

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PARAGUAY**

**SOCIAL ENTREPRENEURSHIP PROGRAM**

**EXECUTIVE SUMMARY**

**DEVELOPMENT OF THE VEGETABLE SPONGE PRODUCTS INDUSTRY**

**(PR-S1004)**

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## I. BASIC PROJECT INFORMATION

### A. Executing agency

1.1 Loofah S.A.

### B. Amount and source of financing

in US\$

	IDB	Loofah, SA	Total
Reimbursable financing:	250,000	150,000	400,000
Technical-cooperation funding:	210,000	100,000	310,000
Total:	460,000	250,000	710,000

Source: Net income of the Fund for Special Operations (FSO)

### C. Terms and conditions

Amortization period:	7 years
Grace period:	1 year for principal
Interest rate:	5% annually
Currency:	United States dollar

### D. Declaration of nonobjection

1.2 Loofah S.A. has submitted a request for reimbursable financing and nonreimbursable technical-cooperation funding under the Social Entrepreneurship Program.

### E. Issue to be addressed

1.3 This project will take place in rural Paraguay and in an area on the outskirts of Asuncion, both of which have been greatly impacted by the country's economic crisis over the past years. Given Paraguay's geographic and socioeconomic conditions, the creation of vegetable sponge (loofah) production chains represents a tremendous opportunity for generating income and employment. However, this potential may never be tapped because of the following problems:

1.4 **Limited technical knowledge about how to grow high quality vegetable sponges for export.** Although there is traditional production of this kind, very few tools exist for disseminating effective and modern technologies for growing loofah sponges and transforming them into other products. For commercial production, a minimum number of good practices must be incorporated into both the agroenvironmental aspects of planting and the harvest and post-harvest handling of

the loofah sponges, and without an effective technical-assistance and monitoring program, not enough quality loofahs could be produced.

- 1.5 **There is a lack of infrastructure and know-how** for guaranteeing the effective operation of the production chain, to wit: (i) production infrastructure on campesino farms (stakes, fencing, irrigation systems); (ii) storage and processing equipment and facilities; and (iii) suitable systems for mass marketing in high-demand markets. During the farming stage, there are also shortcomings while the plants are still in the fields, where they are tended by hand. Additionally, campesinos and growers do not invest in their farms because they are unaware of the potential returns from producing loofahs, and are unable to attain even small loans for improving their farms to boost production. Furthermore, knowledge is lacking of the logistical and technical challenges of manufacturing vegetable sponge products, as well as of sewing, large-scale production, assembly, dying, storage, and above all, marketing.
- 1.6 **The market is not big enough for generating economies of scale for the sale and export of finished products.** While loofah products have been exported to and sold in United States and European markets, with exports even tripling from one year to the next, Paraguay's potential capacity to export more loofahs and penetrate new markets must still be strengthened.<sup>1</sup> The markets to which Paraguay exports offer good marketing margins, but are demanding in terms of quality, novelty, contract exclusivity, and deadlines and quantity commitments. Demand increases over the past year have put pressure on producers and the marketing chain, requiring better organization at each of its levels. Growers are not sufficiently organized to meet demand consistently, and the marketing capacity is not resilient enough to respond to production increases.
- 1.7 **Beneficiaries.** The direct beneficiaries of this project are 1,500 families of small loofah growers, consisting of campesinos and Guaraní indigenous groups from all of Paraguay's departments<sup>2</sup>. The campesinos and indigenous groups differ in socioeconomic terms, but generally speaking, their average annual family income is US\$800. Both groups currently raise several crops for sale and for their own consumption. However, for the campesinos, these crops offer no opportunity for growth and at the same time are capital intensive and require external inputs beyond family labor. An added difficulty for the indigenous groups is that they do not traditionally farm for commercial purposes, rather they live from some hunting and fishing, and in large part from a limited production of root and other vegetables for their own consumption.

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<sup>1</sup> Unlike the Asian loofah, which is mass and uniformly produced and as a result tends to be stiffer, less durable, and rougher, the Paraguayan loofah is produced organically, ensuring its softness, and has longer, and longer-lasting fibers.

<sup>2</sup> This scenario does not represent all growers who currently market loofahs, but only those identified by the executing agencies as current producers.

