

MULTILATERAL INVESTMENT FUND

(TC-95-03-31-0)

EXECUTIVE SUMMARY

PROJECT NAME: Middle management training program

MIF FACILITY: Human Resources Facility (II)

BENEFICIARY AND EXECUTING AGENCY: Centro de Información y Recursos para el Desarrollo [Development Information and Resources Center] (CIRD)

END BENEFICIARIES: Middle managers and supervisory staff from the productive sector, instructors from training institutions, and professionals from nongovernmental organizations (NGOs) working in human resource development.

OBJECTIVES: The program has the following objectives: (i) to promote the adoption of quality management systems in the private sector through a training program designed to improve the technical skills of middle managers and supervisory staff and to develop, through a study grant program, courses to be given under the program to strengthen the teaching staff of the training institutions; and (ii) to improve the managerial and organizational skills of NGOs that work in human resource development through a training program for their professional staff.

DESCRIPTION: The proposed program will utilize a system of training vouchers to promote development of the training market, increase awareness of the importance of investment in human resources, and promote human resource development and training programs in the country that will encourage and enable private enterprises and institutions to adopt quality management systems, in both production and social services management. The program will also include activities for which contracts will be awarded on a competitive basis to training institutions, which will be identified through the creation of a roster of training institutions.

The program will consist of two subprograms, which are described below:

Subprogram A - training for trainers and middle managers (US\$1,455,000) will use a voucher system to stimulate the training market and respond to productive sector needs by establishing modular

courses for improving the technical skills of middle managers in quality management, production, and production engineering. In addition, the program will enhance training systems by strengthening the teaching staff of the training institutions through a program of study grants also to be awarded on a competitive basis.

Subprogram B - training for NGOs professional staff (US\$311,000) will establish programs to upgrade the managerial skills of private, nonprofit organizations that work in human resource development, in an effort to improve their organizational caliber and their efficiency in the delivery of services. The courses, seminars, and workshops to be offered would cover the following topics: (a) organizational development; (b) human resource management, tax law, and labor law; (c) strategic planning; (d) preparation and evaluation of social projects; and (e) budget preparation and accounting.

FINANCING: Modality: grant

	MIF	LOCAL CONTRIBUTION
Subprogram A	830,000	625,000
Subprogram B	177,000	134,000
Information and documentation center	63,000	
Administrative expenses	260,000	104,000
Evaluation and dissemination	120,000	
	1,450,000	863,000
TOTAL COST:	US\$2,313,000	

SCHEDULE OF EXECUTION: The program will have a disbursement period of 42 months and will be executed within the first 36 months.

ENVIRONMENTAL CLASSIFICATION: The Environment Committee, at its meeting of January 16, 1996, classified this as a Category II operation. The environmental brief was submitted to the Public Information Center (PIC) on May 29, 1996.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Conditions precedent to the first disbursement (see paragraph 3.34):

- a. establishment of the program coordinating unit and appointment of its staff;
- b. submission of the coordination agreement to be signed by the Centro de Información y Recursos para el Desarrollo [Development Information and Resources Center] (CIRD) and the Centro de Análisis y Difusión de la Economía [Economic Analysis and Information Center] (CADEC); and
- c. appointment of the members of the advisory board for the program.

I. COUNTRY ELIGIBILITY

- 1.1 The Donors Committee of the Multilateral Investment Fund (MIF) declared Paraguay eligible for all financing modalities on September 16, 1994.

II. BACKGROUND

- 2.1 The year 1989 marked a turning point in the country's political and economic life. In that year, the Government of Paraguay began to institute measures aimed at dismantling a highly controlled and regulated economic structure. A new market-based economic program was implemented, creating new conditions for development with a view to liberalizing the economy and gradually reducing State intervention and regulation in the private sector. This change generated a favorable climate for the private sector to take the lead in promoting both economic and social growth in the country.
- 2.2 Motivated to modernize the productive system, the private sector has had to face the challenge of modernizing the structure and technological profile of individual companies so as to thus enhance their competitiveness through the adoption of quality standards for commercial goods and an increase in productivity in the workplace. At the same time, private enterprise has begun to abandon old methods of production in large, vertically structured complexes, which are highly inefficient in today's world. Subcontracting has replaced obsolete forms of business organization, giving rise to a growing demand for outside services.
- 2.3 The political and economic liberalization that took place in the country during the early part of the decade also created opportunities for the development of that component of the private sector devoted to social services - nongovernmental organizations (NGOs). When Paraguayan society began to move toward greater participation by civil society, it took back from the government many of the functions that it should perform, because it can do so more efficiently and effectively. This development is consistent with a worldwide trend over the last decade to redefine the role of the State. Moreover, the current approach of international financial cooperation is to help create the necessary conditions for transfer of government services to other providers, decentralization, and privatization of government enterprises and decentralized institutions.
 - A. Productive structure of the private sector
- 2.4 Paraguay's productive structure is highly concentrated in the micro-enterprise and small-business sector, with relatively few medium-sized companies and even fewer large establishments. The

sizable small business sector is characterized by a lack of trained human resources at all levels. As a result of the shortage of qualified managerial personnel, new production and marketing strategies are not being designed or implemented. Companies suffer from chronic technological obsolescence, a lack of quality management, limited capacity to design products and meet international product and process standards, and weaknesses in marketing their products.

