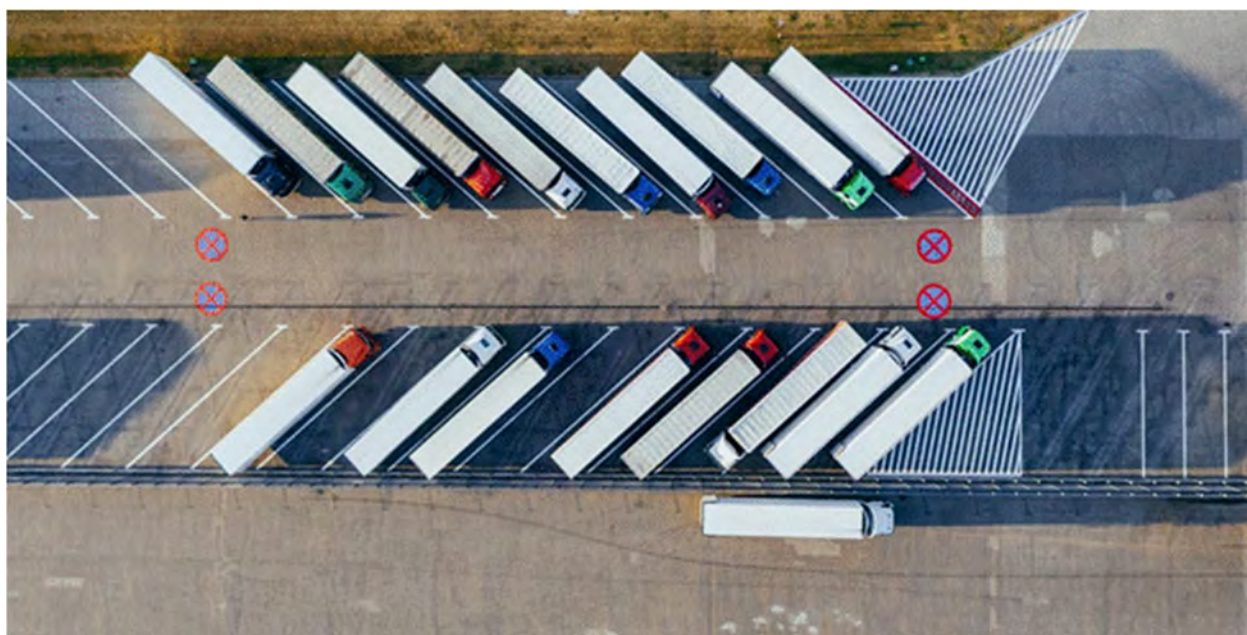




Cargo trucks at loading area, under Creative Commons license, photo by Marcin Jozwiak

PARAGUAY; USDA Food for Progress Trade-Facilitating Agricultural Systems and Technology (T-FAST) Project

BASELINE STUDY REPORT

NOVEMBER 2020 (REVISED MAY 2021) APPROVED
May 14, 2021

T-FAST Baseline Study Report

Program: Food for Progress

Agreement Number: No. FCC-526-2019/010-00

Funding Year: Fiscal Year 2019

Project Duration: October 1, 2019 to September 30, 2023

Implemented by: International Executive Service Corps (IESC)

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List of Acronyms

AEO	Authorized Economic Operator
ALADI	Latin American Integration Association
ANNP	National Navigation and Ports Administration
CDAP	Customs Brokers association
CIF	Cost, Insurance and Freight
CIP	Paraguayan Importers Chamber
CNFC	National Trade Facilitation Committee (same as NTFC)
CONVUE	Exporters Single Window Consortium
COVID-19	Coronavirus Disease 2019
DINAVISA	National Directorate of Health Surveillance
DNA	National Directorate of Customs
FOB	Free on Board
GoP	Government of Paraguay
HS	Harmonized System
ID	Instituto Desarrollo
IESC	International Executive Service Corps
INAN	National Institute of Food and Nutrition
INDI	Paraguayan Indigenous Institute
KII	Key Informant Interview
LoP	Life of Project
MAG	Ministry of Agriculture and Livestock
MEL	Monitoring, Evaluation, and Learning
MIC	Ministry of Industry and Commerce
NCM	MERCOSUR Common Nomenclature
NTFC	National Trade Facilitation Committee
OECD	Organization for Economic Cooperation and Development
OMC	World Trade Organization (same as WTO)
PMP	Performance Management Plan
SENACSA	National Animal Quality and Health Service
SENAVE	National Plant and Seed Quality and Health Service
SIGRA	Integrated System of Food Records Management
SOFIA	Customs Tax Fiscal Ordering System
T-FAST	Trade-Facilitating Agricultural Systems and Technology
TFA	Trade Facilitation Agreement
TFI	Trade Facilitation Index
UGP	Union of Production Associations
UIP	Paraguayan Industrial Union
UNCTAD	UN Conference on Trade and Development
USDA	United States Department of Agriculture
USD	United States Dollar

VAT	Value Added Tax
VUE	Single Export Window
VUI	Single Import Window
WB	World Bank
WCO	World Customs Organization
WTO	World Trade Organization

I. Executive Summary

A. Introduction

The USDA-funded Trade-Facilitating Agricultural Systems and Technology (T-FAST) Project aims to support the Government of Paraguay to fully implement the World Trade Organization's Trade Facilitation Agreement (TFA). The TFA, in turn, is expected to help Paraguay promote economic growth by improving the processes and transparency of trade facilitation to reflect international best practices and norms. Under the T-FAST project's Evaluation Plan, LINC and Instituto Desarrollo have been contracted as independent evaluators to conduct this Baseline Study.

The Baseline Study is designed to provide starting values for three key indicators to compare and measure progress over the life of the project. Additionally, T-FAST is taking this time with the support of the evaluation team to reflect on the project's theory of change, indicators and targets, and priority activities based on the current context in Paraguay.

B. Methods

The evaluation team designed a methodology for data collection and analysis to take into account the needs of this Baseline Study, the future midterm and endline evaluations, the Paraguayan context, and the timeframe. The study included secondary data analysis, a remote survey of National Trade Facilitation Committee (NTFC) stakeholders, key informant interviews, and analysis of extracts from relevant transactional databases for trade.

The Baseline Study was designed primarily to obtain baseline values for three key performance indicators:

- Custom Indicator 1.1: Percent of stakeholders who perceive the NTFC is enacting their agenda to strengthen trade facilitation in Paraguay;
- Custom Indicator 2.1: Average release time for agricultural goods; and,
- Custom Indicator 2.2: Average cost of trade for agricultural goods.

Additionally, the evaluation team reviewed life of project indicator targets, key priorities to achieve the project's goals, and the impact of COVID-19 on the activities and expected results of the project.

C. Findings

The Baseline Study uncovered several interesting insights for the T-FAST project to consider related to the three performance indicators, in measuring progress of the project, and for priority areas for focus of the project. The following are a sample of key highlights, with more detail and findings available in the Findings and Recommendations section of the report.

Stakeholder perception of the NTFC is already very positive

Based on the survey of NTFC stakeholders (30 responses representing 24 member institutions, a 69% response rate), including public sector and private sector, 70% responded with a positive perception that the NTFC is enacting its agenda for trade facilitation. That is a very high starting point for the project and may be a challenge to show significant improvement. However, in LINC's experience, this is not uncommon at the start of a project. Often respondents overestimate the performance of an institution because they are not fully aware of the best practices of a strong institution. As the project progresses and stakeholders raise their expectations for the NTFC, their perception may actually decrease before it begins to increase. Still, we believe that the end of project target of 85% of stakeholders perceiving that the NTFC is enacting its agenda is achievable.

Figure 1: Distribution of Survey Respondent Perception of NTFC Enacting Agenda (1-7 scale, 7 is best)

Perceived Current Functioning of the NTFC

Distribution of responses on a scale of 1-7 (7 is best)



While 70% of respondents rated the NTFC's enacting of its agenda with a 5 or 6 out of 7, there is still room for improvement. No respondents gave the NTFC a score of 7 out of 7, and some respondents rated the NTFC with scores of 1 or 2.

Data on release time for agricultural goods is not consistently available

The Customs Authority's SOFIA system is a comprehensive database that registers every foreign trade transaction¹ and releases necessary information transparently

¹ Transaction in this evaluation refers to a complete set of procedures that Customs needs to undertake to release a good. It usually involves the registration, verification of

to key stakeholders. However, it does not currently receive equivalent data across all transactions, nor is it connected to all providers of customs-related services. This represents a challenge for T-FAST and the NTFC to calculate complete and accurate release time for all transactions, and reduces the transparency of activities at customs and during pre- and post-customs procedures for external stakeholders.

Of particular note, the Customs Authority and the Single Import Window (VUI) have made great progress in recent years to both increase the availability of data for imports, and to decrease the release time at customs. The Single Export Window (VUE) does not have the same data available through the SOFIA System, though they do have similar data available on their own system. Increasing the number of pre- and post-customs activities that have digitized their transaction data and connected into the SOFIA system would likely have a substantial impact and increase transparency.

In terms of the average release time indicator, the current life of project target of a 30% reduction is achievable from the baseline value of 463 hours across imports and exports (this is disaggregated to 270 hours for imports and 526 hours for exports). For imports, there is significant opportunity for efficiencies in the time for pre- and post-customs procedures; for exports, there is substantial opportunity for improvement in the time required at customs.

Achieving reductions in average cash costs of trade will be a challenge

Several factors combine to create obstacles for reduction of average cost outlays, though there is a clear need to reduce some components of cost. There is general agreement from stakeholders that public institution tariffs and taxes are needed to support operations and would require more difficult agreements to change public policy. The remaining levers to reduce cash costs of trade are reducing corruption and reducing private customs broker fees. Those types of changes are also difficult to shift and will be met with stiff resistance. Additionally, due to the competitive nature of international trade, many of the costs borne by importers and exporters are kept proprietary and confidential, thus reducing transparency.

Beyond cash costs, we have added in a calculation of the opportunity cost of capital for the time goods spend in the customs process. This is calculated using the USD value of the goods that could otherwise be employed during the total release time for that shipment at the prevailing cost of capital according to Paraguay Central Bank (8.22% per year in 2019). For exports, this is a significant proportion of total

documentary compliance, if appropriate physical inspection, assigning value, and temporary storage while performing Customs process. Transaction refers to a "Despacho" in the Paraguayan foreign trade vocabulary. (Clearance for a shipment)

costs, while for most import products in the study it is not. The life of project target for the average cost indicator is a reduction of 14%, which was set as an ambitious target by IESC based on WTO estimates of the potential cost reduction for full implementation of the TFA. Simply looking at the breakdown of the costs at baseline, this is achievable for exports with a reduction in release time. For imports, the majority of cost is the VAT on the value of the goods, which is unlikely to change during the project. For a variety of reasons, we recommend adjusting or removing this indicator. Other measures of cost may be more appropriate for the project and suggestions are provided in the recommendations section of this report.

T-FAST would do well to prioritize three particular areas of need

First, as part of its work with the NTFC, T-FAST can support the committee to have a clear and agreed upon agenda and action plan. While the NTFC has been strong in communication and facilitating dialogue across institutions, stakeholders note that actions have been lacking. An action plan that NTFC members develop and agree to would have a measurable impact on results. The plan must include objectives, deadlines and responsible parties and progress must be monitored transparently. While T-FAST reports that UNCTAD has supported the NTFC to prepare action plans, Key Informant Interviews indicated that this is still an area of high priority.

