exchanges between CEPPROCAL consultants for the purpose of enabling

these consultants to improve their consulting service and also to enable CEPPROCAL to accumulate information as a consulting service provider to improve the said service in the future.

- ② Agreements with comparable organizations in neighboring countries: Cooperation agreements should be concluded with comparable organizations in Brazil, Costa Rica, Uruguay and Argentina. Conscious efforts should be made to translate these agreements into concrete activities so that support for enterprises from an international perspective will become easier to provide and regional cooperation will become part of the general support to strengthen SMEs.
- ③ Active involvement of the MIC responsible for SME support policies: A cooperation agreement between CEPPROCAL and the MIC should be materialized with a view to making the MIC fully aware of the importance of a consulting service for SMEs and even the launch of a nationwide drive to spread the use of the consulting service. The positive outcomes of the project and high level of satisfaction among those enterprises which have received the consulting service are evidence of such importance. The possibility of implementing concrete support measures, such as the injection of government funds, to facilitate the smooth implementation of various activities of CEPPROCAL should be examined.

2. Outline of the Evaluation Study

2.1 External Evaluator

Hajime Sonoda (Global Group 21 Japan, Inc.)

2.2 Duration of Evaluation Study

The ex-post evaluation study for the Project was conducted over the following period.

Duration of the Study:	January, 2013 to December, 2013
Duration of the Field Study:	17 th March – 22 nd April and 1 st - 16 th August, 2013

3. Results of the Evaluation (Overall Rating: B⁴)

3.1 Relevance (Rating: ③⁵)

3.1.1 Relevance to the Development Plan of Paraguay

When the Project began, the “promotion of the development of SMEs” and “improvement of the international business capability” were among the priority matters of the national development plan (2003 – 2008) of Paraguay. The policy objectives of the MIC (2004 – 2008) at the time considered strengthening of the competitiveness for the business expansion of SMEs to be one of the highest priority tasks.

The Strategic Economic and Social Plan (2008 – 2013), a national plan of Paraguay, lists the promotion of economic development through the participation of citizens and the private sector to be one of the four principal goals. One of the strategies to achieve this goal is improved productivity and competitiveness to create a larger market and employment opportunities.

As the promotion of SMEs was emphasized at the time of both the ex-ante evaluation and terminal evaluation, the Project was highly relevant to the country’s development plans.

⁴ A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

⁵ ③: High, ②: Fair, ①: Low

3.1.2 Relevance to the Development Needs of Paraguay

At the time of the ex-ante evaluation, the biggest issue faced by the economy of Paraguay was insufficient employment opportunities. As SMEs provided an overwhelming proportion of jobs at the time, it was essential to strengthen their competitiveness. For this reason, it was necessary to improve access to training and technical support throughout the country. The situation surrounding SMEs had not changed much when the Project was completed and there must have been a need among SMEs for training and a consulting service.⁶

The preceding project strengthened the training of SMEs by the UIP but could not fully develop the capacity of the UIP to provide technical support through its consulting service. While training was thought to focus on theory, the consulting service was thought to produce more concrete impacts through lengthy on-site guidance by consultants at the target enterprises. For this reason, the UIP hoped to establish CEPPROCAL based on the achievements of the preceding project to strengthen its consulting service. Meanwhile, the MIC was hoping that CEPPROCAL/UIP would provide a model training and consulting service on quality and productivity improvement for enterprises, performing a certain public role as a public interest corporation.

At the time, it was somewhat recognized that even though many SMEs in Paraguay showed interest in the consulting service, most of them were reluctant to pay a fee for the consulting service.⁷ Because of such reluctance, the SME development project which had been implemented by the MIC since 2005 using a loan from the Inter-American Development Bank (IDB) introduced such measures designed to encourage SMEs to invest in the consulting service as awareness-raising of owners, education on the advantages of the consulting service and offer of a subsidy.⁸

The Project was implemented to enable CEPPROCAL to provide high quality training and consulting services for enterprises. This means the capacity building of the service provider. At the time of the ex-ante evaluation, it was thought that the use of a subsidy system under the Enterprise Development for SMEs would make it easier to secure model enterprises (those using the consulting service of CEPPROCAL as part of the activities under the Project) for the Project and it was hoped that the Project and the Enterprise Development for SMEs would develop a mutually complementary relationship. The Project was implemented to strengthen the capacity to provide a consulting service to enable a response to the existing need for training and technical support among SMEs at the time of the ex-ante evaluation. However, measures to stimulate the demand for the said service were not included in the scope of assistance, having assumed collaboration with the Enterprise Development for SMEs.⁹

Based on the above analysis results, the Project was relevant to the potential development needs of SMEs in Paraguay. Although it can be pointed out that the non-inclusion of measures to actualize these needs in the scope of the assistance is a shortcoming, it does not mean that this non-inclusion was highly detrimental to the relevance of the Project to the development needs of Paraguay.

⁶ A government document at the time of a new act (subsequently enacted in 2012) submitted calls for training, technical support as well as preferential measures in terms of finance, taxation and employment system as the strong support of the government is required for the development of micro, small and medium-sized enterprises.

⁷ The ex-post evaluation report on the preceding project states: "It is often pointed out in interviews with experts, etc. and on other occasions that there are not many enterprises which are willing to pay for a consulting service because of the generally conservative mentality of Paraguayan owners and senior executives, very little interest in investment in human resources development and tight business conditions in terms of finance and manpower. A study by the UIP in 2006 featuring 200 enterprises found that although 75% of these enterprises were interested in a consulting service, half of those interested said that a reasonable fee would be US\$ 1,000 or less.

⁸ Enterprise Development for SMEs (Small and Medium Enterprises) (PR0100)

⁹ At the time of ex-ante evaluation, "the required number of model enterprises for consultation exercises is secured" was recognized as one of the external assumptions for project outputs. The ex-ante evaluation sheet makes it clear that the use of the subsidy system under the Enterprise Development for SMEs was expected to satisfy it. As described in 3.2.1.2 – Achievement of the Project Objective, efforts were made under the Project via the MIC to coordinate with the IDB with a view to gaining access to the subsidy system under the Enterprise Development for SMEs. These efforts, however, failed to realise access to the subsidy system.