- 2.5 Several factors have been detrimental to the development of the country's productive sector. Endogenous factors, i.e. those inherent in the industrial and service sectors, include the following: (i) few incentives, and therefore few resources, for research and development of new products; (ii) lack of knowledge of efficient business management techniques on the part of the heads of many small and medium-sized companies; (iii) little knowledge or application of techniques for continuous improvement and technologies for boosting productivity; (iv) obsolete industrial plants and resistance to modernizing them, on the grounds that because the work force is poorly trained, the workers would not be able to use high-technology equipment and, further, because labor is so cheap, the investment would not be justified; (v) lack of an infrastructure of qualified personnel to maintain high-technology equipment; and (vi) inefficient amortization of investments in industrial equipment (owing, for example, to the fact that there is only one shift in many factories).

B. NGOs and the development of human resources

- 2.6 During the 1970s and the 1980s, most NGOs were working in social development, focusing on such issues as human rights, trade unionism, grievances of low-income rural populations, and the advancement of women. Their activities were hindered by an authoritarian State which, in many cases, openly repressed them. This situation, compounded by a lack of financial resources and, above all, a lack of experience in organizational management, seriously limited the institutional development of these organizations.
- 2.7 Owing to their organizational and managerial weaknesses, NGOs were not in a position to meet the challenge of responding to the substantial increase in demand for services resulting from the outsourcing of certain activities previously carried out by the State and private enterprise.

C. Availability of training services

- 2.8 There are some 20 institutions in Paraguay that offer training for business managers. Most of these institutions are private. It should be clarified that the term "training" here encompasses courses, seminars, and advisory services provided by various institutions at all levels of a business, although most of them

are geared toward management, and not middle management or regular staff. The training provided generally deals with topics relating to administrative and marketing systems. Only rarely does it cover applied quality control systems that help increase productivity.

- 2.9 In the public sector, human resource development and training services are provided mainly by the Servicio Público de Promoción Profesional [National Career Development Service] (SNPP) and, to a lesser extent, by the Ministry of Education, the Ministry of Agriculture, the Ministry of Industry and Commerce, and by the Armed Forces. While the proposed program is not intended to exclude these government agencies from the register of training institutions and the competitive bidding procedures, private training institutions are expected to be in a better position to compete for program resources during the early years of program execution, given the process of reform and transition the SNPP is currently undergoing. ^{1/}
- 2.10 There are no institutions in the country that provide training and organizational and managerial strengthening services to the nonprofit private sector. Professionals from NGOs utilize the training services of the 20 public and private institutions that offer short-, medium-, and long-term courses on traditional topics such as business administration, accounting, marketing, planning, and project preparation and evaluation. However, these courses are not continuous and, with a few exceptions, the instructors themselves need in-depth refresher courses in both course content and teaching methods in order to provide instruction on the quality and efficiency systems that are now an indispensable part of the management of organizations.

D. The Bank's experience in the country

- 2.11 The Bank is providing support for training to increase productivity through the vocational training program (851/OC-PR), approved in 1994. The purpose of that program is to make the national vocational training system (the SNPP) more efficient and demand-driven and give the private sector an ample role in system implementation. The target population for the program consists of "first-level" workers, that is: (i) employed workers, to whom courses will be offered with a view to refreshing and upgrading their skills and/or retraining them; (ii) owners of microenterprises and small businesses, to whom basic courses in business administration, accounting, and marketing will be offered; and (iii) the unemployed poor, to whom practical training will be provided in traditional occupations and promotion of productive self-employment. The program thus includes neither training for

^{1/} See paragraph 2.11 for information about the Bank loan that is supporting reform of the SNPP.

instructors in areas relating to productivity nor training for middle managers and staff supervisors.

- 2.12 Under the global microenterprise credit program (707/OC-PR), the Bank has successfully tested a training voucher system using a roster of training institutions to prequalify them for participation. In the first 12 months of the program, more than 4,100 microentrepreneurs participated in a total of 280 training courses. ^{2/} The voucher system functions as follows: microentrepreneurs obtain the vouchers from an agency under the Ministry of Industry and Commerce (MIC), they enroll and participate in courses offered by the training institutions included on the roster, and they pay for the courses with their vouchers, which cover approximately 50% of the cost. The microentrepreneurs pay the remainder of the cost with their own resources. Once the course has been completed, the institutions participating in the program cash in their vouchers through the MIC. This experience, though brief, shows, with a fair degree of certainty, that: (i) the voucher system is an effective incentive for stimulating development of the training market; (ii) there is demand on the part of the business community for training and a willingness to allocate resources to it, particularly if the training is imparted by an institution that has been given a "seal of approval" by being included on the roster; and (iii) the training institutions are interested in competing in the market and tailoring their offerings to suit the needs of individual businesses.

E. Rationale for the program

- 2.13 As discussed above, the little systematized human resources training that is available through private training institutions is geared mainly toward managers. Public training institutions, on the other hand, primarily target unskilled workers. Any training for middle managers and supervisors, as well as other operational personnel, is generally informal and discontinuous, which results in personnel with little or no training in areas related to production management, quality control, and productivity. It is essential that training activities be implemented that will transform middle managers into catalysts for change so that they can help propel enterprises producing goods and/or providing services toward higher levels of competitiveness.

^{2/} *Esquemas de bonos para capacitación para microempresarios en Paraguay*, G. Shor/J.P. Alberti. Soon to be published by the Inter-American Development Bank in a special edition of *Desarrollo de la pequeña empresa*, from the "Best Practices in Business Development" series.