Second, T-FAST can support the digitization and availability of data regarding the flow of trade. Currently, many processes and records are still paper-based, and others are not connected into the more comprehensive SOFIA system. There is ample opportunity to improve both the source databases and the number of source databases connected to SOFIA which will have an impact on the efficiency of international trade.

Third, as part of its work with the private sector, T-FAST can increase transparency, accountability and awareness among private sector actors. While the public sector does still need support for coordination and action planning, public institutions are clear on the relevant rules and regulations. The private sector, however, often is not aware of regulations and different private importers and exporters may even be following different processes resulting in different costs and time invested in customs.

II. Project and Report Background

A. Project Background

Paraguay is an agricultural, export-oriented economy. Approximately 50 percent of its export markets are intraregional with neighboring Southern American countries.

Two-way trade in goods between the U.S. and Paraguay totaled \$2.5 billion in 2018 and the U.S. is Paraguay's leading source of foreign direct investment. Due to limited domestic production, Paraguay relies on imported foods, such as vegetables, for dietary diversity. The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) aims to help Paraguay promote economic growth by improving the processes and transparency of trade facilitation to reflect international best practices and norms.

The 4-year, \$8.9 million Trade-Facilitating Agricultural Systems and Technology (T-FAST) Project, funded by the U.S. Department of Agriculture's Food for Progress program, aims to simplify, modernize, and harmonize processes for the export, import, and transit of agricultural goods in Paraguay. With the private and public sectors, the project is designed to reduce nontariff barriers to trade resulting in a 14 percent reduction in the cost of trade in agricultural goods and a 30 percent decrease in release time of agricultural goods. The project will create improvements in predictability through transparency and automatization of processes.

T-FAST supports five key activities to improve import and export processes in Paraguay and support Paraguay to fulfill TFA obligations. These activities consist of:

1. Capacity building for the National Trade Facilitation Committee (NTFC);
2. Capacity building of government institutions;
3. Capacity building of trade associations;
4. Provision of market and trade infrastructure; and
5. On-demand support to flexibly meet needs as they arise.

The project results framework is included in Annex D. The project's *Theory of Change* states that:

By developing a culture of continuous improvement, building organizational and human capacity to institute trade related improvements, and supporting the relevant physical infrastructure, Paraguay will fully implement the World Trade Organization's (WTO) Trade Facilitation Agreement in both letter and spirit. This will help make Paraguay more competitive in the global marketplace and increase the potential for regional and international agricultural trade.

The Paraguay National Trade Facilitation Committee (NTFC) was created by decree number 7102 in April 2017. As a signatory of the World Trade Organization Trade Facilitation Agreement, Paraguay has agreed to establish and maintain such a committee to coordinate efforts by the public and private sectors in working toward full compliance with WTO standards. Paraguay's NTFC was established with the goal

of developing a national strategic agenda for achieving full compliance through coordination and implementation of trade facilitation efforts.

The NTFC is overseen by the Ministry of Foreign Affairs and comprised of a Coordinator and Alternate Coordinator, a Secretary, and representatives of 27 public sector member institutions. Additionally, private sector institutions have been invited to participate in the NTFC. A list of the member institutions is included in Annex C.

Agricultural products are a core component of Paraguay's foreign trade, in particular among the most traded export products. Tables 1 and 2 below show the top agricultural export and import products in 2019.

Table 1: *Top Agricultural Export Products in 2019*

NCM	Description	US\$ FOB Value	% of total exports	Top Destination	Most Common Port
1201.90.00	Soy beans - others	1,576,109,561	19.78%	Argentina	Encarnacion
2304.00.10	Cakes and other solid residues, from the extraction of soybean oil (soy), even grounded or in pellets - Flour and Pellets	689,136,959	8.65%	Chile	Villeta
0202.30.00	Meat of bovine animals, frozen - boneless	554,552,521	6.96%	Russia	Caacupemi
1507.10.00	Soybean oil and its fractions, even refined, but not chemically modified - Crude oil, including degummed	388,711,292	4.88%	India	Villeta
1005.90.10	Corn - grain	399,832,411	5.02%	Brazil	Caacupemi
0201.30.00	Meat of bovine animals, fresh or refrigerated - boneless	467,725,631	5.87%	Chile	Chaco
1006.30.21	Rice - Semi-milled or blanched rice, whether or not polished or glazed - Not parboiled	112,440,751	1.41%	Brazil	Campestre S.A.
1001.99.00	Wheat and meslin - Others	82,088,728	1.03%	Brazil	Ter. De Cargas Km 12

Source: Central Bank of Paraguay (2020)

Table 2: *Top Agricultural Import Products in 2019*

NCM	Description	US\$ CIF Value	% of total imports	Top Origin	Most Common Port
2106.90.30	Food preparations not expressed or included elsewhere - other - food supplements	13,087,867	0.10%	USA	Terport - Villeta

1806.90.00	Chocolate and other food preparations containing cocoa - others.	15,634,863	0.12%	Brazil	Ita Enramada
3808.92.99	Insecticides, rodenticides, fungicides, herbicides, germination inhibitors and regulators of the plant growth, disinfectants and similar products, presented in forms or packages for retail sale, or as preparations or in articles, such as tapes, sulfured wicks and spark plugs, and fly killer papers - others.	119,594,168	0.95%	Brazil	Ciudad del Este
3105.20.00	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Mineral or chemical fertilizers with the three fertilizing elements: nitrogen, phosphorus and potassium.	90,159,821	0.72%	Brazil	Ciudad del Este
3105.40.00	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Ammonium dihydrogen orthophosphate (monoammonium phosphate), even mixed with diammonium hydrogen orthophosphate (diammonium phosphate)	87,883,933	0.70%	China	Ciudad del Este

Source: Central Bank of Paraguay (2020)

For this report, we focus on products related to agriculture. In the case of exports: soybeans, cakes and solid residues from the extraction of soybean oil, frozen beef, soybean oil, corn, fresh beef, rice and wheat. In the case of imports: food preparations, chocolate and food preparations with cocoa, insecticides and mineral fertilizers.

B. Report Background

The T-FAST project design includes a requirement for an independent third-party contractor to conduct a T-FAST Baseline Study, Mid-term Evaluation, and Final Evaluation to better understand the T-FAST project's performance over time. LINC, with Paraguayan partner Instituto Desarrollo, was selected by IESC to implement the three evaluations. This report focuses only on the Baseline Study.

The Baseline Study is designed to provide baseline information for indicator data that will be used for performance monitoring to annually track actual results against

planned targets, validate and revisit assumptions that were made in the project design, monitor the assumptions during project implementation, and identify potential threats to project success. The Baseline Study was designed primarily to obtain baseline values for the following three performance indicators:

- Custom Indicator 1.1: Percent of stakeholders who perceive the NTFC is enacting their agenda to strengthen trade facilitation in Paraguay;
- Custom Indicator 2.1: Average release time for agricultural goods; and,
- Custom Indicator 2.2: Average cost of trade for agricultural goods.

For the Baseline Study, some additional research questions have been identified to support the T-FAST project to make progress and adapt to the evolving context in Paraguay:

- What are the baseline values for the indicators?
- Do the annual and life of project targets need revision or adjustments?
- Does the project theory of change still hold?
- Are the assumptions still valid?
- What activities should the project focus most on?
- What are the potential impacts of COVID-19 on project implementation that may affect the ability to deliver results? Recommendations to relevant adjustments to approach or targets shall be included in this analysis.
- What are the potential impacts of COVID-19 on beneficiaries' ability to absorb and practice knowledge transferred by the project?

It is important to note that the T-FAST project began in October 2019. While much of the first months of the project focused on start-up activities, several initial advocacy activities have begun implementation prior to this Baseline Study. Where objective quantitative data exists for prior time periods, the evaluation team has used that data. Where primary research was required, in order to maintain the accuracy and integrity of the data, the evaluation team used current information as of October 2020.

III. Baseline Study Methods

LINC and Instituto Desarrollo designed a methodology for data collection and analysis to take into account the needs for this Baseline Study, future midterm and endline evaluations, the Paraguayan context, and the timeframe. The Study has included secondary data analysis, a remote survey of NTFC stakeholders, key

informant interviews, and analysis of extracts from relevant databases for trade in Paraguay.

In total, the Baseline Study incorporated the following sources:

- **30 Survey Responses** from 24 member institutions of the NTFC, including 23 public sector respondents and 7 private sector respondents. This represented a response of 69% of member institutions with current representation on the NTFC. The survey was open for data collection from October 10 through October 30, 2020. The survey used is included in Annex A.
- **13 Key Informant Interviews** including 7 representatives of NTFC member institutions, non-member private sector stakeholders in international trade, and external stakeholders such as USDA. The interviews were conducted from September 23 through October 30, 2020 with some follow-up afterwards. The semi-structured interview guide is included in Annex A.
- **Desk review** of relevant background documents, including both project produced documents such as the PMP, Evaluation Plan, and semi-annual reports, and external reports from international sources such as OECD, World Bank, and World Customs Organization.
- **SOFIA System Data** on international transactions of 5 import products and 8 export products during 2019.
- **International Trade Data** from private sector software and quotes from private sector Customs Brokers to understand the average transaction and relevant costs for 4 import products and 8 export products. The time frame used to determine average transactions was 2019, and the costs are based on current (October 2020) estimates.

More details follow for the specific methods applied to understand and determine baseline values for the three performance indicators that were the primary target of this study.

A. Custom Indicator Calculation Methods

A.1. Percent of stakeholders who perceive the NTFC is enacting their agenda to strengthen trade facilitation in Paraguay

This indicator value is calculated based primarily on the results of a remote survey of NTFC stakeholders. The survey design includes closed-ended questions to categorize the respondents' relationship with the NTFC and then follows with a series of closed-ended Likert Scale questions within five key areas of responsibility

for the NTFC: Communications, Implementation, Governance, Relevance, and Effectiveness. Within each area of responsibility, respondents indicated their perception of the NTFC on three to eight specific questions along a four-option scale (0-3) ranging from “strongly disagree” (value of 0) to “strongly agree” (value of 3). Respondents were also given an “I don’t know” option for any question for which they did not have enough knowledge to respond. A final question asked respondents to give the overall perception of how well the NTFC is enacting their agenda on a scale of 1-7 (where 1 is the lowest rating, 4 is neutral and 7 is the highest rating; and any rating of 5-7 is considered “positive”). Given that this Baseline Study is taking place nearly a year after the project started, that final question is asked in two parts. First asking the perception of the current impact of the NTFC, and second asking for the perception as of the final quarter of 2019 (October to December of 2019).

NTFC leadership provided the evaluation team with their input and feedback. Prior to release of the survey, NTFC presented the survey to members at their regular meeting on October 9, 2020, where it was accepted by the membership. Based on that acceptance, the NTFC provided the evaluation team a complete list of the points of contact for representatives and alternates from each member institution. While there are officially 39 total member institutions (27 public sector institutions and 12 private sector institutions), it is important to note that only 35 have currently appointed representatives.²

The survey was sent to 95 individuals from the 35 member institutions with points of contact. Additionally, at the end of the survey, respondents were asked to indicate any additional individuals within their institution who could provide insight into the functioning of the NTFC by completing the survey. By the end of data collection, a total of 30 respondents from 24 institutions completed the survey, representing 62% of all 39 member institutions and **69%** of member institutions with current representatives.