3.1.3 Relevance to Japan's ODA Policy

At the time of the ex-ante evaluation of the Project, Japan identified agriculture, health care, human resources development and the environment as priority fields for assistance in Paraguay and set “strengthening of the competitiveness and promotion of economic development to deal with the challenges posed by the MERCOSUR” as one of the development themes. As the JICA listed the strengthening of the competitiveness and promotion of economic development to deal with the challenges posed by the MERCOSUR as one of the priority fields for assistance in its project implementation program for Paraguay, “Assistance for the Improvement of a Human Resources Development System for Micro, Small and Medium-Sized Enterprises” was indeed one such priority program.

As described above, the Project was highly relevant to the country's development plans, development needs as well as Japan's ODA policy, therefore, its relevance is high.

3.2 Effectiveness and Impact¹⁰ (Rating:②)

3.2.1 Project Outputs

3.2.1.1 Project Outputs

1) Output 1: To strengthen the implementation capacity of CEPPROCAL

Of the 8 indicators set up for Output 1, 7 were achieved except for Indicator 1.1 (number of the enterprise participated in training courses and seminars increase by 10% or more percent during the project period). It is fair, therefore, to conclude that Output 1 was mostly achieved.

Indicator 1.1 Number of the enterprise participated in training courses and seminars increase by 10% or more percent during the project period (including 5% or more increase of the enterprises that participate newly): During the project period (2007 – 2009), the number of enterprises participating in training/seminars decreased to 60%, failing to meet this indicator (Table 1). However, the number of participants increased by 34% in the same period. In 2009, both the number of participating enterprises and the number of participating persons significantly dropped from 2008, presumably because of the negative growth of the national economy, in turn caused by a fall of the price of soybeans and other agricultural products and the declining amount of remittance by Paraguayans working overseas since the Lehman shock (September, 2008). Meanwhile, the total number of newly participating enterprises in 2008 and 2009 reached 66% of the total of participating enterprises in the same period.

Indicator 1.2 65% or more participants of training courses and / or seminars are satisfied: The target of this indicator was achieved as the level of satisfaction among the participants was above 80% throughout the project period (Table 1).

Indicator 1.3 Regulations concerning ethics, reward, and the method of executing business are set and enacted: The targets of this indicator were achieved. An ethical code, pay regulations and labor standards were included in the contract concluded with semi-counterparts working as consultants and applied to their work.

¹⁰ Sub-rating for Effectiveness is to be put with consideration of Impact.

Table 1 Results of the Training Service of CEPPROCAL

	2007	2008	2009	2010	2011	2012
Open Training (Times)	79	133	107	110	113	142
(Persons)	1,705	3,034	1,830	2,272	2,302	2,690
In-Company Training (Times)	14	19	31	39	26	27
(Persons)	282	509	619	1,183	762	534
Open Seminars (Times)	6	13	6	5	4	6
(Persons)	105	510	206	152	85	122
In-Company Seminars (Times)	2	10	9	28	21	20
(Persons)	63	365	237	818	659	616
Total Training/Seminars (Times)	101	175	153	182	164	195
Total Participants (Persons)	2,155	4,418	2,892	4,425	3,808	3,962
Level of Satisfaction among Participants	85%	84%	84%	85%	88%	88%
Number of Participating Enterprises	332	306	200	201	299	338
Of Which Newly Participating Enterprises	na	208	125	75	113	131

Source : CEPPROCAL

Note: The results for 2007~2009 are during the project period.

Indicator 1.4 Curriculums, manuals, textbooks are prepared, and utilized for the training of new consultants as well as for consulting services: The targets of this indicator were achieved. Based on the curriculum prepared for each target field, 14 volumes of textbooks and manuals were prepared for the quality/productivity field and marketing/sales field.

Indicator 1.5 Capacity of information propaganda (ex. Pamphlet, poster, and telephone solicitation, etc.) is established: The target of this indicator was achieved. Wide-ranging publicity activities by means of leaflets, website, UIP Bulletins, newspapers and television appearances were conducted.

Indicator 1.6 Needs assessment and follow-up survey are executed regularly (once a year): The target of this indicator was achieved. An annual survey featuring 100 – 200 enterprises was conducted throughout the project period.

Indicator 1.7 Capacity of settling short-term (annual) and mid-term (for three years) business plans are established, and the plans are approved by the board of the UIP: The target of this indicator was achieved. A medium-term business plan for 2010 – 2012 was formulated and approved.

Indicator 1.8 The training courses are regularly reviewed (once a year): The target of this indicator was achieved. The training courses were reviewed each year and the review results were reflected on the following year's training courses.

2) Output 2: To improve the capacity of consulting services of CEPPROCAL

In view of the state of achieving the indicator for this output, it is judged that Output 2 was achieved. The results of the consultant training by CEPPROCAL are shown in Table 2.

Indicator 2.1 16 new consultants are promoted: The target of this indicator was achieved. Intensive lectures by experts and on-the-job instructions on a consulting service for enterprises for the trainees, each of which provides such a service for at least five enterprises, produced one counterpart and 8 semi-counterparts in the quality/productivity field and one counterpart and 8 semi-counterparts in the

marketing/sales field, totaling 18 consultants of which 17 passed the qualification test and interview.¹¹

Table 2 Results of Consultant Training by CEPPROCAL

(Unit: persons)

	2009	2010	2011	2012
Productivity/Quality				
Number of Persons Completing Training	11	10	22	9
Apprentice (In Place)	8	12	23	8
Formally Employed (In Place)		9	7	8
Marketing/Sales				
Number of Persons Completing Training	11	12	9	5
Apprentice (In Place)	8	11	9	4
Formally Employed (In Place)		9		6
Other Fields (Formally Employed)				5

Source : CEPPROCAL

Note: Number of persons completing training in 2009 includes the 16 semi-counterparts

Outline of the Consulting Service of CEPPROCAL

CEPPROCAL assigns a consultant-in-charge to each target enterprise. If necessary, one or two assistant consultants are also assigned. The duration of each consulting service is approximately 4 – 8 months and the consultant(s) repeatedly visits the enterprise for information gathering, training and on-site instructions. In the quality/productivity field and marketing/sales field assisted by the Project, the consulting service was provided on the following themes.