- 2.14 The proposed program, which will adapt the training voucher system used for microentrepreneurs under the global microenterprise credit program and supplement the activities planned under the Bank loan for reform of the national vocational training system, will specifically target the objectives of modernization of the productive sector by facilitating the establishment of formal courses in two additional areas: (i) technical training for middle management and supervisory staff; and (ii) managerial training for the staff of NGOs that work in human resource development. In addition, the program will test an innovative methodology for stimulating the development of the training market, the results of which can be used by the MIF to transfer know-how and replicate successful experiences in other countries of the region.

III. THE PROGRAM

A. Objectives

- 3.1 The program will have the following objectives: (i) to enhance the productivity of the private sector by promoting the adoption of quality management systems through a training program designed to improve the technical skills of middle managers and supervisory staff and to upgrade the teaching staff of the training institutions through a program of study grants; and (ii) to improve managerial and organizational skills of NGOs involved in human resource development through a training program for their professional staff.
- 3.2 The specific objectives of **subprogram A** are: (i) to improve the technical skills of middle managers and supervisors in quality management, production, and production engineering; (ii) to spur the development of the training market by promoting investment by the productive sector in human resources; and (iii) to establish a firm foundation for the system by building institutional capacity in the training institutions through strengthening of their teaching staffs by means of a study grant program.
- 3.3 The activities carried out under subprogram A will effectively help to improve the qualifications of middle managers and supervisory staff and will also help to enhance the productivity of companies by introducing product and process quality systems, which, in turn, will enable them to become more competitive in an economy that is increasingly open and globalized. Subprogram A will also strengthen the teaching staff of the training institutions in the country through the trainer training component. These trainers, with the solid knowledge they acquire in the areas of production management, administration, and marketing, will in turn train other trainers, thus multiplying the impact of the training. Furthermore, the trainers will serve as advisors to companies,

improving the quality of managerial services and upgrading and disseminating production management methodologies and analysis.

- 3.4 **Beneficiaries.** The direct beneficiaries of subprogram A will be approximately 2,000 middle-level managers and supervisors, who will receive training through specialized courses, and 24 trainers and cotrainers, who will participate in the study grant program, which will make it possible to solidify the program and expand its scope nationwide. The indirect beneficiaries will be the private firms that enroll their staff in the training courses and the training institutions whose instructors are chosen to participate in the trainer training component.
- 3.5 **Subprogram B** will have the following objectives: (i) to improve the organization and management of NGOs working in human resource development through a training program to upgrade the skills of their professional staff, and (ii) to foster liaison and communication between NGOs, the community, and organizations seeking services by promoting the establishment of national and regional networks of these organizations.
- 3.6 To encourage the involvement of the nonprofit private sector in the process of national development, subprogram B will seek to strengthen the skills of the personnel of NGOs that provide services in human resource development. Enhancing the professionalism of their managerial and professional staff through a series of courses, seminars, and workshops will help transform the NGOs into self-managed organizations, enabling them to deliver services efficiently and effectively and thus become an alternative to the public sector in the management of basic social programs.
- 3.7 The activities of subprogram B will also seek to strengthen the coordination of studies and research to foster legislation that would regulate, protect, and facilitate the development and integration of organizations in the country's service sector. As an integral part of the organizational strengthening activities for NGOs, technical assistance will be provided to improve the quality of project preparation, supervision, monitoring, and evaluation.
- 3.8 **Beneficiaries.** The direct beneficiaries will be approximately 550 professionals from NGOs working in human resource training. The indirect beneficiaries will include NGOs involved in human resource training that specialize specifically in providing services for human resource development. A directory of the private development organizations active in Paraguay ^{3/} indicates that there are 113 NGOs working in training, 14 of which

^{3/} CIRD-GTZ: Directorio de Organizaciones Privadas de Desarrollo en el Paraguay. Asunción, Paraguay, 1995.

can be classified specifically as providers of services for human resource development.

B. Description

- 3.9 The proposed program will utilize a system of training vouchers to promote development of the training market, increase awareness of the importance of investing in human resources, and promote human resource development and training programs in the country that will encourage and enable private firms and organizations to adopt quality management systems, both in the productive area and in social service management. The program will also include activities for which contracts will be awarded on a competitive basis to training institutions, which will be identified through the creation of a roster of institutions. ^{4/} The suppliers of training services can thus be prequalified and a roster of institutions that meet the requirements set out below can be set up.
- 3.10 Responsibility for administering the program will be entrusted to the Centro de Información y Recursos para el Desarrollo [Development Information and Resources Center] (CIRD), a private nonprofit institution with extensive experience in the management of development and international cooperation initiatives (see chapter IV for more information on the CIRD). The program will consist of the following two subprograms.
1. Subprogram A: training of trainers and middle managers
- 3.11 Subprogram A will include the following two components:
- a. Middle manager training component
- 3.12 The assumption of leadership of middle managers and the successful application of in-plant quality systems will depend mainly on the attitude of executive management. This means that the executive management of a firm must adopt certain leadership principles and devise policies and strategies on human resources and the management of resources and processes. Otherwise, middle management will be hindered from assuming leadership functions. It is therefore necessary for the executive management to be thoroughly familiar with the basic principles of improving productivity and to provide solid support and sufficient financing for their implementation in the company.
- 3.13 Given these needs, the middle manager training component will include an "introduction to productivity" course for executive managers and employers. This course will consist six modules and

^{4/} The roster and its objectives and functions are discussed in paragraph 4.6 in the section on program execution.

have a total duration of 160 course hours. Employers will have the option of completing the modules through an independent study methodology. Those choosing this option would attend six hours of courses and then spend 40 hours studying on their own.