- 1.8 The other direct beneficiaries are the low-income families living in the San Lorenzo neighborhood on the outskirts of Asuncion, and in the areas surrounding the Villeta community, where the processing and assembly centers for the finished products are located. A total of 230 workers and craftsmen are expected to be directly involved in the processing, cutting, finishing, and design of the final products made from vegetable sponges.
- 1.9 The technical-cooperation component is expected to have an impact on all those involved in loofah production. The technical-assistance program will bear in mind the geographical scattering of the producers, as well as training needs for workers and craftsmen in the urban areas, when designing support and training mechanisms.

## **II. THE PROJECT**

### **A. Objectives**

- 2.1 The main objective of the project is to diversify the incomes of Paraguayan campesino and indigenous farmers, and to create jobs for low-income families in urban and periurban areas, by consolidating the vegetable sponge product industry.
- 2.2 The specific objectives of the product are: (i) to strengthen the marketing and export chain for vegetable sponge products; (ii) to facilitate access to working capital for the entire vegetable sponge product marketing process; (iii) to boost field production capacity for loofahs and improve farm management; (iv) to encourage campesino and indigenous small farmers involved in loofah production to organize; and (v) to create sustainable jobs in urban areas where the manufacturing of finished products is based.

### **B. Description**

- 2.3 The project will be executed by Loofah S.A., which will subcontract the NGO Organización Internacional Pro-Inversión Comercio y Medio Ambiente [International Pro-commercial Investment and Environment Organization] (OIPIC) to execute the technical-assistance and training components with the campesino and indigenous groups. OIPIC will also sign a cooperation agreement with the NGO Madre Tierra [Mother Earth], which specializes in working with Paraguayan indigenous groups. Loofah S.A. is a corporation that emerged out of the work begun by OIPIC, an organization that has been working for years with small campesino farmers in Paraguay. Loofah S.A. incorporated at the end of 2001 in order to make the work begun to support campesinos in loofah production commercially feasible. To that end, the commitment to work with these disenfranchised groups, many of whom have found an alternative and ongoing source of income in the vegetable sponge, is embodied in the corporation's bylaws. OIPIC and Madre Tierra are organizations that work with campesino and

indigenous groups, respectively, by providing training and technical assistance on production and conservation methods. Both are currently working in coordination with Loofah S.A.

- 2.4 **Environmental and social benefits of the project.** This project will have very positive environmental and social impacts. A cost-benefit analysis at the producer level has revealed a profit of approximately US\$1.50 on each US\$1 invested (cost-benefit of 1.5). In other words, small farmers who plant 120 plants with an average yield of 25 fruits per plant, can earn approximately US\$300 in gross revenue, far surpassing the US\$190 invested, even taking into account the their own labor costs and a minimum value for their land. Farmers with better yields and who invest more in their farms may reach cost-benefit ratios of up to 1.8 and 2.
- 2.5 In addition to the positive impact expected for campesino and indigenous growers, the project is consistent with a strategy for environmental sustainability, as indicated by the following: (i) Loofah S.A. and the participating NGOs have begun the process of organic certification for loofah sponge plantations in order to distinguish the Paraguayan loofah as a first-rate and environmentally-friendly product; to date, 6.5 hectares have been certified, representing several producers in three communities; (ii) 100% of materials used in the manufacture of loofah sponge products are biodegradable; such information is used in sales and marketing campaigns; (iii) raising vegetable sponges does not require vast stretches of land; on the contrary, price incentives lie in raising crop yields per square meter, making better use of basic infrastructure in relatively small spaces.

### **1. Reimbursable financing component**

- 2.6 Financing for the project would amount to US\$400,000, of which US\$250,000 will be provided by the Bank, and US\$150,000 by the executing agency. This component would focus on two specific needs: (i) meeting the financial needs of growers by allotting US\$50,000 for an advance funding mechanism that will allow them to make investments in their farms; and (ii) providing the necessary working capital in order to boost the capacity to purchase and sell the vegetable sponge and its products. The loan's 5% annual interest rate (in United States dollars) is reasonable for an emerging company. Financing will be released in two tranches: one for US\$150,000 and the other for US\$100,000. The conditions established for each tranche release seek to ensure that Loofah S.A. takes the necessary steps to strengthen and formalize its functions. They will also help Loofah S.A. better prepare for the various personnel, capital, infrastructure, and raw materials management challenges facing typical fast-growth businesses, and respond to the requirements of the international market.
- 2.7 Also, Loofah S.A. will use these funds to enhance its mechanism for providing advances to growers, so that they may use them to cover the costs associated with investing in production infrastructure. Currently, a portion of the advances given by

Loofah S.A. are being used to purchase fencing, and in the case of more advanced producers, the stakes on which to tie the vines.