< Quality/Productivity >

Introduction of 5S (*); checking of fraction defective; improvement of quality inspection; review of work and standardization of work; review of production organization; formulation and improvement of production plan; formulation of equipment renewal plan; integrated management of production, sales and inventory; assistance for the acquisition of ISO certifications, etc.

< Marketing/Sales >

Review of organizational structure; rearrangement of division of duties; market analysis; customer satisfaction survey; brand recognition survey; sales plan; sales promotion plan; improvement of customer communication, etc.

(*) 5S means activities to form the foundations for workplace management and each S represents a Japanese work: seiri (sorting), seiton (set in order), seiso (systematic cleaning), seiketsu (standardise) and shitsuke (self-discipline). The 5S is not simply a beautification method for the workplace but signifies the fundamental activities to improve the level of management throughout the workplace. Seiri (sorting) means the elimination of wasteful items, space and time from the workplace. Seiton (set in order) means the arrangement of things and information for their easy common use. Seiso (systematic cleaning) means the creation of a tidy and organized workplace where the occurrence of any abnormality can be instantly detected. Seiketsu (standardise) means the continued state of perfectly managed things and information. Shitsuke (self-discipline) means improvement of the awareness and behavior of people handling things and information.

¹¹ Those who were not staff members of CEPPROCAL but who were successfully trained as consultants under the Project are called here “semi-counterparts”. In the quality/productivity field, although 8 persons completed the training, one could sit neither the qualification test nor interview due to personal circumstances. These semi-counterparts individually conclude a contract with CEPPROCAL and were engaged in the consulting service of CEPPROCAL as contract consultants.

3.2.1.2 Achievement of Project Objective

In connection with the project objective of “the organization of CEPROCAL as the center that provides the consulting service and training, etc. concerning the quality and productivity is established, and high quality consulting services are provided”, the six indicators listed below were originally set up. For the present ex-post evaluation, it was thought that the existing indicators would be insufficient to judge whether or not the project objective was achieved and a seventh indicator of “actual achievement of the consulting service (number of orders received and total amount of contracts)” was added.

As described below, the level of achievement of each indicator was high and it is fair to conclude that the project objective was generally achieved. Both of the two intended outputs were mostly achieved, contributing to the achievement of the project objective.

- Indicator 1 Organization of CEPPROCAL is strengthened: The target of this indicator was achieved as office regulations, division of duties, mission, vision and set of values for CEPPROCAL were clearly stipulated.
- Indicator 2 Number of staff members of CEPPROCAL is maintained or increased: The target of this indicator was achieved. The number of staff members increased from 7 to 12 and the counterparts were involved throughout the project period.
- Indicator 3 Income and expenditure of CEPPROCAL are increased: The targets of this indicator were achieved. Both the income and expenditure considerably increased and the amount of profit also increased.

Table 3 Income and Expenditure of CEPPROCAL

	(million Gr.)					
	2007	2008	2009	2010	2011	2012
Income	450	1,937	867	906	1,690	1,802
Training	434	1,763	881	741	1,440	1,602
Consulting	17	174	266	165	225	200
Expenditure	206	1,381	867	662	1,028	1,282
Profit	244	556	279	244	661	520

Source: CEPPROCAL

Note : The results for 2007~2009 are during the project period.

- Indicator 4 Acknowledgement level and reputation of CEPPROCAL rise among enterprises: The target of this indicator was achieved. A market survey featuring 200 enterprises found that the acknowledgement level of CEPPROCAL increased from 9% to 62% in three years.
- Indicator 5 As a result of consultation by CEPPROCAL, 25% or more model enterprises are improved / are expected to be improved: The target of this indicator was achieved. According to interviews held prior to the completion of the Project, improvement effects were confirmed at more than 70% of the enterprises.
- Indicator 6 65% or more enterprises that receive the consulting service by CEPPROCAL are satisfied: The target of this indicator was achieved as 79% of the enterprises surveyed said that they were satisfied.
- Indicator 7 Actual achievement of the consulting service (number of orders received and total amount of contracts) (additional indicator): The target of this indicator was

mostly achieved. The target number of orders to be received during the project period was set at 48 to ensure sufficient on-the-job instructions to the consultants under training. However, because of the difficulty to secure willing enterprises, the target number was downwardly revised to 40 at a meeting of the Joint Steering Committee in June, 2008. The final number was 41. Although it was originally planned to provide the consulting service for leading enterprises in each business field to make a profound impact throughout each business field, not many enterprises asked for the service. As it was a struggle to reach the target number, the intended involvement of leading enterprises across various business fields was not sufficiently achieved.

Table 4 Number of Orders Received for the Consulting Service of CEPPROCAL

	2007	2008	2009	2010	2011	2012
Quality/Productivity Field	4	7	9	12	8	6
Marketing/Sales Field	4	7	10	4	2	1
Other Fields	-	-	-	4	4	10
Total	8	14	19	20	14	17
Total Amount of Contracts (million Gr.)	79	163	162	211	206	241
Amount per Contract (million Gr.)	9.9	11.6	8.5	10.6	14.7	14.2

Source : CEPPROCAL

Notes

- The results for 2007~2009 are during the project period.
- Other fields included business management, personnel management, business planning, safety management and GMP (WHO version of Good Manufacturing Practice for the quality and manufacture of pharmaceutical products).
- 1 million Gr is approximately US\$ 230 based on an exchange rate as of August 2013.

The factors which facilitated the achievement of the project objective were the steady progress of various activities based on good communication among the experts and counterparts, high efficiency of CEPPROCAL as a private sector organization and fluency in Spanish of the experts.