To deepen the understanding and provide further nuance to the survey results, the evaluation team conducted key informant interviews with representatives of NTFC member institutions, and with some additional stakeholders in international trade such as private sector actors and customs brokers.

² Of the 27 public sector institutions, 4 have no representative assigned and 1 has had its representation expire. Still, the representative from that institution participated in the survey.

A.2. Average Release Time for Agricultural Goods

The methodology for collecting baseline information for average release time for agricultural-related goods relies primarily on official statistics from the Customs' SOFIA system. In this sub-section, we provide an overview of the SOFIA system and the steps the evaluation team followed to request a data extract from SOFIA and calculate average release time for this indicator.

The SOFIA System: SOFIA is the Spanish language acronym for the Customs Tax Fiscal Ordering System. The SOFIA system was developed starting in 1992, initially with the support of French Customs. SOFIA started operations in 1995.³

Today, SOFIA interconnects the National Customs Directorate (DNA, acronym in Spanish) with the different users linked to its activity: Customs Brokers, Importers, Exporters, Freight and Transport Agents, Insurance Companies, Transport Companies, Express Remittance Companies, Commodity Depositaries, among others. It also links the DNA with, and shares available data with, state banking entities (Central Bank of Paraguay and National Development Bank), as well as private banks (11 in total) for the provision of statistical information on foreign trade and the provision of electronic payment of taxes. Furthermore, SOFIA also connects DNA with: (i) the Ministry of Finance, allowing automatic transfers of the resources collected by the DNA to the accounts of the Public Treasury; (ii) the Ministry of Industry and Commerce, administrator of the Single Export Window (VUE, acronym in Spanish); (iii) Government Organizations interconnected to the Single Import Window (VUI, acronym in Spanish); (iv) Justice Sector entities, such as the Prosecutors Office; (v) the Customs of the MERCOSUR bloc; (vi) International Organizations, such as ALADI, WCO, and others; (vii) the Private Sector, including the Paraguayan Importers Center (CIP), the Paraguayan Industrial Union (UIP), and the Paraguayan Customs Brokers Center (CDAP). SOFIA is a very comprehensive system that registers every foreign trade transaction and releases key information to key stakeholders. In 2019, SOFIA registered transactions in 1,026 customs tariff classifications for import products and 672 customs tariff classifications for export products.

For imports, the SOFIA System reports three phases: pre-customs, customs, and post-customs transactions. However, it is important to note that SOFIA does not have equivalent data for exports, only reporting on time at customs without data available for pre- or post-customs phases. As noted in more detail below in the Limitations section, the Single Import Window (VUI) is managed by the Customs

³ National Customs Directorate, 2020

Authority directly. The Single Export Window (VUE) is separately managed by the Ministry of Industry and Commerce, and its data is not reported by the SOFIA System. However, VUE does have data available for pre-customs release time. It would be useful to the NTFC and other policymakers to access foreign trade data in a complete and integrated system. As INAN's SIGRA system continues to improve and other key public institutions also work to improve their digital data systems, the data that is available in a timely and integrated manner will improve. It would also be valuable to support the creation of an integrated Single Foreign Trade Window (combining the VUI and VUE), where all pre-customs, customs, and post-customs actions related to foreign trade are processed and reported in one place.

Calculating Average Release Time: Every year there are thousands of foreign trade transactions in Paraguay. In order to calculate a meaningful value for average release time for agricultural products, the evaluation team followed the guidelines of the T-FAST Project Evaluation Plan. Paraguay's SOFIA system facilitates a detailed and accurate calculation due to the availability of data on every foreign trade transaction. This data, in conjunction with data from VUE on pre-customs release time for exports, provides the information required to calculate total release time by product, means of transportation, phase (pre-customs, customs, post-customs for imports, and pre-customs, customs for exports), and channel (green, orange, red – at customs only). The team measured the average time taken to import and export agricultural-related goods using available data. Data on the time to trade across borders were taken from the comprehensive SOFIA database, and complemented by data from VUE. The data is disaggregated by means of transportation of the product (truck, water, plane) and by control channels (green, orange, red). The data is additionally disaggregated by phases (pre-customs, customs, and post-customs for imports; pre-customs and customs for exports). It is important to note here that control channels are only assigned at customs and only affect clearance procedures for shipments at customs, not pre- or post-customs procedures.

The T-FAST Project Performance Monitoring Plan suggests which export and import product categories to monitor throughout the project. Products for export include: soy (grains, oil and meal), corn, rice, wheat, and bovine meat (frozen and fresh). Products for import include: processed food for human consumption; animal food; beverages, wines, and spirits; agrochemicals; and animal, vegetable fats, and oils.

To analyze the average customs release time for agricultural related goods, the team used three sources: (i) the SOFIA database for import times at pre-customs, customs and post-customs and for export times at customs; (ii) VUE data for export times only for the pre-customs phase; and (iii) the Central Bank for overall

import and export trade statistics by product. Note that based on the process defined below, the selected specific products (as defined by their 8-digit detailed product code⁴) fall within the categories identified in the T-FAST PMP. The team then requested the full set of data for those selected products from the SOFIA system and from the VUE database to calculate average release times for 2019.

The Central Bank of Paraguay makes trade data available to the public for import and export goods including value and volume of trade by detailed product code and trade partner. By reviewing that data on trade values and volumes, the team selected the top eight agricultural export products by trade value for 2019, and five of the most imported agricultural products by trade value for 2019, as shown in Tables 1 and 2 above in the Project Background section. Note that imports include a much more diversified range of products with each product representing a smaller portion of total trade.

With these product codes, the SOFIA system provided a detailed data extract for the release times of foreign trade for the specific agricultural products for 2019. The information structure provided by the SOFIA System is presented in Annex F. Additionally, MIC's VUE provided a detailed data extract from their system for pre-customs release times for the same export product codes for 2019. From this information, we calculate the times that are presented in the Tables in the findings section below. For the mid-term and end-line evaluations, the team will be able to compare release times for the same specific products disaggregated by channel and phase for the mid-term and end-line years or another 12 month period if that is deemed more relevant.

The SOFIA System provides time release information disaggregated by pre-customs, customs, and post-customs procedures for imports. Pre-customs procedures include procedures to obtain import licenses, to provide customs declaration, and to provide cargo declaration. Customs procedures include the application of security procedures, comprising document verification, registration, physical examination of goods, value assessment, and clearing goods for import. Post-customs procedures include any remaining payments, temporary storage, cargo loading/unloading, and internal transport within customs facilities.

⁴ Paraguay uses NCM (MERCOSUR Common Nomenclature) tariff codes for identifying products, similar to the HS (Harmonized System) codes used by WCO. More information on NCM codes can be found on their website: <https://www.mercosur.int/politica-comercial/ncm/>

A.3. Average Cost of Trade for Agricultural Goods

The methodology for collecting baseline information for average cost of trade for agricultural-related goods is based on two main components: direct cash costs, and an estimated opportunity cost based on the cost of capital needed to finance the goods while in process. The direct cash costs include Fees (pre- and post-customs procedural costs charged by institutions that regulate aspects of foreign trade), Tariffs (customs duties), Taxes (VAT, Income taxes), and professional fees charged by private customs brokers that render their services helping exporters and importers to navigate the procedures to move goods through the borders of Paraguay. The opportunity cost of capital for the value of goods unable to be employed during the time spent on pre-customs, customs, and post-customs activities is valued at the prevailing cost of capital (8.22% annually in Guarani for 2019 as published by the Central Bank).

The selection of goods to be analyzed began with the same set as those for the previous indicator (average release time), starting with the list of general products indicated in the project's PMP. After further analysis searching for the highest value trades, the team discovered that the top 10 goods by export value contained the categories indicated in the PMP, therefore the calculation focused on those specific product tariff codes / customs classifications. For imports, which included a more diverse set of products, the team focused on agricultural goods indicated in the project's PMP that represent at least 0.1% of import share.

The customs brokers are a limited number of licensed trade professionals who are recognized by the Customs authority as the only ones with the permission to work through the import/export process. This is seen in the Customs Code Law No 2422/2004, Article 20 in which its scope is defined as: *The Customs Broker is an individual acting as an auxiliary agent for trade and the customs service, authorized by the National Directorate of Customs, acting on behalf of the importer or exporter to carry out formalities and measures relating to customs operations. To perform its role, the National Customs Directorate shall grant the registration of Customs Broker, once the requirements set out in this Code and the regulatory rules have been met.* It is worth noting that these brokers are free agents in the market and there is no regulation obligating any trader to employ any specific customs broker, making this market a competitive one.

Customs brokers are supporting both traders and the Customs Authority. Their services and compensation are driven by a combination of market forces and well-defined customs duties that are collected. The law specifies the amount of broker fees, but brokers usually charge only a fraction of the amount the law establishes in

order to remain competitive. There is no public registry compiling the cost for every trade completed across the system.

To overcome the limitation of no relevant public cost registry, the evaluation team used Penta-Transaction, a private commercial intelligence software for foreign trade. Penta-Transaction shows the CIF/FOB price for every trade made in the time period of focus for the Baseline Study (2019), however this level of information is not sufficient for calculation of this indicator. To address this shortcoming, the team used Penta-Transaction software to determine the “most common” transaction for the specific products within each import/export category, and then requested detailed quotations for all costs from two customs brokers for those shipments. To generate a detailed and specific quotation for the most common transaction, the evaluation team needed to define: country of origin, type of trade (import/export), good identified by 8-digit tariff code, CIF/FOB price, Port of Departure, Port of Destination.

Penta-Transaction software indicated the relevant information for the most common transaction for the following products (with average shipment value in parenthesis as reported by the Penta-Transaction system in U.S. dollars):

For Export:

- Soy in bulk (500,000 USD),
- Cakes and solid residues from the extraction of soybean oil (500,000 USD),
- Frozen beef (100,000 USD),
- Soybean oil or soybeans and their fractions (1,300,000 USD),
- Maize or corn (100,000 USD),
- Fresh or chilled beef (100,000 USD),
- Rice (100,000 USD), and
- Wheat and meslin (100,000 USD)

For Import:

- Miscellaneous edible preparations (100,000 USD),
- Chocolate and other food preparations containing cocoa (100,000 USD),
- Insecticides, rodenticides, fungicides, herbicides, disinfectants, and inhibitors (500,000 USD), and
- Mineral or chemical fertilizers (500,000 USD).

More specifically, information from Penta-Transaction on the most common transactions for selected products includes country of origin, type of trade (import/export), good identified by 8-digit tariff code, CIF/FOB price, port of

departure, and port of destination. In agreement with the customs brokers involved, and inspired in the World Bank Doing Business methodology, we decided to choose similar and rounded values at a level where estimated costs will follow a proportional path to changes in values. That is, we worked with similar values for a smoother estimation and communication without losing relevance and material information.

These values were agreed upon with the customs brokers to receive accurate quotes for costs and to facilitate comparability across products. The quotes include costs for fees at pre-customs, customs, and post-customs procedures (some fixed costs and some variable according to the product/volume/value), tariffs, taxes, and professional service fees.

Note that, release time and average cost are connected. An opportunity cost of capital for the value of the goods not employed elsewhere during the time spent on pre-customs, customs, and post-customs activities does exist. To account for this, the evaluation team used a simplistic calculation to value the opportunity cost of that time at the prevailing cost of capital (approximately 9% annually in Guarani for 2019), as mentioned above.

B. Limitations

It is important to note some key limitations of this Baseline Study.