## **2. Technical-cooperation component**

- 2.8 The technical-cooperation component is US\$310,000, of which US\$210,000 will be provided by the Bank, and US\$100,000 by the executing agency. The main activities for this component are described below:
- 2.9 **Training and technical assistance in the production of the vegetable sponge (loofah).** In order to address the lack of technical know-how in loofah production, a technical-assistance and training program focused on the following activities or basic topics will be developed: (i) promoting organized planting for marketing; (ii) providing technical assistance for sowing and raising the plants; and (iii) training in harvest and post-harvest management. The training and technical assistance will be headed by OIPIC and Madre Tierra and will have the support of consultants with expertise in these technical areas.
- 2.10 **Strengthening systems for producing and marketing vegetable sponge products.** In addition to providing working capital in the form of financing for the purchase and sale of the loofahs and finished products, the project will support vegetable sponge production and marketing chains in three specific areas: (i) technical assistance for the production of finished products; (ii) finding, and expanding into, new international markets; and (iii) developing new finished loofah products. The assistance of consultants with both experience and expertise in the production and sale of specialized products is expected in these three areas.
- 2.11 **Organization of production and institution-strengthening.** In order to better organize production and be able to market the vegetable sponge in a manner advantageous to the producers, motivation and training workshops will be held for campesino and indigenous farmers in each community, and for those who will be responsible for coordinating production. Training will be given in topics such as strengthening and group management, community organization management, production management, formalizing corporate bylaws, financial and administrative oversight, and leadership. These workshops will be held in the communities themselves, with technical professionals and consultants with expertise in organizing campesinos and producers. The workshops will be used to form production groups in each community.
- 2.12 Loofah S.A.'s institutional and technical capacity will also be strengthened by the timely assistance of a business consultant with experience in fast-growth businesses and complex supply chains. This consultant will focus on: (i) reviewing and updating the company's business plan in coordination with the management team; (ii) helping to hire the other project consultants by more strictly defining the terms of reference proposed herein; (iii) improving financial and administrative

monitoring; (iv) assisting with long-term strategic planning; and (v) obtaining adequate capital for sustained growth of the company.

**C. Sustainability and results of the financial analysis**

- 2.13 **Sustainability.** There are two keys to the sustainability of this project. Firstly, loofah producers have discovered that this crop constitutes a quick and effective way to generate more incomes for their families. The growing cycle lasts six months and the amount of production and sales is directly related to their labor capacity and access to basic resources such as water, stakes, fencing, and crop treatments. The nearly 2:1 cost-benefit ratio<sup>3</sup> does offer good prospects to campesinos and indigenous groups. Secondly, Loofah S.A. has shown that it is committed and has the potential to execute the marketing component for this product; it has valuable experience in production and shipping, and its facilities and employees are more than up to the task.
- 2.14 The project's short-term weaknesses—including managing Loofah S.A. and loofah production levels on the farms—will be addressed effectively in the short term by the technical-cooperation operation. In the long term, foreign competition could pose a threat to Loofah S.A.'s ability to grow and provide additional job opportunities. Despite these uncertainties, if managed effectively, Loofah S.A. will certainly benefit the Paraguayan economy greatly by broadening the base for nontraditional exports and providing employment to hundreds of low-income people.
- 2.15 **Results of the financial analysis.** Loofah S.A. has an optimistic financial outlook and even the most conservative projections point to stellar opportunities for short-term profits. In its early years, the company's sales increased from US\$7,500 in 2002 to US\$103,208 the following year and are estimated to reach US\$245,000 by December 2004. Sales projections for the next two years are based on both trends and specific orders placed for existing products. Average prices, however, were calculated to be 10% less in the first year and 15% less in the second in order to obtain a conservative financial estimate.
- 2.16 The gross sales margin for 2003 was 61%, and for 2004 is expected to reach 54%. Financial projections estimate that this margin will decrease and stabilize at 40% over the next two or three years, once the operations have matured and expanded.
- 2.17 With existing sales and those projected for 2005, and its low level of debt, the company finds itself in better financial condition than many other businesses at this stage of development. The financial forecast shown below is optimistic, but characteristic of companies in their initial stages:

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<sup>3</sup> The breakdown can be found in the technical files.