Meanwhile, the less than expected number of enterprises requesting the consulting service made it difficult to select suitable enterprises during the project period. As explained later, this drawback adversely affected the continuation of the consulting service in the post-project period. It was already recognized at the time of the ex-ante evaluation that SMEs would be reluctant to request an expensive consulting service and the interim evaluation report in 2008 pointed out that such reluctance on the part of SMEs could impede the consulting service in the post-project period. This report puts forward a number of recommendations, including the development of low cost consulting options, examination of the feasibility of a government subsidy for the consulting service prior to the completion of the Project and an intensive campaign to make owners of SMEs aware of the importance of a consulting service for their businesses. In response to these recommendations, a small-scale consulting service option and free diagnosis were introduced under the Project along with marketing activities using various media and events. However, access to the subsidy scheme under the Enterprise Development for SMEs could not be realized despite strong expectations for such access from the time of the ex-ante evaluation. This situation aggravated the difficulty of selecting target enterprises for the consulting service right to the end of the Project.¹²

¹² The subsidy scheme under the Enterprise Development for SMEs offered a subsidy to cover 65% of the consulting service cost. However, CEPPROCAL could not meet the condition regarding the length of the business experience of consultants. Although the MIC agreed to allow access by CEPPROCAL to this subsidy scheme by exempting CEPPROCAL from the said condition as an exceptional case, the IDB did not endorse the MIC's decision on the grounds that such an arrangement would distort fair competition in the consulting industry.

Using the curriculums and textbooks developed under the Project, consultant training by the counterparts began in the second half of the project period. Even though this training was an activity not listed in the original plan, it continued even after the completion of the Project. As described later, it has led to the maintenance of the number of consultants working at CEPPROCAL. Positive impacts on industries have also been made by those who returned to their own enterprises on the completion of their training.



Consultant training



A consultant giving instructions at the production floor.

3.2.1.3 Continuation of Activities in the Post-Project Period

(1) Organizational Setup and Business Management of CEPPROCAL

In regard to the organizational setup of CEPPROCAL, while the ethical code has been maintained, the pay regulations and labor standards have been modified. During the project period, the apprentice consultants did not receive any remuneration but now receive a small payment.¹³ Of the three counterparts who worked for the CEPPROCAL at the end of the Project, one has left. In the case of administrative staff, six out of seven have left CEPPROCAL. At the end of the Project, the total number of staff members was 12. At the end of 2012, this number stood at 13, an increase by one, consisting of 11 full-time employees and 2 contracted employees.

The publicity activities have continued in the post-project period and a website was launched in 2010. A survey on the needs of enterprises has continued in the post-project period. The needs survey in 2012 found that recognizability of CEPPROCAL was as high as 95%.

CEPPROCAL formulated its annual plan until 2012 based on the Medium-Term Business Plan prepared under the Project. This Medium-Term Business Plan has not been revised. The reason for this is that as the Medium-Term Business Plan did not take the market conditions fully into consideration, only an annual plan was formulated based on the previous year's performance and the results of the annual needs survey. For the formulation of the annual plan, the Japanese senior volunteer (specializing in business management) dispatched to CEPPROCAL assisted the preparation of the financial plan and business plan for CEPPROCAL and UIP.¹⁴

The financial performance in 2012 in Table 3 showed a decline of the income from consulting to the three-quarter level of 2009 which was the final year of the Project. However, income from training

¹³ During the project period, the presence of Japanese experts acted as an incentive for the apprentice consultants. After the end of the Project, a financial incentive became necessary.

¹⁴ From the end of the Project to 2013, the JICA dispatched three senior volunteers specialising in the fields of business management (2010 – 2012), quality/productivity (2011 – 2013) and marketing/sales (2013) till 2013.

was more than double the corresponding income in 2009, resulting in a profit increase by 40% against the average annual profit during the project period.¹⁵

(2) Training Service

As shown in Table 1, the number of enterprises participating in training has recovered since the end of the Project and the number of participants has also substantially increased. The contents of the training have been diversified to respond to the actual needs of enterprises. One result is a further increase of the level of satisfaction on the part of the participants. The training contents, etc. have been regularly reviewed in the post-project period. Based on feedback from the participants, new courses (for example, a labor safety course in response to the tighter enforcement of the Labor Safety Act) have been introduced and the training contents have been improved, such as giving more practical explanations and an increase of the number of case studies. In 2013, the introduction of virtual courses using the website is planned. As these examples indicate, the training service has been smoothly maintained since the end of the Project.

(3) Consultant Training

The consultant training course began during the project period using the curriculum developed under the Project which consisted of 10 modules with a total of some 200 teaching hours. New modules featuring human resources development and IT have been added since the end of the Project. The consultant training course had been expanded to 15 modules with 400 teaching hours by the time of the ex-post evaluation and it now meets the criteria set by the Ministry of Education for its certification as an expert training course.

Approximately half of the initial entrants complete the consultant training course. As Table 2 shows, 87 persons completed this training course in the project period as well as the three immediate post-project years. CEPPROCAL has recruited some of them as contracted consultants based on their academic performance during the training and individual interview results.

Of the 18 consultants trained by the end of the Project, 8 are still working for CEPPROCAL as consultants. Including the consultants trained in subsequent years and 5 consultants newly contracted in fields other than quality/productivity and marketing/sales, 19 formerly employed consultants and 12 apprentice consultants work for CEPPROCAL as of 2012.

(4) Consulting Service

While the number of orders for the consulting service in both the quality/productivity field and marketing/sales field has considerably declined since the end of the Project, this fall has been compensated by orders in other fields for which the consulting service has been introduced in the post-project period (Table 4). Interviews with officials of CEPPROCAL and MIC, the experts and senior volunteers found the following reasons for this decline of orders.

- Many SME owners consider the consulting service fee to be a cost but not an investment and are very reluctant to make a request for a consulting service of which the fee may exceed US\$ 1,000.¹⁶ In 2012 in particular, many business owners adopted a passive stance towards investment in the consulting service because they were adversely affected by the sluggish economy due to the change of the government administration and decline of beef exports. It is fair to say that these owners are capable of considering their spending on a consulting service to be an investment if the expected results of the service are presented in a concrete, quantitative manner. According to senior

¹⁵ In 2011, the income from training increased by 1.9 times the income in the previous year because of winning an order for training with a high unit cost.

¹⁶ The average contract amount for the consulting service by CEPPROCAL in 2012 was approximately US\$ 3,200 (see Table 4).

volunteers dispatched to CEPPROCAL and other interviewees, consulting service proposals to enterprises are often dominated by qualitative statements and, therefore, are not very persuasive. Needless to say, consultants must have rich experience and excellent skills to be able to present numerical targets. While many enterprises are interested in the international quality management standard (ISO9001), they are seldom aware of the fact that the 5S and KAIZEN can be used as the first steps towards obtaining certification¹⁷.