- 3.14 When employers enroll in the introductory course, they will receive, as part of the course fee, a training voucher for their staff supervisors and an assessment of their company or advisory services to assist them in implementing a system to improve productivity.
- 3.15 The voucher received by an employer may be used to enroll a middle manager or a supervisor in courses offered by the training institutions that have been prequalified and added to the roster. Courses in operational production techniques are included in the 13 modules that provide the basic theoretical and practical training needed to effectively manage and supervise the departments responsible for services and productive processes. This basic training should be supplemented in each case with courses specifically related to the company's activities. The content of these courses will be decided during the advisory services described in paragraph 3.18.
- 3.16 Approximately 224 training modules will be offered to middle managers and supervisory staff. The number of course hours taught over the duration of the program is expected to total 5,575. As in the curriculum for the trainer training, the courses will be divided into three units and each unit will consist of a set of modules. The three units will be: (i) quality management, (ii) production management, and (iii) production engineering. These courses will average 25 course hours in length, with an enrollment of 20 students per course.
- 3.17 Middle managers will be expected to meet the following requirements in order to participate in the courses: (i) intermediate-level technical training or equivalent experience; (ii) knowledge of production systems; (iii) knowledge of quality control and occupational health and of the related documentation; and (iv) at least three years of professional experience. Preference will be given to middle managers employed by a firm whose executive management has participated in the introductory program for executive managers and employers. The courses will also be open to other students who are not employed by these firms, although such students will be expected to pay the fees established by the training institutions.
- 3.18 The on-site company assessments or advisory services will review matters related to the training of middle managers and supervisory staff and the implementation of systems that will contribute to continuous improvement within the company. Such matters might include (i) design of the training curriculum for middle managers and supervisors, tailored to the needs of the company, and

(ii) more in-depth examination of some of these needs with a view to determining the most desirable profile for the course modules. The advisory services will be provided by the course instructors or other professionals hired for this purpose, depending on the specific needs of client firms. It is estimated that a total of 2,700 hours of advisory services will be provided to companies during the three-year duration of the program.

b. Trainer training component

- 3.19 The trainer training component is designed to prepare a team of instructors who, having had access to a high-quality training program, will strengthen the training institutions that will be providing training services for middle managers and supervisory staff. The trainers who compete for the 24 study grants to be awarded during the life of the program will complete an intensive eight-month course in specialized training institutions, which will also be selected on a competitive basis.
- 3.20 Preference will be given to trainers who meet the following eligibility criteria: (i) have university training, (ii) demonstrate experience in industry, (iii) have teaching experience, and (iv) be employed by a training institution included on the roster of institutions or have a written offer of employment from such an institution.
- 3.21 The curriculum for this component is divided into three units, each of which consists of a set of modules. All trainers will be required to take a basic course, which will include a unit on quality (219 course hours), and they may then specialize in production (56 additional hours) or production engineering (92 additional hours). The curriculum for trainers will include more modules in the quality unit than the curriculum for middle managers in order to give the trainers a more complete picture of the production process.

2. Subprogram B: training of NGO professional staff

- 3.22 Under subprogram B, the activities described below will be carried out by training institutions selected through competitive bidding:

a. Short-term course component

- 3.23 The short-term courses are designed to meet the needs of the managerial personnel (administrators and managers) of NGOs in order to strengthen their managerial skills. Up to 90 courses of 60-80 course hours in length will be conducted during the three-year program execution period. The courses will include the following modules: (i) organizational development, (ii) human resource management, (iii) strategic planning, (iv) project preparation and evaluation, and (v) budgeting and accounting.

b. Seminar-workshop component

- 3.24 The seminar-workshops will explore topics related to the training of NGO technical professionals and promoting linkages among NGOs. They will have a duration of 24 hours (three days) and will deal with the same topics covered during the short-term courses, but will do so from a more operational perspective. Additional topics may be added in response to future needs. At least 12 seminars will be conducted over the life of the program.
- 3.25 The training imparted in the short-term courses and seminar-workshops will be reinforced by advisory services provided to the NGOs. The objective is to strengthen their organizational and managerial capacity through direct intervention in specific areas. In most cases, the advisory services will be provided at the main office of the NGO or in the field, where the NGOs conduct their activities. During the life of the program, 600 hours of advisory services will be provided. The advisors will be the course instructors or professionals specializing in the areas in which the NGOs request such services.

3. Information and documentation center

- 3.26 As part of the executing unit, an information and documentation center (IDC) will provide bibliographic, information, and communications support for the activities of both subprograms. The center will also coordinate the dissemination of information about the program and will monitor the promotional activities that will be subcontracted. One of its principal functions will be to design and manage the roster of training institutions. The company assessments and advisory services will be coordinated through the IDC, which will distribute the training vouchers. The center will also maintain an internal record of course participants.