Time period analyzed: As indicated above, the T-FAST project began in late 2019, meaning that this study to calculate baseline values for several indicators is being conducted nearly a year into the project. This is not the ideal timeline, and will affect the starting point used as Baseline levels for some indicators. Fortunately, data for indicator 2.1 on average release time were available in the SOFIA system for a time period more appropriate to the start of the project.

For indicator 1.1 on stakeholder perception of the NTFC, the team collected perception survey data at the time of the study, making an informed assumption that there is less bias in asking for *current* perception rather than perception at an earlier time. That said, to mitigate the potential for missing a large change in perception between the start of the project and the time of the baseline study, the survey included one additional question asking about perceived effectiveness of the NTFC in enacting its agenda as of October-December 2019. As shown in the findings section below, two-thirds of respondents (67%) did not indicate a change in perception from 2019.

For indicator 2.2 on average cost of trade, the team collected quotes from customs brokers for the most common transactions of 2019. However, as the brokers could not be expected to accurately estimate a quote for a transaction taking place in the past, the quotes were for the same transaction at the present time. Given that there is likely to be a delay between a project intervention and a change in quoted costs for international trade of agricultural goods, this is not seen to be a material limitation for the baseline values to be compared to future calculations.

Data availability: The SOFIA system contains a comprehensive set of data which has been and is expected to continue to be valuable and necessary to calculate average release times. However, it is necessary to note disparities in the availability and handling of data for imports versus that of exports. The Single Import Window (VUI) is managed by the Customs Authority (DNA) directly and the SOFIA system contains complete data for all import transactions, including pre-customs, customs and post-customs. The Single Export Window (VUE) is separately managed by the Ministry of Industry and Commerce. VUE currently tracks pre-customs release time for exports up until goods arrive at customs at which point DNA is responsible for the procedures. Post-customs procedures are at the discretion of the private importer/exporter, and do not formally fall under the mandate of either VUI or VUE. However, because DNA is also responsible for VUI and they have access to data on post-customs activities, they have decided to include that information for imports. VUE does not have direct insight into post-customs activities (or other activities after the goods arrive at customs) and VUI does not need the data – this information essentially “falls through the cracks” in the system. This means that release time data is readily available for pre-customs, customs and post-customs for imports, and for pre-customs and customs for exports, missing post-customs processing times for exports. For the purposes of this Baseline Study, there is no way to collect the post-customs time for exports. The pre-customs and customs data that is available is very complete and, as a whole, provides sufficient information to calculate a baseline value that can be replicated and compared at mid-term and end-line. It may be possible for SOFIA to incorporate post-customs release times for exports in the future.

Similarly, very limited data exists on costs for international trade. Given the competitiveness within the private sector for import and export products, accurate information is often kept proprietary. The team has developed a creative approach to collecting and analyzing replicable and comparable data through the use of the SOFIA System, the Penta-Transaction software system, and quotes from customs brokers. The main advantage of our proposed methods is that it is based on the strength of the information collected on the comprehensive SOFIA System, and uses the same quotations for cost that importers/exporters rely on from customs

brokers. Other methods could have been used, but would likely have had additional risks of inaccuracy and would have been far more costly and time consuming than the Baseline Study timeline and budget would have allowed. For example, the World Bank Doing Business methodology for calculating cost relies on information reported directly from importers and exporters collected through surveys. However this method takes significant time⁵ and resources, and includes potential biases based on the record keeping of companies, the number of people at a company who may be responsible for trade, etc. All that said, other options for capturing change in the cost of foreign trade are discussed in the recommendations section below.

IV. Findings and Recommendations

The Baseline Study has revealed several findings and recommendations for the T-FAST project to consider as it continues its progress, and to incorporate in future monitoring and future evaluations. This section of the report is organized around the Baseline Study research questions.

A. What are the baseline values for the three custom indicators? Do the annual and life of project targets need revision or adjustments?

A.1. Percent of stakeholders who perceive the NTFC is enacting their agenda to strengthen trade facilitation in Paraguay

The core of the perception survey sent to representatives of the NTFC member institutions focuses on perceived capacity of the NTFC within five areas of responsibility, and an overall “impact” score for the perception that the NTFC is effectively enacting its agenda (see Annex A for the final survey used). Of the 39 official member institutions, 27 are public sector and 12 are private sector institutions. At the time of this study, 35 of those member institutions had a representative assigned (23 public sector and 12 private sector). The survey received 30 responses from representatives at 24 institutions (which is 62% of the total number of member institutions and 69% of the institutions that have current representation on the Committee).

The survey results show that the NTFC is already perceived positively in general, though there is some space for improvement. The scores for each of the five areas of responsibility are quite high, with a large majority of respondents indicating that they agree or strongly agree with positive statements in each area. Tables 3 and 4 below show the results of the survey for each area and for the overall perception of

⁵ According to interviews with individuals who supported the World Bank study in Paraguay, this type of data collection and analysis could take up to 9-12 months.

the NTFC. Note that the averages and percentages below are calculated as simple averages for the public sector respondents, private sector respondents and all respondents with no weighting applied to responses.

In Table 3, for the five areas of responsibility, each question provided respondents with a positive statement of the NTFC's work in that area and asked respondents to rate their agreement on a Likert scale from 0-3 (totally disagree, disagree, agree, totally agree). Average scores of 1.5 or higher were considered to mean agreement.

Table 3: *Survey Respondent Perception of NTFC Capacity by Area of Responsibility*

Area of Responsibility	All Respondents (n=30)		Public Sector (n=23)		Private Sector (n=7)	
	Avg (0-3)	% Agree (>1.5)	Avg (0-3)	% Agree	Avg (0-3)	% Agree
Communications	2.12	88.9%	2.05	85.0%	2.32	100.0%
Implementation	1.98	77.8%	1.90	70.0%	2.18	100.0%
Governance	2.16	96.4%	2.12	95.2%	2.26	100.0%
Relevance	2.23	96.4%	2.13	95.2%	2.52	100.0%
Effectiveness	2.12	81.5%	2.03	75.0%	2.38	100.0%

Source: LINC/Instituto Desarrollo survey analysis (2020)

In Table 4, for the overall perception of the NTFC, respondents were asked how they would rate the committee in its work toward enacting its agenda. Respondents answered on a Likert scale from 1-7 with 1 indicating the lowest rating, 4 a neutral rating, and 7 the highest rating. Any rating of 5-7 is considered "positive".

Table 4: *Survey Respondent Perception of NTFC Enacting Agenda*

Perception Time Period	All Respondents (n=30)		Public Sector (n=23)		Private Sector (n=7)	
	Avg (0-7)	% Positive (5-7)	Avg (0-7)	% Positive	Avg (0-7)	% Positive
Current Perception of NTFC Enacting Agenda	4.73	70.0%	4.65	73.9%	5.00	57.1%
Q4 2019 Perception of NTFC Enacting Agenda	4.70	66.7%	4.70	69.6%	4.71	57.1%

Source: LINC/Instituto Desarrollo survey analysis (2020)

Figure 2: The distribution shows the majority of respondents have a positive perception of the NTFC already, but there is room for improvement

Perceived Current Functioning of the NTFC

Distribution of responses on a scale of 1-7 (7 is best)



Source: LINC/Insituto Desarrollo survey analysis (2020)

As noted in Table 3 above, over 85% of participants agreed that the NTFC has capacity⁶ in three of the five areas of responsibility: Communication, Governance and Relevance. The remaining two areas still indicate that over 75% of respondents agree NTFC has good capacity, though there is more room for improvement in those areas: Implementation and Effectiveness. When disaggregating the scores by sector, it is noteworthy that 100% of private sector respondents agreed that the NTFC has adequate capacity in all five of the areas of responsibility. This fits with the answers to open-ended questions on the survey and Key Informant Interviews that indicate that the NTFC has been more responsive to private sector needs than public sector institutions.

Table 4 above shows the results of responses to two questions about overall effectiveness of the NTFC, covering the current perception and the perception as of the project start. The questions ask "on a scale of 1-7, how would you rate the functioning of the NTFC toward enacting its agenda?" first for the current time (October 2020) and second for the last quarter of 2019 (October-December 2019). In the 1 to 7 scale with 7 being the best and 4 considered neutral, responses averaged 4.73 which is into the positive range, and indicate a very slight increase over the perceived functioning the same time last year (4.70). Again, when disaggregated, the private sector representatives had a more positive impression of the NTFC than the public sector (5.00 and 4.65 respectively). As the indicator is

⁶ See the survey instrument in Annex A for more details on the specific types of capacity respondents were asked about for each area of responsibility

currently written, the percent stakeholders who perceive the NTFC is enacting their agenda stands at 70%, meaning that 70% of respondents rated the NTFC at a score of 5 or higher out of 7 (4 being neutral). In this case, the public sector has a higher proportion of respondents with a positive perception than the private sector (74% and 57% respectively).

The interviews with key stakeholders provided more nuance to the scores calculated from the survey. As indicated in the survey, NTFC communications are quite positively perceived. Interviews confirmed that this is a strength of the NTFC. However, there have been some moments in the past year where communications from the Government of Paraguay related to international trade have not been well-coordinated, in particular as the coronavirus pandemic struck and a coordinated response would have been valuable. Interviewees and survey respondents also noted that there is a lack of transparent publication of important public information, including regulations, costs, wait times, and other key metrics of efficiency of international trade in Paraguay.

Additionally, there is a perception that governance has been improving over the past few years (the NTFC was established five years ago). There has not been much rotation of the individual members of the NTFC which has been helpful in terms of consistency, but is also seen to be hampering change. The improved governance has yet to have as positive an impact on implementation. New regulations are being added and old ones are still in effect, meaning an overall increase in regulations that interviewees questioned the need for. At the same time, a general perception has been that, with the exception of the Customs Authority, very little action has been taken for improvement, and the NTFC has not consistently converted discussions into decisions and actions.

Interviewees indicated the importance of the role of the NTFC as a coordinator. As a body that brings together all of the key institutions involved in trade facilitation, it has great potential to streamline processes and solve problems that require multiple institutions to engage. The need to strengthen the NTFC and its ability to coordinate, align members behind a common agenda, and facilitate action was highlighted as well.

International experts interviewed added that in addition to a perception survey of the type employed for this indicator, there are other valuable measures of NTFC effectiveness to consider. For example, the proportion of member organizations whose representatives to the Committee come from their institutional leadership (as opposed to junior or mid-level managers) is an indication of the perceived value of the NTFC. More detail is provided in the recommendations section below.

Conclusions:

A key challenge to the project may be to increase the percentage of stakeholders with a positive perception of the NTFC given that the baseline starting point is already high at 70%. While there is still room for improvement, including in some specific areas, T-FAST could consider adjusting the indicator to the average rating rather than percentage. This average rating is 4.73 at baseline which is also quite high, but may show more of a shift over time, especially by increasing the scores of those who gave very low ratings of 1-3.

If the indicator remains the percentage of stakeholders with a positive perception, the annual targets will need to shift as well. Currently, the baseline already exceeds the targets set for Years 1, 2 and 3, with Year 4 at a modest increase to 85%. The end of project target is achievable at 85% and would still be a positive result for the project. Note that in LINC's experience with these types of self-reported assessments of strengths and weaknesses, respondents often overestimate strengths during the baseline (see text box "Overestimating Performance" for more detail). For this reason, we recommend shifting the year 2 and 3 targets to 60% and 70% respectively.