<b>Forecast for Loofah, SA</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Sales	US\$245,482	US\$740,720	US\$1,132,898
Profits	US\$ 8,546	US\$ 74,000	US\$ 125,000

- 2.18 Loofah S.A. has demonstrated, through preexisting contracts, that there is sufficient demand for its products. The initial projections have been modified to include a 10% price decrease in the three highest volume products for 2005, with an additional 15% decrease for 2006. As can be gleaned from these financial projections, the company can survive and grow despite adverse changes.
- 2.19 Liquidity and leverage ratios are reasonable in the initial years and strong by the end of the period. The ratio of sales to inventory changes during the production season but is significant toward the end of each year. Every December, the company prepares its cash capital in order to begin purchasing. The company expects to obtain a short-term financing source (such as a line of credit) in the first few months of each year.

**D. Expected outcomes and benefits**

- 2.20 The project will bring the following benefits to its beneficiaries: (i) a company that markets their vegetable sponge products in a sustainable manner; (ii) increased capacity to grow high quality fruits with a higher return; (iii) access to short-term financing on conditions advantageous to increasing investment and operating capacity; (iv) group plans to organize production in order to channel output through the marketing firm; (v) access to training and advisory services that enable them to meet market requirements; (vi) job creation in less favored areas on the outskirts of Asuncion; and (vii) resources for the communities, to improve health, education, and/or communications infrastructure. To this end, a retained earning fund will be set up, representing 30% of the company's net distributed earnings over the life of the loan. This fund will target social enhancement projects identified by the Steering Committee, which may include basic education, health, or communications infrastructure projects that the grower communities consider to be priorities. This will be another way in which the Bank's contribution to this project will reach the direct beneficiary.
- 2.21 As part of the project, the aforementioned social and environmental benefits, will be monitored by indicators, such as: (i) organically certified hectares of loofah production; (ii) the mark up between what growers receive and the prices the company receives for finished products; and (iii) cost-benefit ratios at the farm level for selected growers. These will be included in the monitoring reports (see paragraph 2.32).



2.22 The project indicators that show the expected outcomes and benefits for producers are the following:

<b>Indicators</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Socioeconomic				
Loofah producers exporting with the company	350	500	750	2,700
Average gross income per loofah-producing family (US\$)	\$250	\$300	\$350	\$400
Amount of sale returned to producers (US\$)	\$113,000	\$140,000	\$648,000	\$945,000
Profits (30%) invested in community improvements		\$22,000	\$38,000	\$62,000
Number of organized groups	3	5	8	12
Direct employment				
High season	120	180	230	280
Low season	10	20	30	40
Financial				
Sales (US\$)	\$245,000	\$740,720	\$1,132,898	\$1,580,000
Earnings (US\$)	\$8,546	\$74,000	\$125,000	\$205,000

#### **E. Bank Strategy**

2.23 In the Bank's strategy with Paraguay, several key, crosscutting themes are mentioned, including economic recovery and job creation within a sustainable development model based on, among other things, agribusiness and export diversification and expansion. The strategy also notes the importance of supporting programs to fight poverty and create jobs. The chief beneficiaries of this project are campesino growers and indigenous communities that are among Paraguay's most vulnerable groups and most in need of increasing their income. Furthermore, the project aims to create jobs in urban areas where there is a pressing need for real employment opportunities.

#### **F. Cooperation with other international development organizations**

2.24 Some institutions have been supporting and promoting the work of Loofah S.A. and OIPIC and Madre Tierra. Initially, promotion efforts were supported through studies and publications financed by the German Agency for Technical Co-operation (GTZ). More recently, the Germany embassy and the Rotary Club have lent support to the loofah production process by donating sewing machines so that women artisans could make finished products. While there are other programs to support nontraditional exports, as is the case of a large USAID project, little or nothing has been done to support export initiatives for small farmers.

2.25 It is also important to note that there are two Bank agricultural projects being executed by the Dirección del Ministerio de Agricultura del Paraguay [Paraguayan

Ministry of Agriculture]: (i) first, PR-0082, which provides technical assistance for cotton growing and other crops produced in parallel; and (ii) the second is PR-0084, which recently began and targets technical assistance for fruit and vegetable crops and agribusiness and marketing. This project will seek ways to cooperate with those other two programs, especially to analyze the conditions in which technical assistance is being provided to participants.