C. Cost and financing

- 3.27 The total approximate cost of the program will be US\$2,313,000, of which the MIF will contribute US\$1,450,000. The local counterpart contribution will be US\$863,000, which will cover the fees charged by the training institutions for the courses or services offered. The MIF contribution will decrease over the life of the program, while at the same time the contributions by users and the local counterpart will gradually increase.
- 3.28 A summary of the estimated budget is presented below.

PROGRAM BUDGET
(in thousands of US dollars)

ITEM	MIF	Local contribution/cost recovery	TOTAL
Subprogram A – Training for trainers and middle managers			
1. Service firms	830,000	625,000	1,455,000
Subtotal	830,000	625,000	1,455,000
Subprograma B – Training for NGO professional staff			
1. Service firms	177,000	134,000	311,000
Subtotal	177,000	134,000	311,000
Information and documentation center			
6. General support	63,000		63,000
Administrative expenditures			
2. Individual consultants	180,000	54,000	234,000
6. General support	80,000	50,000	130,000
Subtotal	260,000	104,000	364,000
8. Consultants for evaluation	100,000		100,000
97. Special programs: promotion	20,000		20,000
Grand total	1,450,000	863,000	2,313,000
Percentage	63%	37%	100%

3.29 **Cost recovery.** Cost-recovery mechanisms have been built into the design of both subprograms. Provision has been made for cofinancing by the beneficiaries of the services provided and, in the case of the trainer training component of subprogram A, a portion of the costs will be paid by the instructors and their sponsoring institutions. The cost-recovery policies to be applied to each subprogram and its respective components are explained below.

1. Subprogram A: training of trainers and middle managers

3.30 **Middle manager training component.** The companies whose executive managers enroll in and complete the "introduction to productivity" course will receive a voucher that will cover 100% of the cost of a complete training course (including 13 modules in three units and another three optional modules, for a total of 16) for a middle manager employed by the company. The vouchers distributed during the first year of the program will cover 100% of the cost of training for middle managers. Beginning in the second year, the vouchers will cover only 50% of the cost of the courses, although at the close of the first year consideration will be given to the possibility of offering an additional discount or another voucher to employers who wish to enroll more managers in the course.

- 3.31 **Trainer training component.** To achieve the program objective of firmly establishing a training system in the country that will encourage companies to adopt principles of productivity, heavy subsidization will be required given the high initial costs associated with the implementation of a trainer training program. One of the requirements that must be met by the trainers competing for the 24 study grants to be awarded under this component will be a commitment from the training institutions that employ them (or from which they have a written offer of employment) to cover their living expenses during the eight-month training period, which are estimated at US\$9,000 per student.

2. Subprogram B: training of NGO professional staff

- 3.32 **Short-term courses.** Four vouchers, which will cover 60% of the course fees, will be distributed to the NGOs that enroll their professional personnel in the short-term courses. The cost of the advisory services will be included in the fees charged for the courses.
- 3.33 **Seminar-workshops.** The NGOs that participate and enroll in this component of subprogram B will receive two vouchers, which will cover 40% of the cost of the seminar-workshops.

D. Disbursements

- 3.34 The disbursement of MIF funds will be subject to submission by the executing agency of evidence that the following conditions have been fulfilled: (a) establishment of the executing unit for the program and appointment of its staff; (b) submission of the agreement to be signed between the CIRD and the Centro de Análisis y Difusión de la Economía [Economic Analysis and Information Center] (CADEC); and (c) appointment of the members of the advisory board for the program.
- 3.35 The program will have a disbursement period of 42 months, and is expected to be executed in 36 months from the effective date of agreement between the Bank and the executing agency.
- 3.36 The funding for the operation will be disbursed in accordance with Bank procedures and MIF eligibility rules and will be administered by the CIRD. For this purpose, subject to a written request, a revolving fund equal to 10% of the grant will be established.
- 3.37 Bank procedures will be followed for the procurement of goods and consulting services.

IV. PROGRAM EXECUTION

- 4.1 The executing agency for the program will be the CIRD, a private, nonprofit institution established in 1988, which has extensive experience in supporting development and international cooperation initiatives in the country. Recognized for its activities in support of national NGOs, the CIRD has taken on other functions as its organization and technical capacity have grown, its staff has gained experience, and it has introduced innovations in its systems and methods of work. Today, the CIRD is an interdisciplinary organization that has proven capable of evolving with the country. It administers and manages different types of projects and works with a number of international agencies.
- A. The executing unit for the program and the advisory board
- 4.2 To execute the proposed program, the CIRD will create an executing unit (EU), which will be responsible for coordination and administrative management, as well as for relations with the Bank. The EU will have an advisory board, made up of representatives of business and trade associations whose members will be the main users of the services provided under the program.
- 4.3 The EU will have a staff of five: the director of the CIRD, who will work on a part-time basis as the liaison between the CIRD and the program; the program coordinator, who will work on a full-time basis and will be responsible for executive oversight of the program, management of the EU, fulfillment of the program objectives, and execution of training activities under both subprograms; an assistant coordinator for administration, who will work on a part-time basis and who will be in charge of accounting and administration of the EU; and the assistant coordinator for training, who will be responsible for academic supervision of the program and who will be appointed by CADEC. The latter will also be responsible for the information and documentation center, for assessment of the training institutions, and for compiling the roster of institutions that will provide training for middle managers and services to strengthen NGOs. In addition, the assistant coordinator for training will monitor subprogram activities of an academic nature, ensuring that the courses are consistent with the established curriculum for the program and verifying the quality of the trainers and instructors who teach the courses. The assistant coordinator for training will work on a full-time basis.
- 4.4 The program provides for the establishment of an advisory board, which will be made up of representatives of business and trade associations whose members will be the direct beneficiaries of the middle manager training offered under subprogram A. The program users themselves will thus participate in guiding the execution and

evaluation of the program, as a result of which the business and trade associations might take over responsibility for and continue operating the system once it enters the self-management phase after the MIF funding ends.