Overestimating Performance

Based on LINC's experience, often, during a baseline assessment, stakeholders overestimate the strengths of an organization or institution. This is usually due to a lack of information on what a strong institution is capable of. As a project builds capacity of that institution, the stakeholders learn more about what the institution should be able to accomplish and score the strengths more accurately – this may be accompanied by an initial decrease in score in year 2, followed later by increases.

Another challenge for the project and the NTFC is that of the 39 member institutions listed by the NTFC, only 34 have current membership. This is a potential area of support to the NTFC and one where we expect to see change over time. Again, there is more detail provided in the recommendations section below.

A.2 Average Release Time for Agricultural Goods

A summary information table of average time release of agricultural products for exports and imports is presented in Table 5. All times are calculated in hours, on a 24/7 basis rather than based on office hours. We observe that while there is very limited scope for improvement in import procedures at customs in 2019, there is significant scope for improvement in pre- and post-customs procedures for imports. At the same time, for exports, though the time at pre-customs is already quite low, there is still significant room for improvement at customs.

Table 5: *Summary of Time release in Foreign Trade Disaggregated by Category and Phase*

Category	Number of transactions	Total time (hours)	Average time (hours)
All Foreign Trade	6,360	2,944,839	463
Disaggregation:			
Total Import	1,567	423,448	270
Pre-customs	1,567	231,913	148
Customs	1,567	6,626	4
Post-customs	1,567	184,908	118
Total Export *	4,793	2,521,391	526
Pre-customs **	4,793	27,521	6
Customs	4,793	2,493,871	520

* - Note that for exports, this only includes pre-customs and customs as data is not available for post-customs.

** - Since pre-custom data comes from VUE and are not matched precisely to the data provided by DNA's SOFIA, we imputed the total hours of pre-customs export procedures using the average time from VUE.

For foreign trade categories there are three channels of selectivity based on risk: (i) a green channel for low risk importers / exporters and associated products that pass through customs based on a minimal document review, (ii) an orange channel for medium risk shipments that pass through customs with a document review (no visual/physical inspection of the shipment, and (iii) a red channel for higher risk shipments with careful physical and document controls. Goods are assigned to a channel through a set of established, but not publicly disclosed criteria based on risk analysis. Note that channels are assigned at customs and do not affect procedures for pre- and post-customs, therefore, the team only disaggregated average times by channel for the time at customs. Pre-customs and post-customs release times are always shown across all channels.

Table 6 presents the time release summary across all export products studied, disaggregated by phase (customs and pre-customs) and channel (green and red, at customs only). Note that while an orange channel is available for exports, in the study's 2019 sample of products, there were no orange channel transactions for exports. The average time at customs for exports through the green channel is 25% faster than the red channel. Agricultural exports through the green channel took on average 511 hours per transaction in 2019, whereas export products through the red channel took an average of 679 hours. We also observe that pre-customs time for exports is much shorter than time at customs, and that overall, exports require more time than imports.

Table 6: *Profile of Export Time Release (TR) – 2019*

Phase	Channel	Number of transactions	Total time (hours)	Average time (hours)
Total	All Channels	4,793	2,521,391	526
<i>Summary for all products disaggregated by phase and channel</i>				
Pre-customs*	All channels	4,793	27,521	6
Customs	Green	4,539	2,321,401	511
Customs	Red	254	172,470	679

Source: National Customs Authority, SOFIA System (2020), and VUE (2021)

* - Since pre-custom data comes from VUE and are not matched precisely to the data provided by DNA's SOFIA, we imputed the total hours of pre-customs export procedures using the average time from VUE (3.99 hours applied to 516 export transactions).

Table 7 presents the time release summary across all import products studied, disaggregated by phase (pre-customs, customs, and post-customs) and channel (green, orange, and red, at customs only). The average time at customs for imports through the green channel is more than 99% faster than the red channel. We observe that customs procedures for imports at customs were quite efficient in 2019, even through the red channel. The main challenge for trade facilitation relies on pre- and post-customs procedures for import. Agricultural related imports through the green channel took on average only 0.028 hours (1.7 minutes) per transaction in 2019. That is, imports at the green channel were granted an automatic pass, according to the SOFIA System records. Even imports that were selected for the red channel took only 12.4 hours to go through customs procedures in 2019. As mentioned, customs procedures for imports seem to be quite efficient, the main challenges seem to lie in pre- and post-customs procedures as will be discussed below.

For imports, the SOFIA System reports the total time disaggregated by three phases: pre-customs, customs, and post-customs. Pre-customs procedures include procedures to obtain import licenses, to provide customs declaration, and to provide cargo declaration. Customs procedures include the application of security procedures, comprising document verification, registration, physical examination of goods, value assessment, and clearing goods for import. Post-customs procedures include any remaining payments, temporary storage, cargo loading/unloading, and internal transport within customs facilities.⁷ In Table 7, we can observe that while there is very limited scope for improvement in import procedures at customs in 2019, there are significant scope for improvement in pre- and post-customs procedures.

⁷ The number of subsystems connected to SOFIA can be traced back for the period of 2019-2021 for the midterm evaluation. Similarly, the number of activities tracked in pre- and post-customs phases can be tracked and reported at midterm if considered useful.

Table 7: Profile of Import Time Release (TR) – 2019

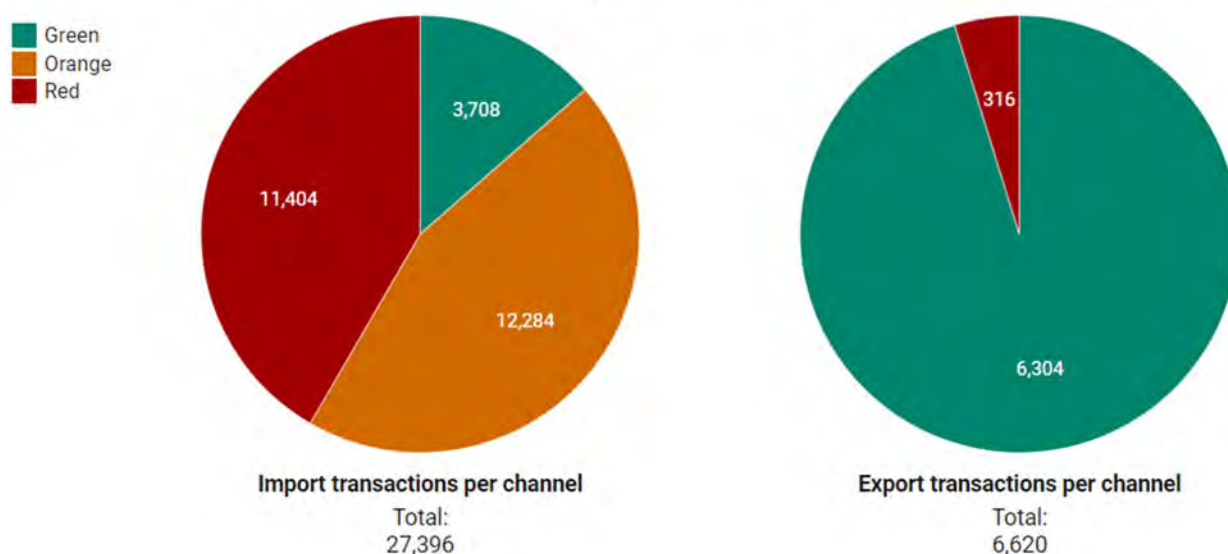
Phases	Channel	Number of transactions	Total time (hours)	Average time (hours)
Total	All Channels	1,567	423,448	270.23
<i>Summary for all products disaggregated by phase and channel</i>				
Pre-Custom	All Channels	1,567	231,913	148.00
Custom	Green	395	11	0.03
Custom	Orange	649	113	0.17
Custom	Red	523	6,502	12.43
Post Custom	All Channels	1,567	184,908	118.00

Source: National Customs Authority, SOFIA System (2020)

Figure 3 below shows the total number and share of transactions that were assigned to each channel (Green, Orange, Red) during the entire calendar year 2019. The unit for the chart is the transaction, and each transaction could include very different volumes and values of products. The greatest share (95%) of exports were assigned to the green channel, while the smallest share (14%) of imports went through that channel. In 2019, VUE was working to facilitate exports with more shipments assigned to the green channel, and no shipments for the selected products in this study were assigned to the orange channel.

Figure 3: Total number and share of transactions by channel for the year 2019 (imports and exports)

Number and Share of Transactions by Channel in 2019



Source: National Customs Authority, SOFIA System (2020)

Tables 8-15 look in more detail at the release times for each product selected for study. Table 8 starts with a summary of total times for each product. We can

observe that all export products take more time at customs than pre-customs. Soybeans have the longest total release time for export at 875 hours on average for 2019. Fresh or refrigerated beef has the shortest total release time for export with an average of 212 hours, significantly shorter than soybeans. For imports, again we see that all products take very little time on average at customs with more of their total time coming from pre-customs and post-customs procedures. Food preparations have the shortest total release time for import at 184 hours on average, while the two types of fertilizers studied had the highest average release time of 533 and 639 hours.

Table 8: *Summary of average release time by product for export and import*

		Average Time (hours)			
Product Tariff Code	Product Description (brief)	Pre-Customs	Customs	Post-Customs	Total
<i>Export products</i>					
1201.90.00.000T	Soybeans (others)	9.82	865.03	N/A	874.86
2304.00.10.000W	Cakes & solid residues from soybean oil	9.19	380.40	N/A	389.59
0202.30.00.000T	Frozen beef	6.69	370.67	N/A	377.36
1507.10.00.000K	Soybean oil	10.26	454.12	N/A	464.38
1005.90.10.000N	Corn	6.51	732.15	N/A	738.67
0201.30.00.000Z	Fresh or refrigerated beef	2.79	208.76	N/A	211.55
1006.30.21.000P	Rice	5.97	525.12	N/A	531.09
1001.99.00.000M	Wheat (others)	3.47	677.40	N/A	680.87
<i>Import products</i>					
2106.90.30.000R	Food preparations	171.75	5.05	7.69	184.49
1806.90.00.000Z	Chocolate, etc.	54.23	0.59	257.82	312.64
3808.92.99.000J	Insecticides	160.38	14.32	39.83	214.53
3105.20.00.000D	Mineral & chemical fertilizers (N, P, K)	205.01	1.11	326.57	532.70
3105.40.00.000G	Mineral & chemical fertilizers (monoammonium phosphate)	386.05	3.31	249.37	638.73

Source: National Customs Authority, SOFIA System (2020)

The remaining detailed tables in this section show further disaggregation of release times for each export product and each import product for 2019, by phase (pre-customs, customs, and post-customs) and by channel (green, red, and orange, at customs only). Due to their size, those tables are presented on a separate page each below the narrative observations provided here.

Table 9 ('Export: Pre-customs Time Release Statistics, All Channels' below on page 31) presents disaggregated pre-customs time release data for the eight agricultural exports in 2019. These eight selected agricultural exports accounted for 74% of total Paraguayan exports in 2019 (note that percentages of foreign trade are measured based on value, rather than volume). In 2019 in Paraguay, three soybean related products accounted for 47% of total export, two bovine meat products accounted for 15% of total export, and the other three products accounted for 12% of total exports. Overall, time that export products spent at pre-customs was relatively short averaging 6 hours across all products, with soybean oil spending the longest time, averaging just over 10 hours. The product that spent the shortest time in pre-customs was fresh or refrigerated beef, averaging 2.8 hours.