#### **G. Summary of the environmental and social review**

- 2.26 On 13 September 2004, the Committee on Environment and Social Impact (CESI), reviewed this operation and made two recommendations: (i) ensure that the increase in loofah production will not adversely impact the environment by extending the agricultural frontier; and (ii) include technical data that support the positive environmental impact indicated in the profile.
- 2.27 With respect to the first point, the loofah, a plant in the cucumber family, grows like a vine; in other words, it is a climbing plant that needs very little horizontal space. The technical recommendations suggest the construction of vertical guides or “trellises” so that the fruit will not rot by coming into contact with the soil; these trellises are easy to build and are assembled in parallels like the vine. The growers involved in the project have an average of 1/8 of a hectare, with the largest having 1/4 of a hectare, and are seeking to increase production capacity by raising each plant’s yield, not by extending the areas where they plant. As a hardy plant, the loofah does not require much in the way of agrochemical treatment, and in fact, several groups, accounting for 6.7 hectares and 180,000 plants, have already been certified organic by Loofah S.A.
- 2.28 In terms of the second recommendation, the contribution to environmental protection could not be proven scientifically or technically, except on the following four points: (i) loofah production gives no incentive to growers to expand the agricultural frontier, given that they can use land and soil already used for other crops and the plants make no great demands on the soil; (ii) there has been a proven increase in areas where there is organic loofah production, as certified by BCS Oko-Garantie; (iii) analyses of finished products reveal that they are clearly biodegradable and are marketed as such in the United States and Europe; and finally (iv) Loofah S.A. has received financing from Eco Fund, which did an environmental impact assessment of the company’s operations as a precondition for the loan.

#### **H. Special conditions**

- 2.29 As a condition precedent to the first disbursement of US\$150,000 from the financing component and the corresponding technical-cooperation resources, Loofah, S.A. must submit: (i) an updated business plan that is satisfactory to the Bank; (ii) evidence of a second marketing and distribution contract for the export of

at least 300,000 units; and (iii) evidence of the creation of the project Steering Committee as set forth in the Operating Regulations.<sup>4</sup>

- 2.30 Amongst the conditions precedent to the second disbursement of the loan, estimated to be made by the end of 2005, are the following: (i) Loofah S.A. must submit its financial statements indicating sales of at least US\$400,000; (ii) evidence that an assistant manager or other member of the administrative team whose qualifications are acceptable to the Bank has been hired; (iii) evidence (including rates and terms) of having obtained from private sources an amount equivalent to at least US\$50,000 in the form of either a loan or equity increase; and (iv) evidence of having worked with the 500 producers during year one of the project.
- 2.31 Technical-cooperation resources will be disbursed as follows: (i) 30%, once the general conditions precedent to the first disbursement established in the General Rules of the Technical-Cooperation agreement have been met; and (ii) the remaining 70%, once the executing agency has satisfied the special conditions established for release of the second tranche of the program's reimbursable financing. The contract to be signed between the executing agency and OIPIC for delivery of instruction and training services should stipulate that up to 30% of the total cost of OIPIC services will be financed with technical-cooperation resources, and the rest, with resources from the executing agency unless the latter has met the conditions precedent to release of the second tranche, in which case those costs may also be financed using technical-cooperation resources.

#### **I. Reports, evaluations, and audits**

- 2.32 **Reports.** Loofah S.A. will submit progress reports to the Bank's Country Office 30 days after the end of each six-month period and a final report within 60 days following the end of the disbursement period. These reports will include an analysis of whether or not performance indicators were attained, problems with execution, actions taken to address such problems, and the outlook for the next six-month period. At a minimum, the following information will be included:
- 2.33 As far as marketing is concerned: (i) number of growers who marketed their products with the company; (ii) characteristics of the beneficiaries; (iii) consolidated financial statements and performance indicators from the executing agency; (iv) the difference between the prices growers received and the prices the company received; (v) the cost-benefit ratio at the farm level; and (vi) a summary of the company's cash contribution to the project. As for the technical-cooperation component: (i) negotiated sales contracts and contracts already executed; (ii) number and characteristics of the workers and craftspeople who participate in the project; (iii) number and characteristics of the growers who receive technical assistance for their farms; (iv) execution of training and

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<sup>4</sup> The Operating Regulations can be found in the technical files.

technical-assistance activities; (v) number of hectares certified organic; (vi) a summary of its contribution to the project (cash and in kind); and (vii) a summary of the reports made by the environmental safety expert.