- 4.5 In addition to the CIRD and CADEC, the following five business and trade associations have been identified as appropriate members of the advisory board: Federación de la Producción, la Industria y el Comercio [Federation of Production, Industry, and Commerce] (FEPRINCO); Unión Industrial Paraguaya [Paraguayan Industrial Union] (UIP); Asociación Paraguaya de Empresarios Cristianos [Paraguayan Association of Christian Businessmen] (ADEC); Asociación Paraguaya de Ejecutivas Empresarias y Profesionales [Paraguayan Association of Women Executives, Business Owners, and Professionals] (APEEP); and Asociación de Pequeños y Medianos Empresarios [Association of Small and Medium-sized Business Owners] (APYME). However, the membership of the board will remain open so that other entities that may be interested in participating in the program can be added.

B. Program execution

- 4.6 A roster of training institutions will be drawn up as a means of prequalifying the suppliers of training that meet basic quality requirements of the training activities to be carried out under the program. Responsibility for compiling the roster will be assigned to the information and documentation center in the executing unit, which will issue an international call for proposals. Training institutions in any country that is a signatory to the Agreement Establishing the Multilateral Investment Fund will be eligible to submit proposals. The institutions that are placed on the roster may subsequently participate in the various calls for bids and proposals issued under the program.
- 4.7 The roster will remain permanently open so that information on the registered institutions can be updated and new institutions can be added. No conditions may be imposed that might hinder or prevent the participation of foreign establishments or that might violate the principle of equal opportunity for all applicant institutions.
- 4.8 The information and documentation center will be part of the executing unit for the program. Its functions, in addition to compiling the roster of institutions, will include the design and maintenance of a library system and a documentation system and coordination of the dissemination of information about the program to employers and workers who are interested in participating. For the library system, the center will select specialized journals, reports, publications by international and local organizations, videos, and cassettes related to the content of the two subprograms. For the documentation system, the center will establish data bases and banks on the institutions included in the roster, the enterprises and NGOs that receive services through the

program, the trainer training component, and the record of courses offered under both subprograms.

- 4.9 **Promotion of the program.** The program's success will depend in large measure on the extent to which its objectives and activities are publicized among potential users of the services to be offered. A broad promotional effort is therefore planned and will include the production of catalogues, press releases, letters to be sent to companies and NGOs, and lectures and presentations to business and trade groups. These promotional activities will be subcontracted.

C. Advancement of women

- 4.10 The concept of gender will be a cross-cutting theme in the execution of the program. In other words, all program activities will be geared toward the advancement of women. Women will participate in the program as managers, consultants and advisors, and as instructors and students. It should be noted that APEEP, an association devoted to the advancement of women business owners and professionals, is to sit on the advisory board.

D. Monitoring and control

- 4.11 A monitoring system will be established during the first four months of program execution by a consulting firm hired for this purpose (see chapter IX, "Evaluation"). In addition to identifying the data that need to be collected for evaluation purposes, the monitoring system will serve as a quality control mechanism for the training and services to be provided to the direct beneficiaries.
- 4.12 Independently of the external evaluations mentioned below, the EU will be required to submit to the Bank semiannual reports on the program activities and the results achieved in the areas of training for middle managers and strengthening of NGOs. The reports must contain the following information: (i) operation of the EU; (ii) level of participation by the business and trade associations that are members of the advisory committee; (iii) the training and advisory activities carried out; (iv) the companies and NGOs that have been beneficiaries of the services provided under the program, with the companies broken down by size and line of production and the NGOs divided by area of activity; (v) the financial report for the fiscal year; and (vi) the extent of women's participation as trainers and as beneficiaries under the program.

V. FEASIBILITY, SUSTAINABILITY, AND RISKS

A. Feasibility and sustainability

- 5.1 This subprogram was designed taking into account information obtained during interviews and consultations with representatives of trade and business associations, who pointed out that: (i) the training of middle managers should emphasize technical and managerial training; (ii) there is a need to systematize and, above all, document procedures and establish quality parameters and standards; (iii) although the business community does not yet feel pressure from internal or external forces to change their productive systems, it is acutely aware that in order to compete in external markets it is essential to learn and apply the basis of rules of competition that transcend local or national markets, especially as concerns quality standards; (iv) because there is no strong pressure from domestic consumers for adherence to established quality standards, most companies produce only for the local market, do not export their products, and do not require themselves to be competitive; and (v) although employers consider middle managers to be a key group within their organizations, the latter receive only informal, training on the job and, to a lesser extent, in centers outside the country.
- 5.2 The feasibility of the program is ensured by the fact that program resources will be used to finance highly specialized training activities for middle managers from numerous companies in the country, the demand for which has been duly established by means of interviews during the design phase of the program. The program's feasibility is further strengthened by the fact that the major business and trade associations in the country have agreed to serve on the advisory board.
- 5.3 The recruitment of a coordinator for the program will be crucial to its success. The requirements for the coordinator will include an excellent academic background; proven prior experience in executive management, preferably in training establishments; and personal qualities that will facilitate team work.