Table 10 ('Export: Customs Time Release Statistics, Green Channel' below on page 32) presents disaggregated customs time release data for the same eight selected agricultural exports through the green channel in 2019. Exports by plane of fresh or refrigerated meat have on average the fastest time through customs (22 hours) through the green channel. Exports by water of soybeans have on average the slowest time through customs (905 hours) through the green channel.

Table 11 ('Export: Customs Time Release Statistics, Red Channel' below on page 33) presents disaggregated customs time release data for the seven out of eight selected agricultural exports through the red channel in 2019. The fresh or refrigerated bovine meat products did not go through the red channel in 2019. Exports by water of wheat and meslin (only 1 transaction in 2019 for this product went through the red channel) have the fastest time through customs (70 hours). Exports by water of soybeans have on average the slowest time through customs (1,066 hours) through the red channel.

Table 12 ('Import: Pre- and Post-customs Time Release Statistics, All Channels' below on page 34) presents disaggregated pre-customs and post-customs time release data for the five agricultural imports in 2019. These five agricultural related imports represent approximately 15% of total Paraguayan imports in 2019. The Paraguayan import portfolio is quite diversified, in contrast with its export portfolio. To focus only on the more relevant products, we decided to track only those import

products that have a share of total imports greater than 0.1% by value. In 2019 in Paraguay, agricultural processed foods for human consumption represent about 10% of total imports and agrochemicals represent about 5% of total imports. There are no products either of animal food or animal, vegetable fats, and oil that have a share of 0.1% of total imports. As observed above, for import, pre-customs and post-customs procedures take much longer than the time spent at customs. In particular, the two fertilizer products have longer release times at pre- and post-customs than the other imports.

Table 13 ('Import: Customs Time Release Statistics, Green Channel' below on page 35) presents disaggregated customs time release data for four out of five selected agricultural related imports through the green channel for 2019. In the customs phase, all four products, independent of the means of transportation (water, truck, plane), have similar time release at customs, ranging from 0.02-0.03 hours through the green channel. Tracked imports through the green channel have achieved an optimal time release at customs.

Table 14 ('Import: Customs Time Release Statistics, Red Channel' below on page 36) presents disaggregated customs time release data for the five selected agricultural related imports through the red channel in 2019. Imports by truck of food preparations have on average the slowest time at customs (28 hours) through the red channel. Every product has at least one mode of transportation where the average time at customs was under 5 hours through the red channel. Table 15 ('Import: Customs Time Release Statistics, Orange Channel' below on page 37) presents similar information for the orange channel as the ones presented in Tables 13 and 14 for the green and red channels.⁸

Key informant interviews supplemented the SOFIA system data to provide a more complete understanding of the current situation for average release time of agricultural goods. As noted in the SOFIA data, interviewees confirmed that times at customs for export are longer than those for import. Import times at customs are particularly fast and interviewees confirmed the very short times recorded. They also confirmed that there is significant room for improvement in efficiency, regulations, and processes that can decrease release time for pre-customs and post-customs on import goods. Specifically, key informants indicated that the level of automation of processes is low or incomplete, with several institutions still requiring hard copy documents to process import registration. In some institutions, even though they already have an electronic procedure, they redundantly ask for

⁸ Data for this analysis come from National Customs Directorate (DNA), 2020, SOFIA system, accessed October 20, 2020.

hard copies needed to handle in person that significantly slow down their processes. Additionally, the informants noted that some of the public institutions involved in foreign trade are not working smoothly and constructively in consulting with the private sector, and therefore missing opportunities to incorporate private sector suggestions to enhance processes that can increase efficiency (time and cost) and security.

Interviewees similarly raised the differences in efficiency among various public institutions, noting that Customs has made the most effort and seen the most improvement in recent years. In particular, there is space to make improvements for testing, licensing and registration, and to increase accountability through more transparent publishing of average release times to the public. Key informants suggested that publishing average time by institution on testing, licensing and registration by institution, and by product code, may create an effective monitoring system for institutional improvements of key processes. Currently, Customs publishes quarterly information of red channel transactions by means of transport and phases (pre-customs, customs, and post-customs), as well as average time release by institution and type of procedure. This existing webpage could be expanded to include more interactive searchable tools that publishes larger volume of information and allow to track improvement in efficiency by product, institutions involved, means of transport, ports, and so on.

In general, according to the laboratory technicians themselves, laboratory processes for international trade in Paraguay are slow. Although there are not impediments to hiring qualified and effective technical personnel, the procurement procedures and requirements have created obstacles for equipment. For that reason, technical staff estimated that laboratories have approximately 60% of the equipment and supplies they need to be more efficient in their processes.

Key informants and international experts also noted that sometimes the most significant drivers of delays in the customs process come from the private sector exporters and importers themselves. Some gave examples of importers who make intentional decisions to leave shipments in storage longer than required to meet their own needs, others gave examples where private traders caused delays accidentally due to a lack of knowledge of the requirements. These types of contributors to release time will benefit from raising the awareness of regulations with the private sector.

Conclusions:

Based on the analysis of baseline data, there is room to decrease time at customs for exports across products and channels, and to decrease time for pre-customs

and post-customs procedures for imports across products.⁹ Still, the need to collect data from multiple systems to have a more complete picture of release time is in itself a valuable opportunity for the project to make improvements. As interviews confirmed, the difference is noticeable between the processes and availability of data for import versus that for export.

The current target of reducing average release time by 30% is still quite feasible for export time, representing a decrease from an average of over 20 days down to just over 15 days. Equally so for imports where a 30% reduction represents a decrease from an average of over 11 days down to just under 8 days. Across all foreign trade, the 30% reduction translates to decreasing the average time from 19 days down to 13.5 days.

Additionally, further support to bring the Single Export Window procedures and data collection up to the level of the Single Import Window will likely have an observable impact on average release time (and other important efficiencies for international trade). In general terms, it would be very useful to have a comprehensive foreign trade database that builds on the VUI, which is already reporting release time to the SOFIA system. INAN's SIGRA system is also improving and other public institutions are putting the data into digitized systems. As these become interconnected to the SOFIA system, an important indicator of progress may actually be a count of the number of systems (or public institution's data) that are interconnected with SOFIA and reported in SOFIA's release time data. Similarly, the number of pre- and post-customs phase activities that are captured by SOFIA could also be tracked to measure progress over time.

⁹ As noted above, time at customs for imports and time at pre-customs for exports appear to already be quite low. Data is not available for post-customs times for export products.

Table 9: *Export: Pre-Customs Time Release Statistics All Channels - 2019.*

Product Tariff Code	Product Description	Pre-Customs (All Channels)		
		Number of Transactions	Total Hours	Average Time (hours)
1201.90.00.000T	Soybeans - others	716	7,033.83	9.82
2304.00.10.000W	Cakes and other solid residues, from the extraction of soybean oil (soy), even ground or in pellets - Flour and Pellets	713	6,552.07	9.19
0202.30.00.000T	Meat of bovine animals, frozen – boneless	5,981	40,033.44	6.69
1507.10.00.000K	Soybean oil and its fractions, even refined, but not chemically modified - Crude oil, including degummed	403	4,133.86	10.26
1005.90.10.000N	Corn - grain	1,625	10,583.65	6.51
0201.30.00.000Z	Meat of bovine animals, fresh or refrigerated - boneless	4,533	12,649.91	2.79
1006.30.21.000P	Rice - Semi-milled or blanched rice, whether or not polished or glazed - Not parboiled	997	5,954.90	5.97
1001.99.00.000M	Wheat and meslin - others	438	1,518.00	3.47

Source: Ministry of Industry and Commerce (MIC), SOFIA System (2020)

Table 10: *Export: Customs Time Release Statistics – Green Channel - 2019.*

Product Tariff Code	Product Description	Means of Transportation	Green Channel – Customs		
			Number of Transactions	Total Hours	Average Time (hours)
1201.90.00.000T	Soybeans - others	Water	283	256,018.95	904.66
		Truck	78	51,431.84	659.38
2304.00.10.000W	Cakes and other solid residues, from the extraction of soybean oil (soy), even grounded or in pellets - Flour and Pellets	Water	203	72,349.75	356.40
		Truck	18	7,206.12	400.34
0202.30.00.000T	Meat of bovine animals, frozen – boneless	Water	2303	854,867.47	371.20
1507.10.00.000K	Soybean oil and its fractions, even refined, but not chemically modified - Crude oil, including degummed	Water	124	48,839.70	393.87
		Truck	7	4,068.19	581.17
1005.90.10.000N	Corn - grain	Water	70	41,829.17	597.56
		Truck	887	663,818.15	748.39
0201.30.00.000Z	Meat of bovine animals, fresh or refrigerated - boneless	Water	63	14,042.68	222.90
		Plane	3	67.43	22.48
		Truck	2	85.85	42.93
1006.30.21.000P	Rice - Semi-milled or blanched rice, whether or not polished or glazed - Not parboiled	Water	53	21,492.28	405.51
		Truck	164	94,279.90	574.88
1001.99.00.000M	Wheat and meslin - others	Water	17	3,505.70	206.22
		Truck	264	187,497.52	710.22

Source: National Customs Authority, SOFIA System (2020)

Table 11: *Export: Customs Time Release Statistics – Red Channel - 2019.*

Product Tariff Code	Product Description	Means of Transportation	Red Channel - Customs		
			Number of Transactions	Total Hours	Average Time (hours)
1201.90.00.000T	Soybeans - others	Water	28	29,855.01	1,066.25
		Truck	7	5,247.38	749.63
2304.00.10.000W	Cakes and other solid residues, from the extraction of soybean oil (soy), even grounded or in pellets - Flour and Pellets	Water	21	12,500.67	595.27
0202.30.00.000T	Meat of bovine animals, frozen – boneless	Water	17	5,087.75	299.28
1507.10.00.000K	Soybean oil and its fractions, even refined, but not chemically modified - Crude oil, including degummed	Water	13	12,077.44	929.03
		Truck	2	1,315.87	657.93
1005.90.10.000N	Corn - grain	Water	8	6,960.86	870.11
		Truck	98	65,671.21	670.11
1006.30.21.000P	Rice - Semi-milled or blanched rice, whether or not polished or glazed - Not parboiled	Water	3	433.82	144.61
		Truck	26	12,973.69	498.99
1001.99.00.000M	Wheat and meslin - others	Water	1	70.01	70.01
		Truck	30	20,276.13	675.87

Source: National Customs Authority, SOFIA System (2020)

Table 12: *Import: Pre-Customs and Post-Customs Time Release Statistics All Channels - 2019.*

Product Tariff Code	Product Description	Number of Transactions	Pre-Customs (All Channels)		Post-Customs (All Channels)	
			Total Hours	Average Time (hours)	Total Hours	Average Time (hours)
2106.90.30.000R	Food preparations not expressed or included elsewhere - other - Food supplements	201	34,521.14	171.75	1,320.01	7.69
1806.90.00.000Z	Chocolate and other food preparations containing cocoa - others.	665	36,061.95	54.23	13,981.09	257.82
3808.92.99.000J	Insecticides, rodenticides, fungicides, herbicides, germination inhibitors and regulators of the plant growth, disinfectants and similar products, presented in forms or packages for retail sale, or as preparations or in articles, such as tapes, sulfured wicks and spark plugs, and fly killer papers - others.	307	49,235.91	160.38	6,388.22	39.83
3105.20.00.000D	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - mineral or chemical fertilizers with the three fertilizing elements: nitrogen, phosphorus and potassium.	221	45,308.21	205.01	66,951.24	326.57
3105.40.00.000G	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Ammonium dihydrogen orthophosphate (monoammonium phosphate), even mixed with diammonium hydrogen orthophosphate (diammonium phosphate)	173	66,786.23	386.05	96,267.85	249.37