- 2.34 **Evaluations.** The project will include two evaluations by individual consultants to be selected and hired using technical-cooperation resources. A midterm evaluation will be conducted at the end of year two or once 50% of resources have been disbursed, and a final evaluation will be conducted at the end of year four of the project or when 90% of resources have been disbursed. A final audit will also be performed when the project concludes.
- 2.35 At a minimum, the first evaluation will assess: (i) to what degree project performance indicators have been attained; (ii) progress made in increasing producer incomes and in improving product quality and business management from the start of the project; (iii) lessons learned and recommendations for enhancing the project; (iv) the institutional capacity of the executing agency; (v) the size and type of beneficiary producers; (vi) employment levels in the company's two processing plants.
- 2.36 In addition to the items indicated for the first evaluation, the final evaluation will measure and document: (i) the impact of the project on the groups studied in the initial evaluation; (ii) the outcomes of meeting project objectives; (iii) lessons learned; and (iv) the sustainability of the project.
- 2.37 **Audits.** A final audit of the project will be financed with proceeds from the Bank loan.

#### **J. Project risks and mitigating factors**

- 2.38 **Production capacity.** One significant risk is the growers' potential inability to produce enough loofahs to meet demand. The number of available farmers is significant and their interest is real, although new farmers are not as productive as those with more experience. This risk will be mitigated by the technical-cooperation component expected to be included in the project; this component would include a strong campaign to promote loofah-growing, and monitoring and technical-assistance.
- 2.39 The other risk lies in Loofah S.A.'s potential inability to produce and ship enough finished products to meet customer demand. Currently, the company has little capacity to manage the significant logistical problems associated with higher product volumes, especially with the projected quantities. Nevertheless, these problems can be overcome and managed with the management capacity and assistance proposed in the technical-cooperation operation.
- 2.40 **Competition from Asian markets.** Current profit margins are high and will decrease over time. Any associated risk for Loofah S.A. might be partially

mitigated by capitalizing on the economy of scale to lower production costs. The ability to produce at a lower operating cost might enable the company to penetrate new and larger markets. The strategic planning proposed in the technical-cooperation component will allow for a better analysis of the cost structure and medium- and long-term financing options.

- 2.41 Two customers in the United States account for the bulk of existing sales. So, losing one or both customers for some reason poses a risk. This is a common risk for small businesses and has been acknowledged by management, which has taken steps to increase sales to other customers in other regions. The technical-cooperation component includes resources to support the company in attracting new customers and penetrating new markets.
- 2.42 Perhaps the greatest long-term risk lies in competition from similar products manufactured at low costs, as in the case of competitors in China. The success of Loofah S.A. will likely lead to competition, but its capacity to produce a quality product at a low cost should enable the company to hold onto its market share. Currently, those “in the know” about these products believe that the Chinese products are significantly inferior; they also lack organic certification.

**K. Exceptions to Bank policy**

- 2.43 As an exception to the required policy of selecting consultants by means of competitive bidding for technical-assistance activities in the field, the direct contracting of the OIPIC, for a total of US\$115,900, is recommended. Given OIPIC's technical advantages, listed below, contracting in that way meets the requirements established in chapter GS-403 of the Procurement Manual. The rationale for selecting OIPIC as executing agency for these activities is the following: (i) OIPIC has several years of experience in promoting the vegetable sponge to public and private entities in Paraguay and abroad; (ii) it has experience in publishing training and information materials associated with the loofah, as can be seen on its website ([www.oipic.org](http://www.oipic.org)); (iii) there is a relationship between the farmers and the final beneficiaries and OIPIC that goes back many years and is expected to serve as the base for increasing the number of farmers interested in growing the loofah; (iv) OIPIC has developed monitoring mechanisms and highly specialized information systems for loofah growers, their socioeconomic conditions, and their production and marketing needs. These systems will make it possible to monitor project indicators and the development of the Paraguayan loofah industry.
- 2.44 Lastly, the contract for the delivery services that the executing agency, Loofah S.A., will sign with OIPIC, should clarify that such a contract would be subordinate to the contract between the Bank and Loofah S.A. Accordingly, any definition of payment or remuneration for services is conditional on the executing agency's first meeting the terms of its contract with the Bank.