B. Risks

- 5.4 The risks of the program can be summarized as follows: (i) lack of interest on the part of companies and NGOs in the training services for middle managers and the services to strengthen managerial capacity, respectively; and (ii) a consequent reduction in the expected earnings of the training institutions due to lower than expected demand for services.
- 5.5 The MIF will share the risk with the EU and the training institutions through its contribution to the initial investments

associated with the program and part of the operating costs. In the event that the demand should not be as great as expected, the program will be flexible enough so that the EU, the subsidy levels of the components, and the training activities can be adjusted to actual demand.

VI. COMPLIANCE WITH PROGRAM ELIGIBILITY CRITERIA

A. General program eligibility criteria

- 6.1 Given the objectives and expected outputs of the program, the financing to support the training of middle managers and supervisors, and to provide support services for and strengthening of NGO professionals, is fully consistent with the general purposes of the MIF, in particular Article I(d), regarding the provision of financing to bear certain costs for the implementation of development strategies to promote the expansion of the private sector, thus enhancing the quality of products and the delivery of services, increasing employment opportunities, and helping to alleviate poverty, while, at the same time improving the distribution of income.

B. Eligibility criteria for the Human Resources Facility

- 6.2 The proposed program is fully consistent with the criteria for financing under the Human Resources Facility, in particular those stipulated in Article III, Section 3(b) and 3(e), of the Agreement Establishing the MIF, for worker training to meet the needs of an expanded private sector and the strengthening of vocational training and other similar institutions.

VII. CONSISTENCY WITH THE BANK'S COUNTRY STRATEGY

- 7.1 The proposed operation is consistent with the Bank's strategy for Paraguay, which assigns priority to programs for public-sector and financial restructuring, growth of production, and social development. In education, the Bank is involved in efforts to reduce the deficiencies in educational services through: (i) the formulation of a national education program that includes reorganization of administration and improvement of the quality of basic education; (ii) improvement of existing intermediate-level vocational training services and justified expansion thereof; and (iii) measures to increase public resources allocated to education. The proposed program will specifically target the objectives of supporting the growth of production and social development by promoting the implementation of training and development programs

for managers in the private sector who are employed both in the production of goods and in social services.

VIII. AVAILABILITY OF MIF RESOURCES

- 8.1 Financing modality. Partial financing for the program is to be provided in the form of a grant to be awarded on the basis of the following considerations: (i) on September 16, 1994, the Donors Committee declared Paraguay eligible for all modalities of financing provided under the MIF; (ii) Paraguay fulfills the eligibility criteria to obtain grants (Article III, Section 5(b), of the Agreement), as described in detail in section 3, paragraphs 3.1, 3.2, and 3.3 of the country eligibility memorandum (MIF/GN-28); and (iii) the proposed program will have a significant catalytic impact on investment flows, as stipulated in Article III, Section 5(a) of the Agreement, inasmuch as one of its objectives is to support the transformation of the productive sector and the investment decisions of private enterprise. The validity of these criteria was confirmed at a meeting of the Donors Committee on March 30, 1994 (MIF/GN-23).

IX. EVALUATION

- 9.1 An evaluation will be conducted after the first 16 months of program execution, using the monitoring system established at the start of the program, to determine the extent to which the objectives and conditions have been met. It will be carried out in coordination with the EU by an external consulting firm hired for this purpose. Upon completion of the program, an ex post evaluation will be conducted under similar conditions. The terms of reference for the mid-term and ex post evaluations must be approved by the Bank with the support of the MIF. 5/
- 9.2 The evaluations will take into account the information collected by the EU and by the beneficiaries through surveys and interviews. They will focus, in particular, on: (a) the operation of the EU and the degree of cooperation achieved with the business and trade associations represented on the advisory board; (b) the types of companies and NGOs that benefit from the program, broken down by

5/ Annex III-3 includes a table which identifies the indicators and areas of impact in which information will be collected for the evaluation of the program. It also contains a timetable for the execution of activities.

size and area of activity; (c) the quality of the services offered and the level of user satisfaction with them; and (d) the impact of the program on the training market.

LOGICAL FRAMEWORK

GENERAL OBJECTIVE	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>of the program are to:</p> <p>the adoption of quality ent systems in the private sector training program designed to the technical skills of middle and supervisory staff and to through a study grant program, to be given under the program to the teaching staff of the training s.</p> <p>the managerial and organizational NGOs that work in human resource ent through a training program for essional staff.</p>	<p>Impact analysis of the institutions participating in the:</p> <p>a. Subprogram for training of trainers and middle managers.</p> <p>b. Subprogram for training of NGO professional staff.</p> <p>Institutional analysis of the links established between the CIRD, the executing agency, the training institutions, and the business and trade associations represented on the advisory board, and the continuation of the activities of both subprograms.</p>	<p>Follow up studies on:</p> <p>a1. Training institutions that designated instructors for the study grant program.</p> <p>a.2 Companies whose middle managers and supervisors have participated in the training program.</p> <p>b1. NGOs whose professionals have participated in the courses (short-term and seminar- workshops) offered by the training institutions prequalified under the program.</p> <p>b2. NGOs requesting advisory services from instructors who teach the short-term courses and seminar-workshops.</p> <p>■ Institutions that were prequalified to participate in the program and are included on the roster of training institutions.</p> <p>■ Qualitative study of goals of cases of interinstitutional coordination and expansion of joint activities.</p>	<p>Economic integration of Paraguay into competitive market created by MERCOSUR.</p> <p>Demand for updated curricula and serv to the needs of the private sector and b working in human resource development</p>