- The consulting service of CEPPROCAL had not been successful in availing the existing subsidy scheme for SMEs (refer to 3.2.2.1 – Degree of Achievement of Overall Goal and Footnote 22).
- CEPPROCAL cannot beat the competition with independent consultants who provide a cheaper consulting service. The price competition is extremely harsh in the marketing/sales field in particular.
- The marketing capacity of CEPPROCAL is limited. During the project period, it was possible to secure a certain number of orders with active marketing activities, including those by the experts. At present, only one counterpart is involved in marketing. Meanwhile, CEPPROCAL has been repeatedly reviewing its marketing strategy through trial and error. The contracted consultants conduct hardly any marketing activities because they have little incentive to do so.¹⁸ The enterprise survey conducted at the time of the ex-post evaluation¹⁹ found that nearly half of the member enterprises of the UIP and non-member enterprises were unaware that CEPPROCAL provides a consulting service, suggesting much room for intensive publicity.

On the other hand, most of the enterprises which have received the consulting service have been satisfied and some have experienced important results, leading to improvement of the business performance. As part of the ex-post evaluation, an interview survey was conducted with 30 enterprises in the quality/productivity and marketing/sales fields which have received the consulting service with a contracted amount of 5 million Gr. (approximately US\$ 1,100) or more since 2007. More than 90% of these enterprises rated both the process of the consulting service and the cost-benefit performance as very good or good (i.e. the top two grades of the five grade evaluation). Almost all of the enterprises replied that they would recommend a similar consulting service to other enterprises. All 30 enterprises replied that the consulting service had a good impact on their business performance. In fact, 40% of the enterprises replied that the consulting service had good and important impacts on their business performance.

3.2.2 Impact

3.2.2.1 Achievement of Overall Goal

The overall goal of the Project was “the competitiveness of industries in Paraguay, especially in SMEs, will be strengthened by using consulting service provided by CEPPROCAL” and the relevant indicator was “the results of the Project is spread to Paraguayan industries by MIC”. In this section, the impacts relating to the overall goal are analyzed from three viewpoints: 1) impact on enterprises receiving the consulting service (hereinafter referred to as “beneficiary enterprises”), 2) diffusion of positive results through the MIC and 3) competitiveness of Paraguayan industries.

¹⁷ KAIZEN is an activity to review work practices at the manufacturing shop floor. It is a bottom-up approach to solving concrete problems at the shop floor by means of making workers the principal players to put forward suggestions instead of them being instructed by management.

¹⁸ Contracted consultants individually conclude a contract with CEPPROCAL to provide the consulting service on behalf of CEPPROCAL. These include the semi-counterparts under the Project, some of which completed the consultant training course of CEPPROCAL (in the quality/productivity and marketing/sales fields), and experts in other fields (see Footnote 11).

¹⁹ This telephone survey featured 50 member enterprises of the UIP and 50 non-member enterprises.

(1) Beneficiary Enterprises of the Consulting Service

By 2012, 67 Paraguayan enterprises had received the consulting service provided by CEPPROCAL. 60% of these enterprises have not more than 50 employees while 90% of them have not more than 99 employees.²⁰ Many of these beneficiary enterprises are UIP members and most of them operate in the manufacturing sector. As already mentioned earlier, all of the 30 enterprises receiving CEPPROCAL's consulting service in the quality/productivity and marketing/sales fields replied that the consulting service had a positive impact on their business performance. 40% of them actually said that the consulting service had a good and important impact. These replies suggest that the consulting service had an impact which would lead to strengthening of the competitiveness of some 40% of the beneficiary enterprises. However, quantitative analysis of impacts of the consulting service is difficult because of (i) the absence of clear indicators and goals for the results of the consulting service and (ii) unwillingness of the owners to disclose concrete data on their business performance. 58 of the beneficiary enterprises have not more than 99 employees. As this figure only accounts for 4% of some 1,300 SMEs (with not more than 99 employees) at the time of the ex-ante evaluation, the contribution to the overall goals remains minor.

(2) Diffusion of Positive Results through the MIC

The indicator for the overall goal was “the results of the Project are spread to Paraguayan industries by MIC”. Although no concrete method for the MIC to achieve such diffusion was clearly presented at the beginning of the Project, the UIP concluded an agreement with the MIC on the diffusion of positive outputs using the existing subsidy scheme and others in 2009 before the end of the Project.

Following this agreement, the MIC committed itself to actively introducing the services of CEPPROCAL for enterprises to industrial circles to try to facilitate the use of the said service, possibly utilizing one of its own two subsidy schemes. During the project period, CEPPROCAL began earnest efforts to collaborate with the MIC and a coordinator from the MIC attended the weekly meetings at CEPPROCAL²¹. Nevertheless, no orders for CEPPROCAL's consulting service using a subsidy scheme has been placed in the three years since the end of the Project. According to CEPPROCAL, the slow handling of the subsidy procedure by the MIC and limited amount of the actual subsidy were behind the lack of any orders.²² Even though the coordinator from the MIC has been the same person throughout this period, the commitment of the MIC to the diffusion of project results has not been necessarily clear, partly because of frequent changes of senior officials. CEPPROCAL believes that much stronger leadership by the MIC is necessary to achieve the diffusion of the positive results of the Project.

Based on the above, it is safe to conclude that “the diffusion of the positive results through the MIC” is hardly visible at the time of the ex-post evaluation. This conclusion is reinforced by the fact that the MIC has implemented hardly any activities designed to stimulate the demand for the consulting service based on the results of the Project.

²⁰ These 67 enterprises consisted of 7 micro-enterprises (not more than 10 employees), 21 small enterprises (not more than 30 employees), 13 medium-sized enterprises (not more than 50 employees) and 26 large enterprises (51 or more employees). (The definitions of micro-enterprises and SMEs are based on a new act introduced in 2012.)

²¹ During the project period of three years, the Minister for Industry and Commerce changed three times while the Vice-Minister changed seven times. Meanwhile, the same coordinator has been in place up to the time of the ex-post evaluation, contributing to the continual collaboration between the MIC and CEPPROCAL.

²² While the subsidy scheme for exporting enterprises was unpopular because of its complicated procedure and slow handling of applications, things have improved in 2013. As of August, 2013, the first granting of a subsidy is likely to be realised for the use of the consulting service of CEPPROCAL. Another subsidy scheme targeting micro-enterprises has not been used for the consulting service of CEPPROCAL as the unit amount of subsidy per hour for the consulting service is set low due to the assumption that low cost independent consultants are used.