Source: Ministry of Industry and Commerce (MIC), SOFIA System (2020)

Table 13: *Import: Customs Time Release Statistics – Green Channel – 2019*

Product Tariff Code	Product Description	Means of Transportation	Green Channel - Customs		
			Number of Transactions	Total Hours	Average Time (hours)
2106.90.30.000R	Food preparations not expressed or included elsewhere - other - Food supplements	Water	33	0.71	0.02
		Plane	44	1.23	0.03
		Truck	21	0.59	0.03
1806.90.00.000Z	Chocolate and other food preparations containing cocoa - others.	Water	18	0.41	0.02
		Plane	4	0.08	0.02
		Truck	20	0.59	0.03
3105.20.00.000D	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - mineral or chemical fertilizers with the three fertilizing elements: nitrogen, phosphorus and potassium.	Water	104	2.88	0.03
		Truck	27	0.54	0.02
3105.40.00.000G	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Ammonium dihydrogen orthophosphate (monoammonium phosphate), even mixed with diammonium hydrogen orthophosphate (diammonium phosphate)	Water	122	3.84	0.03
		Truck	2	0.03	0.02

Source: National Customs Authority, SOFIA System (2020)

Table 14: *Import: Customs Time Release Statistics – Red Channel - 2019.*

Product Tariff Code	Product Description	Means of Transportation	Red Channel - Customs		
			Number of Transactions	Total Hours	Average Time (hours)
2106.90.30.000R	Food preparations not expressed or included elsewhere - other - Food supplements	Water	8	35.09	4.39
		Plane	18	116.76	6.49
		Truck	31	855.52	27.60
1806.90.00.000Z	Chocolate and other food preparations containing cocoa - others.	Water	8	60.23	7.53
		Plane	1	1.38	1.38
		Truck	88	257.63	2.93
3808.92.99.000J	Insecticides, rodenticides, fungicides, herbicides, germination inhibitors and regulators of the plant growth, disinfectants and similar products, presented in forms or packages for retail sale, or as preparations or in articles, such as tapes, sulfured wicks and spark plugs, and fly killer papers - others.	Water	54	264.59	4.90
		Plane	20	52.11	2.61
		Truck	232	4057.82	17.49
3105.20.00.000D	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - mineral or chemical fertilizers with the three fertilizing elements: nitrogen, phosphorus and potassium.	Water	12	147.69	12.31
		Plane	1	23.55	23.55
		Truck	24	64.58	2.69
3105.40.00.000G	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Ammonium dihydrogen orthophosphate (monoammonium phosphate), even mixed with diammonium hydrogen orthophosphate (diammonium phosphate)	Water	25	562.86	22.51
		Truck	1	1.76	1.76

Source: National Customs Authority, SOFIA System (2020)

Table 15: *Import: Customs Time Release Statistics – Orange Channel - 2019.*

Product Tariff Code	Product Description	Means of Transportation	Orange Channel - Customs		
			Number of Transactions	Total Hours	Average Time (hours)
2106.90.30.000R	Food preparations not expressed or included elsewhere - other - Food supplements	Water	10	1.39	0.14
		Plane	11	1.38	0.13
		Truck	25	2.92	0.12
1806.90.00.000Z	Chocolate and other food preparations containing cocoa - others.	Water	16	2.44	0.15
		Plane	2	0.64	0.32
		Truck	508	71.40	0.14
3808.92.99.000J	Insecticides, rodenticides, fungicides, herbicides, germination inhibitors and regulators of the plant growth, disinfectants and similar products, presented in forms or packages for retail sale, or as preparations or in articles, such as tapes, sulfured wicks and spark plugs, and fly killer papers - others.	Truck	1	21.67	21.67
3105.20.00.000D	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - mineral or chemical fertilizers with the three fertilizing elements: nitrogen, phosphorus and potassium.	Water	11	1.75	0.16
		Truck	42	5.27	0.13
3105.40.00.000G	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Ammonium dihydrogen orthophosphate (monoammonium phosphate), even mixed with diammonium hydrogen orthophosphate (diammonium phosphate)	Water	18	3.25	0.18
		Truck	5	1.11	0.22

Source: National Customs Authority, SOFIA System (2020)

A.3. Average Cost of Trade for Agricultural Goods

The following tables present the findings related to the average cost of trade for the selected agricultural imports and exports. Table 16 presents the information used as the “typical transaction” for each export and import product, for which quotes in Tables 17 and 18 provide average cost of trade.

Table 16: *Description of “typical foreign trade transaction” for each product*

Export Product	Destination	Customs port (Mode of Transport)	Value (FOB, USD)	Quantity
1201.90.00 Soybeans – others	Argentina	Encarnacion (ship)	\$500,000	1,492 tons
2304.00.10 Cakes & other solid residues from soybean oil	Argentina	Villeta (ship)	\$500,000	1,720 tons
1507.10.00 Soybean oil	Argentina	Villeta (ship)	\$1,300,000	2,350 tons
1005.90.10 Corn – grain	Brazil	Caacupemi (ship)	\$100,000	2,000 tons
1006.30.21 Rice - Not parboiled	Brazil	Campestre (ship)	\$100,000	315 tons
1001.99.00 Wheat and meslin – others	Brazil	Terminal de Cargas, KM 12 (land)	\$100,000	1,000 tons
Import Product	Origin	Customs port	Value (CIF, USD)	Quantity
2106.90.30 Food preparations – Other	USA	Terport Villeta	\$100,000	10,000 units
1806.90.00 Chocolate and other food preparations containing cocoa – others	USA	Ita Enramada	\$100,000	6,120 cases
3808.92.99 Insecticides	Brazil	Ciudad del Este	\$500,000	1,115 tons
3105.40.00 Mineral or chemical fertilizers, (monoammonium phosphate)	Brazil	Ciudad del Este	\$500,000	1,100 tons

Table 17 shows the average cost of trade for each export product broken out by category of cost, and including both cash costs and opportunity cost due to the time goods spend during import/export processes. Fees include SOFIA’s fee for usage, port tariffs, license fees (CONVUE, SENAWE, SENACSA), certificates of origin, etc. Operating cost includes paperwork and copies of documentation. Professional Fees are the fee charged by the customs broker. Storage Fees are a variable cost applied to number of hours in which the cargo remains in Customs. For exports, we can

observe that the total cash costs are fairly similar across products with Corn having the lowest cost to export and wheat the highest. Adding in the opportunity cost of the time spent in the process for pre-customs and customs, the total costs become more varied by product. Corn still shows the lowest total cost, while Soybean Oil (the largest shipment) has the highest total cost. The project target of a 14% reduction in costs is achievable for each product simply by decreasing the time spent in customs and therefore the opportunity cost even if other costs are not reduced. Products would need to see a reduction in release time of between 18% (Soybeans) up to 72% (Wheat) in order to achieve a 14% reduction in cost, all other factors remaining equal. In general, the three products with larger shipments (\$500,000-\$1,300,000) would meet the 14% cost reduction target if the time release target of a 30% reduction is achieved, while the other products would require a larger reduction in release time.

Table 17: *Summary of cost of exports (US Dollars)*

Cost	Soybeans	Cakes & other solid residues from soybean oil	Soybean oil	Corn – grain	Rice - Not parboiled	Wheat and meslin – others
Cash Costs						
Fee	823.55	823.55	902.67	432.87	1,216.74	1,107.58
Operating Cost	8.85	8.85	8.85	8.85	8.85	8.85
Professional Fee	574.53	574.53	574.53	349.06	349.06	1,334.53
Storage Fee	0.00	0.00	0.00	472.50	0.00	0.00
VAT Tax	53.04	53.04	61.14	0.00	0.00	83.53
Cash Cost Total	1,517.42	1,517.42	1,604.65	1,298.19	1,609.55	2,667.95
Opportunity Cost						
Shipment Value (USD)	500,000	500,000	1,300,000	100,000	100,000	100,000
Average Release Time (hrs)	874.86	389.59	464.38	738.67	531.09	680.87
Opportunity Cost Total *	4,104.65	1,827.87	5,664.80	693.14	498.35	638.90
TOTAL COST	5,622.07	3,345.29	7,269.45	1,991.33	2,107.91	3,306.85

Source: Estimation of Custom Agents at prevailing rates.

* - Opportunity cost is calculated for the cost of capital (8.22% annual rate for 2019, according to Central Bank of Paraguay) for the value of the shipment during the release time.

Table 18 presents the average cost of trade for each import product broken out by similar relevant categories of cost. For imports, Fees include customs fee, INDI fee,

value service, customs intervention fee, ANNP fee, SOFIA's fee for usage, port fees, license fee (SENAVE, SENACSA, INAN), DINAVISA license fee, SENAVE analysis, municipal fee, and consulate permit. For imports, we observe that the primary driver of cost is the VAT which is paid on the value of the goods imported. This VAT is the same as the VAT paid on the same goods traded domestically and is unlikely to change. This means that the project is not likely to see a reduction in the range of the target of 14%. Note that even with the opportunity cost, the only import product where a significant reduction in release time could achieve a 14% reduction in total cost is the fertilizer (due to its long release time).

Table 18: *Summary of cost of imports (US Dollars)*

Cost	Food preparations	Chocolate	Insecticides	Mineral or chemical fertilizers
Cash Costs				
Fee	7,838	7,634	30,312	10,311
Income Tax	869	869	4,331	4,211
Operating Cost	241	241	198	1,158
Professional Fee	697	697	1,895	1,895
VAT Tax	10,704	10,704	51,836	50,432
Cash Cost Total	20,349	20,145	88,572	68,006
Opportunity Cost				
Shipment Value (USD)	100,000	100,000	500,000	500,000
Average Release Time (hrs)	184.49	312.64	214.53	638.73
Opportunity Cost*	1,731.17	2,933.68	10,065.28	29,967.81
TOTAL COST	22,080.22	23,078.58	98,636.99	97,973.98

Source: Estimation of Custom Agents at prevailing rates.

* - Opportunity cost is calculated for the cost of capital (8.22% annual rate for 2019, according to Central Bank of Paraguay) for the value of the shipment during the release time.

Customs brokers, as free market agents, compete for clients, differentiate their products, and have varying rates. Table 19 presents prevailing market rates from two customs brokers. We can see that cost varies by product and by customs brokers in the foreign trade process in Paraguay.

Table 19: *Export/Import costs per Customs Agents.*

	Sample 1	Sample 2		
Export	USD	USD	Range	FOB USD Value
Soybeans	618.71	2,357.02	618.71 – 2,357.02	500,000

Soybean oil	1,085.82	4,160.42	1,085.82 – 4,160.42	1,300,000
Wheat	1,661.55	1,170.96	1,170.96 – 1,661.55	100,000
Rice	1,039.30	1,078.54	1,039.30 – 1,078.54	100,000
Corn	1,899.89	1,313.14	1,313.14 – 1,899.89	100,000
Seeds and fruits	993.61	1,313.14	993.61 – 1,313.14	100,000
Cakes and other solid residues from soybean	785.77	2,357.02	785.77 – 2,357.02	500,000
Frozen bovine meat	2,158.47	NA	2,158.47	100,000
Fresh bovine meat	2,158.47	NA	2,158.47	100,000
Import	USD	USD	Range	FOB USD Value
Food preparations	19,284	20,312	19,284 – 20,312	100,000
Chocolate	19,373	19,619	19,373 – 19,619	100,000
Insecticides	68,640	95,295	68,640 – 95,295	500,000
Mineral or chemical fertilizers	69,271	62,265	62,265 – 69,271	500,000

Source: Estimation of Custom Agents at prevailing rates.