PROJECTS AND COMPONENTS	BENEFICIARIES/SELECTION CRITERIA	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	EXPECTED OUTPUTS OF THE COMPONENTS
1. Subprogram A: Training of trainers and middle managers	Beneficiaries: middle managers and supervisory staff, and trainers and instructors who will participate in a study grant program; the indirect beneficiaries will be the private firms that enroll their managers in the training courses and the training institutions whose instructors participate in the trainer training component.	a. about 2,000 middle managers and supervisors enrolled in courses; ■ approximately 224 training modules (5,575 course hours) on quality management and continuous improvement.	Internal records of the training institutions and the information and documentation center in the executing unit, showing: a1. number of total quality courses awarded; a2. number of managers enrolled who used vouchers and percentage who completed the course; a3. number of paid enrollments (without vouchers); a4. evaluation of workers and employers.	1. Introduction to total quality management techniques in private enterprise; 2. Promotion in the private sector of investment in human resources; 3. Adaptation of the curricula of training institutions to the demand for training; 4. Development of the training market through use of the training vouchers.
a. Middle manager training component	<u>Selection criteria:</u> (i) intermediate-level technical training or equivalent experience; (ii) knowledge of production systems; (iii) knowledge of quality control and occupational health and familiarity with the related documentation; and (iv) at least three years of professional experience. Preference will be given to middle managers employed by a firm whose executive management has participated in the introductory course for executive managers and employers.	b. 24 trainers identified to participate in the study grant program; ■ transfer of curricula to Paraguayan training institutions.	b1. number of training institutions submitting proposals; b2. number of instructors applying for study grants and number of grants awarded; c. number of training institutions on the roster.	
b. Trainer training component	<u>Selection criteria:</u> (i) university training, (ii) demonstrated experience in industry, (iii) teaching experience, and (iv) employed by a training institution included on the roster or written offer of employment from such an institution.			

ACTS AND COMPONENTS	BENEFICIARIES/SELECTION CRITERIA	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	EXPECTED OUTPUT COMPONENTS
am B: Training of NGO nal staff	<u>Beneficiaries:</u> professionals from NGOs working in human resource training; the indirect beneficiaries will include NGOs devoted to training of human resources that specialize specifically in providing services for human resource development.	a. Approximately 550 professionals and managers from NGOs;	Internal records of the training institutions and the information and documentation center in the executing unit, showing:	1. Introduction to technical training for improving the quality of management and efficient delivery of services in N
term courses	<u>Selection criteria:</u> university-trained professionals who are working with NGOs, cooperatives, or social organizations that carry out activities for human resource development.	■ Approximately 90 courses (60-80 hours in length) in management of nonprofit organizations;	a1. number of short-term courses awarded to training institutions; a2. vouchers, enrollments, and number of technical professionals enrolled and number who completed the course;	2. Promotion of investment in human resources in the sector;
ar-workshops	<u>Selection criteria:</u> managers, administrators, and professionals from NGOs, cooperatives, and consulting firms.	■ About 12 seminar-workshops (24 hours in length); b. NGOs registered with the program information and documentation center and interested in participating in courses.	b1. number of seminar-workshops awarded; b2. vouchers, enrollments, and number of managers enrolled in workshops; c. evaluation of the professionals and managers.	3. Adaptation of the curriculum of training institutions to the needs of nonprofit organizations; 4. Development of the market through use of technical training vouchers.

**MONITORING AND EVALUATION
PRINCIPAL VARIABLES FOR PROGRAM MONITORING**

Type of activity and/or information	Phase of the program
Development Identification of training institutions Responses to calls for proposals Strengthening of training institutions	first 6 months first 12 months first 24 months
Execution Definition of criteria for proposals Establishment of the proposal selection committee Feasibility of the voucher system	first 6 months first 4 months first 24 months
Operational structure Operational coordination Decision-making process	first 18 months first 12 months
Participation in the program Employer participation by employers Participation for participants Selection mechanisms Participant participation	first 18 months pre-execution phase and first 9 months first 18 months 24 months
Policy and Incentives Incentives by training institutions to the announcement of study grants for trainers Incentives by training institutions to the roster of institutions Incentives by private enterprise and NGOs to the voucher system	first 12 months 6-12 months 18-24 months
Delivery of services Recruitment of new trainers by the training institutions Review of curricula Development of new curricula	12-18 months 18 months 12 months
Direct beneficiaries Participation of women Implementation of total quality policies in businesses	12-24 months 24-36 months
Strengthening the training market Involvement of business and trade associations Participation on the advisory board	entire duration of the program

(by quarter of activity)

[illegible]

PROPOSED RESOLUTION

PARAGUAY. TECHNICAL COOPERATION FOR A
TRAINING FOR MIDDLE MANAGEMENT PROGRAM

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Centro de Información y Recursos para el Desarrollo (CIRD) and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document MIF/AT-_____with respect to a technical cooperation, the purpose of which is a Training for Middle Management Program.

2. That up to the amount of US\$1,450,000 is authorized for the purpose of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund.

3. That the above mentioned sum is to be provided on a non-reimbursable basis.