(3) Impacts of Consultant Training

As shown in Table 2, 87 persons completed the consultant training course of CEPPROCAL by 2012. Of these, 15 have a consultant agreement with CEPPROCAL at the time of the ex-post evaluation. The number increases to 29 when those working as independent consultants or as consultants at other enterprises are included. Six others work as part-time consultants. Many of the ex-participants apply the newly acquired knowledge, etc. during their training to their workplaces even if they do not work as a consultant.²³ The contribution of the consultant training course to industrial circles as a whole may not be great but it is fair to say that the ex-participants have made some contribution to improving the competitiveness of Paraguayan industries.

(4) Competitiveness of Paraguayan Industries

According to the Global Competitiveness Report (2011 – 2012)²⁴ published by the World Economic Forum, the global competitiveness score of Paraguay is 3.5 out of 7 which ranks Paraguay at 122nd of 142 countries, which is the lowest position among MERCOSUR countries²⁵ There is little improvement from the 3.4 points and 124th of 133 countries two years earlier (2009 – 2010). According to an interview with the APC (*Asociación Paraguaya de la Calidad: Paraguay Quality Association*), some 250 – 300 enterprises have so far had their quality management regime certified under ISO9001. This figure is extremely low compared to the some 2,000 in Uruguay, some 8,000 in Brazil and some 20,000 in Argentina.²⁶ The above analysis results indicate that the competitiveness of Paraguay's industries is still low and that no visible improvement has been made in recent years. The majority of micro-enterprises and SMEs in Paraguay are believed to be unregistered, unofficial enterprises. Therefore, no reliable statistical data exists regarding the international competitiveness of these enterprises.

Based on the above, the impacts of the Project have been limited and the diffusion of results of the Project by the MIC has hardly been achieved. Therefore, the degree of achievement of the overall goal is low.

3.2.2.2 Other Impacts

The enterprise survey at the time of the ex-post evaluation found that approximately one-third of the enterprises surveyed knew that CEPPROCAL provides a consulting service. Approximately two-thirds of them knew about such workplace management and production management techniques as the 5S and KAIZEN, both of which were employed by the Project. Half of the enterprises surveyed showed interest in applying these techniques to their own business operations. According to CEPPROCAL, the number of Paraguayan consultants using KAIZEN has been increasing in recent years, presumably because of the impact of the Project.

To summarize the analysis results of the impacts, the implementation of the Project has had certain positive effects, making the effectiveness and impact of the Project fair. Intended Output 1 of the Project was mostly achieved while intended Output 2 was achieved. Consequently, the objective of the Project was mostly achieved. The training service has expanded since the completion of the Project. In contrast, the number of orders received for the consulting service has shown a declining trend even though the service itself has been continuing. Because the diffusion of results by the MIC has not been

²³ A questionnaire survey by email was conducted with the ex-participants as part of the ex-post evaluation. 86 of the 87 ex-participants replied to this survey. 55 said that the training contents were useful while 54 said that the new knowledge and know-how acquired through the training can be fully utilised in their present work.

²⁴ Global Competitiveness Report 2011 – 2012 (World Economic Forum)

²⁵ The same report placed Brazil at 53rd, Uruguay at 63rd and Argentina at 85th.

²⁶ By ratio of population, Paraguay has one certified enterprise per 22,000 – 26,000 persons compared to 1,700 persons in Uruguay, 5,000 persons in Argentina and 10,000 persons in Brazil. According to this index, Paraguay is ranked at the bottom of the four countries.

achieved and also because the impacts of the Project have been limited to the beneficiary enterprises of the consulting services and workplaces of the consultants trained under the Project, the degree of achievement of the overall goal is low.

3.3 Efficiency (Rating: ③)

3.3.1 Inputs

Input	Planned	Actual (at the time of completion)
Dispatch of experts	Long-term experts: 4 <ul style="list-style-type: none"> • Institutional Strengthening • Quality/productivity • Marketing/sales • Coordinator Short-term experts: 8 fields <ul style="list-style-type: none"> • Strategic information system • Production management • Company diagnosis • Business management • Intra-MERCOSUR marketing • Business plan formulation • Productivity seminar 	Long-term experts: 3 (107 M/M) <ul style="list-style-type: none"> • Quality/productivity • Marketing/sales • Coordinator Short-term experts: 9 fields (9 experts; 9 M/M) <ul style="list-style-type: none"> • Production planning and process management • Strengthening of organization • Market survey and customer satisfaction • Electronic trade • Quality management in the food processing industry • Enterprise management • Inventory control and cost management • Logistics
Acceptance of Trainees	Acceptance of trainees	Acceptance of trainees <ul style="list-style-type: none"> • C/P training: 14 (study visits to private enterprises, etc.) • Training by region: 9 (assistance for local entrepreneurs and new businesses; vitalization of SMEs and local industries; practical techniques to improve productivity; other)
Provision of Equipment	<ul style="list-style-type: none"> • Training and office equipment • Vehicle 	PCs, printers, projectors, vehicle and other (¥138 million)
Total Amount of Assistance	Approx. ¥300 million	Approx. ¥210 million
Paraguayan Inputs	Counterparts: 4 (strengthening of organization; quality/productivity (x2); marketing/sales) Semi-counterparts: 20 Trainees (students)	MIC: Director and Coordinator UIP: General Manager, Manager and 3 counterparts (strengthening of organization, quality/productivity and marketing/sales) Semi-counterparts: 16

3.3.1.1 Elements of Inputs

The analysis results of the inputs affecting the efficiency of the Project are described below.

- Extension of the consulting service of CEPPROCAL to local areas was originally planned as an output (Output 3). Since entry to Ciudad del Este, a local city with a high concentration of industries, was prohibited under the JICA's safety rules, Encarnación, another local city, was selected. However, it was difficult to find target enterprises for the Project as the number of enterprises suitable for the consulting service was extremely low with many enterprises having a closed attitude towards outsiders. Taking into consideration the travelling time to visit this city which is located far from the capital, it was thought that any effort to spread the Project to this city

would be inefficient and it was, therefore, decided to abandon the plan to extend the consulting service to local areas at the Joint Steering Committee meeting held one year and 10 months after the commencement of the Project. This decision was made simply to abandon a planned activity which would have been inefficient and which would not have produced sufficient results. As it limited a decline of the efficiency of the Project as a whole, this was an appropriate decision.

- The terminal evaluation concluded that the communication within the Project was excellent. This conclusion is supported by the strong collaboration with the MIC and the participation of the Deputy President of the UIP in the weekly work committee meetings. According to the results of interviews with the counterparts and the experts, even though the Vice Minister for Industry and Commerce acting as the project director was replaced 7 times during the project period, the appointment of the former Vice Minister for Industry and Commerce who had been involved in Japanese assistance from the time of the preceding project to the position of project manager in October, 2009 to work half a day every weekday at CEPPROCAL enables excellent communication until the completion of the Project.
- The facts that most of the long-term experts were fluent in Spanish and that an expert who participated in the preceding project took the charge of leader of the Project were contributory factors for the efficient implementation of the Project.
- Interviews with the experts found that almost all of the counterparts and semi-counterparts participated in the training in Japan although some could not participate because of illness or other reasons. Their direct experience in Japan of what had been taught by the Japanese experts in Paraguay boosted their confidence, resulting in their proactive stance on their return to Paraguay. This was another factor for the smooth transfer of technologies/skills.
- At the terminal evaluation, neither the Paraguayan side nor the Japanese side raised any problems relating to the quality, quantity and timing of inputs, indicating adequate inputs. This was also confirmed by the ex-post evaluation through interviews with officials of CEPPROCAL and experts.

3.3.1.2 Project Cost

The actual project cost was approximately ¥210 million which was 70% of the planned ¥300 million. Based on the activity plan for and the actual results of the Project, the input of extending the consulting service to local areas (Output 3) would not have exceeded 30% of the total inputs. Even though part of the planned activities was abandoned, the efficiency of the Project in terms of the project cost was high.

3.3.1.3 Period of Cooperation

The cooperation period of three years and two months was as planned.

Based on the above, because the period of cooperation was as planned and also the actual project cost was within the planned project cost, the efficiency of the Project was high.

3.4 Sustainability (Rating:②)

3.4.1 Related Policy towards the Project

In May, 2012 after the completion of the Project, the Government of Paraguay enacted the Micro, Small and Medium-Sized Enterprises Act aimed at facilitating the process of acknowledging the legal status of these enterprises, the majority of which was said to be operating unofficially, so that their chance of entering the official market would be increased and their competitiveness would be strengthened. At the same time, the MIC introduced the position of Vice Minister for Micro, Small

and Medium-Sized Enterprises and established a department responsible for the formulation and implementation of policies targeting these enterprises. The Act stipulates subsidy schemes for training, technological assistance and technological innovation, simplification of the procedures for business start-up, business discontinuation and administrative control and preferential measures in connection with loans, taxation and employment conditions.

Although the subsidy schemes of the MIC rely on donors to provide a large part of the funding, it is hoped that some kind of subsidy scheme will continue following the enforcement of this Act. At the time of the change of government in August, 2013, however, the prospect for enforcement of the Act is unclear. As far as the use of a subsidy scheme for the consulting service of CEPPROCAL is concerned, while the possibility for the first case of such use has finally emerged at the time of the ex-post evaluation, the future of the use of a subsidy scheme is uncertain.

President Horacio Cartes who leads the new government which came into power in August, 2013 has an industrial background and has expressed his intention of actively encouraging inward investment for the promotion of domestic industries and implementing measures designed to assist Micro, Small and Medium-Sized enterprises. As a future trend of subsidy schemes may directly threaten the sustainability of the Project, careful attention must be paid to such trend.

3.4.2 Institutional and Operational Aspects of the Implementing Agency

Of the 12 staff members working at CEPPROCAL at the time of project implementation, 9 have been replaced or have retired so far. Meanwhile, the contents of the training and consulting services have been consolidated and advanced by adding new target fields and other measures. As such, there has not been any decline of the organizational capacity of CEPPROCAL.

Of the 16 consultants trained under the Project, 8 did not renew their contract with CEPPROCAL at the end of the Project. Six of these positions have been filled by subsequently trained consultants and 5 consultants have been hired to cover new fields. At present, therefore, 19 consultants are working for CEPPROCAL. According to CEPPROCAL, not many consultants serve for a long time because they only work as part-time consultants due to the small number of orders for the consulting service. Newly trained consultants tend to leave early, partly because of the low level of pay they receive during their apprentice period (2 – 3 years).

Since the end of the Project, the JICA has dispatched a series of senior volunteers to provide continued technical assistance for CEPPROCAL (see Footnote 14). These senior volunteers made / are making important contribution to the strengthening of CEPPROCAL/UIP (particularly strengthening of the financial capacity) and improvement of the consulting service in the quality/productivity field.

Since the end of the Project, CEPPROCAL has proposed two universities to approve the consultant training course as a master's degree course. However, this proposal has made no progress due to the slow response by the universities. Meanwhile, an international training course is held 4 – 7 times a year in cooperation with comparable organizations in Uruguay and Argentina.²⁷

3.4.3 Technical Aspects of the Implementing Agency

The organization of CEPPROCAL has been firmly established under the Project. In the post-project period, it has continued its organizational operations, training service and consultant training in a steady and expansive manner, suggesting that it has sufficient technical capability. In the case of the

²⁷ CEPPROCAL maintains a cooperative relationship with the Laboratorio Tecnológico del Uruguay (LATU; a half public, half private laboratory responsible for the inspection and certification of enterprises for ISO and other international standards) and the Instituto Nacional de Tecnología Industrial (INTI; a national institute responsible for the development, analysis, testing and certification of new technologies) in Argentina. Both of these organizations have received the JICA's technical assistance in the past.

consulting service, the technical capability of CEPPROCAL to provide this service is judged to be sufficiently high given the high level of praise of the service by those enterprises which have used the service. However, the number of orders received has shown a declining trend in the quality/productivity field and marketing/sales field, both of which were assisted by the Project. While one reason for this is the slow progress of the use of a subsidy system for this service, there is no certainty of the permanent availability of a subsidy. CEPPROCAL should enhance its marketing strength in order to obtain orders for its consulting service without relying on a subsidy.

3.4.4 Financial Aspects of the Implementing Agency

When comparing the income and expenditure of CEPPROCAL between the project period (2007 – 2009) and the three post-project years (2010 – 2012) (Table 5), the income from both consulting and training increased with the total income up by 35%. The profit which is entirely transferred to the UIP account also increased by 32%. Although the sluggish growth of the consulting service must be noted, CEPPROCAL has been working hard to maintain its financial health as a private organization, showing no problems with the sustainability of its finance.

Table 5 Income and Expenditure of CEPPROCAL
(Comparison between Three Project Years and Three Post-Project Years)

	(million Gr./year)		
	Average for Three Project Years (2007 – 2009)	Average for Three Post-Project Years (2012 – 2013)	Rate of Increase
Income	1,085	1,466	35%
- Training	1,026	1,269	24%
- Consulting	152	197	29%
Expenditure	818	991	21%
Profit	360	475	32%

Source: CEPPROCAL

In summary, the results of the Project have been maintained and even more developed as evidenced by the expansion of the subject fields for the consulting service and the consolidation of the consultant training. The sustainability of CEPPROCAL in its institutional and financial aspects does not pose any problems. However, the number of orders received for the consulting service in the quality/productivity field and marketing/sales field has been declining. The room for improvement of the marketing of the consulting service and unclear prospects of the government’s subsidy schemes can be pointed out as likely reasons for such decline. Therefore, the sustainability of the project effects is fair.

4. Conclusion, Recommendations and Lessons Learned

4.1 Conclusion

The Project was implemented with the objective of “firmly establishing CEPPROCAL as a center providing a high quality consulting service and training service on quality and productivity” with a view to contributing to the strengthening of the competitiveness of Small and Medium-Sized Enterprises (SMEs) in particular. The Project was relevant to Paraguay’s development policies, the development needs of SMEs and Japan’s ODA policy and, therefore, its relevance is high. With the strengthening of the capacity of CEPPROCAL to conduct its businesses as well as improvement of the capacity to provide the consulting service, the above objective was mostly achieved. Since the completion of the Project, the training service has been expanded but the number of contracts gained for the consulting service has shown a declining trend even though the service itself has continued. The diffusion of the outputs of the Project by the MIC has not been fully realized and the impacts of the Project have been almost limited to the beneficiary enterprises of the consulting services. As such,

the effectiveness and impacts of the Project is fair. Although activities to extend the consulting service to local areas were suspended due to inefficiency, the Project was smoothly implemented in general and was completed in three years and two months as planned. Together with the actual project cost for the JICA being only 70% of the planned cost, the efficiency of the Project is high. Even though the sustainability of CEPPROCAL in terms of its institutional, technical and financial aspects poses no problems, the prospect of both collaboration with the MIC and the use of a subsidy scheme to extend the impacts of the Project are unclear. Therefore, the sustainability of the Project effects is fair. Based on the above, the Project is evaluated to be satisfactory.

4.2 Recommendations

4.2.1 Recommendations to the Executing Agencies

(1) Recommendations for the Ministry of Industry and Commerce

It is desirable for the MIC to strengthen its cooperation with CEPPROCAL/UIP and to introduce measures designed to enhance the understanding and awareness of SMEs of the benefits and advantages of the consulting service so that the positive results of the Project can be widely diffused throughout industries in Paraguay. To be more precise, these measures include ① the diffusion of the project results and other effects to industrial circles through training courses and seminars, publicity using printed matters, various media and a website, ② consolidation of subsidy schemes for training and technical assistance in line with the Micro, Small and Medium-Sized Enterprises Act and ③ the active provision and introduction of information on CEPPROCAL to enterprises likely to use the said subsidy schemes.

(2) Recommendations to CEPPROCAL/UIP

CEPPROCAL should make the following efforts to increase the number of orders for the consulting service in order to enhance the impacts of the Project.

- Proactive publicity of information on the contents, concrete cases and outcomes of CEPPROCAL's services for enterprises and opinions of enterprises which have used the service to member enterprises of the UIP and other domestic enterprises.
- Emphasis on consulting on the 5S and KAIZEN which are specialties of CEPPROCAL and on which the consulting service was first provided by CEPPROCAL and provision of a continuous consulting service which brings not only the 5S and KAIZEN but also the acquisition of ISO certification for quality management into view.
- Preparation of marketing materials which assist owners of Micro, Small and Medium-Sized enterprises to understand the merits of the consulting service in a concrete and quantitative manner. Exploration of the possibility of presenting proposals capable of showing the expected outcomes in a concrete manner using indicators and quantitative evaluation of the actual results after the completion of consulting work in regard to the principal problems faced by enterprises which have shown interest in receiving the consulting service of CEPPROCAL.

4.2.2 Recommendations to JICA

The JICA should re-explain the background and results of the Project as well as the contents of the agreement between the UIP and MIC to senior officials of the MIC under the new administration and work on the MIC to facilitate the diffusion of the said results throughout Paraguay.

4.3 Lessons Learned

- Technical cooperation was provided under the Project to promote SMEs by means of enhancing the capacity of the private sector to provide the consulting service. Its impacts were limited as effective measures to stimulate the demand were not implemented despite the weak demand for the service among SMEs. As a result, the impact was limited and the sustainability of the project effects was weakened. When planning a technical cooperation project similar to the Project in the future, it is essential to determine the contents of the cooperation based on a proper understanding of the prevailing conditions on the demand side, including the necessary for SMEs to receive the consulting service and the willingness of SMEs to pay a consultation fee. If a weak demand is already known, the inclusion of measures to stimulate the demand in the scope of the assistance should be considered. Likely measures include the diffusion of information and an awareness raising campaign by the public sector and improved access to a subsidy scheme.
- In the case of technical cooperation like the Project which targeted the private sector where there was a need to pursue efficiency in a competitive business environment, efficient project management and financial sustainability can be expected to materialize. However, as the private sector cannot be directly involved in the decision-making and implementation processes of public policies, its impact on a country as a whole may be limited. To compensate for this limitation, it is desirable to clearly define the roles of the related private sector and public sector players and then to create a concrete mechanism for public-private collaboration.