Key informant interviews provided additional insight into the current situation for average cost of trade in Paraguay. Some interviewees felt that costs may actually have been getting worse recently, primarily due to a lack of coordination across public institutions and a lack of transparency of non-tariff costs. The rules and costs are generally clear for public institution services (even if they are not efficient), but there is a large variance in fees from customs brokers. There is also relatively little understanding of the variance in quality of service provided by brokers to justify the differences in cost.

While there is general agreement among stakeholders and alignment of incentives to reduce time, there is more at stake for some actors if costs decrease. Some interviewees suggested that costs do not need to be reduced, but the NTFC should focus on reducing processing times.

Interviewees also noted the role that bribes and impunity play in driving up costs. Respondents reported that corruption is endemic in both the public and private sectors. There are sanctions on businesses when corruption is discovered, but the ease of starting a new business means that individuals are not really punished, and often merely open a new company. There is also a feeling that sanctions are not equitably applied or enforced.

Conclusions:

Given the general agreement that customs fees are needed to support operations, the main levers available to reduce cost of trade are decreasing time (and therefore opportunity cost), reducing corruption, and reducing customs broker fees. The latter two types of changes are also notoriously difficult to shift and often meet with resistance. The target of 14% reduction in average cost of trade is achievable for exports if taking opportunity cost of time into account, but faces these more difficult obstacles than achieving the reduction in release time. Due to the competitive nature of international trade, there is also a lack of accessible information on all relevant costs of trade, making it more difficult to collect data for this indicator and more difficult for the NTFC to increase transparency.

Note that release time and cost are connected in several ways, though the connection is not easily measured (see note above in methodology section). Given the challenge to decrease cost other than through decreased time, and the difficulty in connected the two explicitly, it may be more effective for the project to focus on measuring change in release time and removing the cost of trade indicator target altogether.

B. Does the project theory of change still hold? Are the assumptions still valid?

As part of the Baseline Study, the evaluation team reviewed the understanding, viability and relevance of the project Theory of Change. This assessment is placed in the context of the data analyzed for the three primary indicators as well as additional secondary data and qualitative information from the key informant interviews.

The Theory of Change relies heavily on the Government of Paraguay's full implementation of the WTO Trade Facilitation Agreement. If the project activities are successful, the Theory of Change states that Paraguay will fully implement the agreement, and full implementation of the agreement will improve Paraguay's global competitiveness and increase international trade.

Based on our review, the activity areas of the project – and specifically support to the NTFC – are powerful potential drivers of improvements in international trade. Beyond strengthening the capacity of the NTFC as a coordinating body and a strategic engine for change throughout the public and private sectors, there is a clear value to Paraguay's competitiveness if market and trade infrastructure is improved.

That said, we wonder if the indicators in the PMP will be flexible enough to capture the results embedded in the Theory of Change and the planned project activities. In particular, the reduction in average release time and average cost of trade are important potential changes for increasing trade in Paraguay, but they are not the only results pathways to progress toward that goal. A strengthened and more effective NTFC and its member institutions will likely adapt to other needs that arise as well. A repeated theme in interviews has been around the NTFC taking action and increasing the coordination, especially across public institutions. Another has been increased transparency of the progress of the Government of Paraguay in implementing the Trade Facilitation Agreement and improving international trade. Beyond the indicator on stakeholder perception of the NTFC, those topics are not currently captured in the PMP indicators and could be valuable.

T-FAST should consider some complexity-aware methods for monitoring results to allow a wider range of outcomes to be captured by the project.

C. What activities should the project focus most on?

Several high priorities have emerged from the Baseline Study around working with the NTFC under activity area 1, and with its member institutions under the other activity areas.

- *Improve the availability of data regarding the flow of international trade.* As witnessed by the experience of collecting data for the release time and cost of trade indicators for this Baseline Study, there is a lack of data management and accessibility within the relevant public institutions. This level of data capture and public availability will dramatically improve the NTFC's ability to make decisions, monitor progress, and increase action among the members. One important aspect of this effort will be to move some processes and records that are currently paper-based to digital format. As mentioned in other sections of this report, SOFIA is already incorporating data from several systems across a variety of public institutions, but there is ample opportunity to improve both the source databases and the number of source databases connected to SOFIA.
- *Strengthen regulations and compliance.* At the present time, decision-making and trade-related activities are dispersed, and regulatory complexity is high. There is also a lot of duplication of requirements. This is decreasing the efficiency of the international trade process, including customs processes and various pre- and post-customs activities.
- *Support NTFC to have a clear and agreed upon agenda and action plan.* The NTFC has been strong in communication and meetings have facilitated

necessary dialogue, but actions have been lagging. An action plan that NTFC members develop and agree to would have a significant effect on results. The plan should include objectives and deadlines, and responsible parties. The plan should also be monitored, and actions should be coordinated across institutions. Note that while T-FAST reports that UNCTAD has supported the NTFC to prepare action plans approved by the Committee, Key Informant Interviews indicated that this is still an area of high priority.

- *Increase transparency, accountability, and awareness in the private sector.* While the public sector appears to need more coordination, public institutions are clear on relevant rules and regulations. The private sector, however, often is not aware of the regulations, and different private actors may be paying very different amounts for their export and import services.

D. What are the potential impacts of COVID-19 on project implementation that may affect the ability to deliver results? What are the potential impacts of COVID-19 on beneficiaries' ability to absorb and practice knowledge transferred by the project?

COVID-19 has had an impact on international trade around the world, and Paraguay is no exception. Based on Key Informant Interviews, for T-FAST activities and T-FAST stakeholders, several specific impacts have been observed, including both positive and negative effects:

- *COVID slowed down the entire foreign trade process.* Staff in private companies and public institutions had increased absences from work, and were restricted to work in smaller groups or on alternating days. Throughout the entire customs and trade flow, work has slowed down. Trading partners in other countries, and their customs offices were also closed. It has taken time for importers and exporters to adjust.
- *A lack of technology and digital records has made some work even more difficult.* For some public institutions and individuals, remote work is simply not feasible or results in a significant impediment to completing day-to-day work. In some cases that is due to staff not having necessary technology to work remotely. In other cases, it is due to a lack of digitized records and availability of information remotely.
- *Time and costs for trade increased temporarily.* With decreased staffing levels and efficiency, time for processing cargo increased. Time in storage also increased during the most severe restrictions. Improved communications and coordination from public institutions could have helped with this.
- *Smuggling dramatically decreased as well.* During the period of lockdown in Paraguay, smuggling of agricultural goods almost completely disappeared.

This has inspired some institutions to believe that this is proof that smuggling can be kept under control with the right procedures.

- *COVID was seen as a catalyst for change.* Some public institutions felt that the forced shift to working virtually was an opportunity to increase efficiency in many processes. The shift to adapt to the pandemic served to accelerate reforms within the Customs Directorate, for example, increasing the pace for automation of several foreign trade processes, and increasing the use of software for customs, INAN, DINAVISA and other institutions.

E. Summary of Key Recommendations

Based on the analysis and findings above, the evaluation team has several key recommendations for USDA and IESC's discussion and consideration. We have numbered those recommendations here for ease of record-keeping.

1. Adjust the targets for Custom Indicator 1.1: Percent of stakeholders who perceive the NTFC is enacting their agenda to strengthen trade facilitation in Paraguay.

As discussed above in the findings, the baseline value for this indicator is already quite high at 70%. Still, we expect the value to decrease as stakeholders learn more about what a strong NTFC can / should accomplish, and then begin to rise again. We believe that the final Year 4 target of 85% is still a good goal for the project. We recommend shifting the Year 2 and Year 3 targets to 60% and 70% respectively.

The T-FAST PMP also sets a minimum threshold of 70% response rate of stakeholders for the survey on this indicator. During the Baseline Study, only 69% of institutions responded to the survey and based on anecdotal feedback, that is a higher than typical response rate. We suggest adjusting the threshold to 65%.

2. Consider other measures of NTFC effectiveness.

While we like the stakeholder perception indicator and believe that it is worth keeping, there are other more directly measurable indicators of NTFC effectiveness that we suggest T-FAST and USDA to consider:

- Planning by the NTFC for Trade Facilitation: we note that Indicator 5 on the number of regulations and/or administrative procedures developed is one measure of planning and action. Based on the Key Informant Interviews and further discussion with global trade facilitation experts, it is important that the NTFC put in place action

plans that are developed and agreed through a collective process by the variety of members of the Committee. Simply measuring or confirming that those processes take place / are updated each year, and result in concrete action plans would be valuable and transparent for NTFC members and other foreign trade stakeholders.

- Percent of plans for TFA compliance completed: similarly, once plans are established, it is valuable to measure progress towards completing the actions.
- Quantity and quality of representation: Through follow-on discussion with USAID and other international experts in foreign trade facilitation, including experts in providing support to national committees, it became apparent that the quantity and quality of representation on the NTFC has a significant impact on its results. In particular, the percentage of member organizations that send any representatives regularly to meetings, and the percentage of members that send leaders within their office/institution/organization would both be potential proxy measures of the perceived value of the NTFC by its members. For any new/adjusted indicator, we would want to see a more specific and objective definition of “leader” agreed to. The observation refers to representatives with influence in the decision-making of the member institution they represent.

3. Adjust the disaggregation of Custom Indicator 2.1: Average release time for agricultural goods.

The current T-FAST PMP lists disaggregation of this indicator by transport type, compliance type, and direction of trade. Based on the availability of data on release time, we suggest disaggregation by:

- direction of trade (export, import),
- phase of customs (pre-customs, customs, post-customs),
- control channel (green, orange, red – at customs only)
- agricultural product selected for study (as selected based on share of 2019 trade)

All of these disaggregates are available directly within the data from SOFIA and VUE/MIC. To calculate any release time value that re-aggregates multiple categories, the total time spent across multiple categories divided by the number of

relevant transactions across those categories gives the average release time across those categories.

4. Consider other possible measures of efficiency in customs procedures.

We consider the average release time to be an excellent measure of the efficiency of customs procedures, and the data for Paraguay is readily available for this calculation, with the exception of post-customs data for exports. There are several additional potential indicators that could be relevant for this activity to measure dependent on the specific interests in Paraguay and the plans of the activity.

- Proportion of shipments assigned to the green channel vs. red channel at customs: The ratio for exports during 2019 is already quite positive (95% green channel, 5% red channel), but the ratio for imports can be improved significantly. This would also have a large impact on the overall proportions given that there were many more import shipments than export shipments in 2019.
- Number of databases integrated into one system (SOFIA or another if more relevant) for central access to all foreign trade related data: currently, it is necessary for users of this data to query multiple systems for a more complete understanding of the release time for export and import goods. As written here, this would be a difficult indicator to measure and difficult to compare given differences from one database to another. However, if T-FAST is going to be providing support to integrate different sets of data, some measure of the success of that could be valuable for project learning and for the NTFC to continue measuring after the project ends.
- Transparency and accessibility of data related to the performance of Paraguay in facilitating foreign trade: many of the key informants raised transparency as a priority issue, and global experts on foreign trade agreed that transparency increases accountability and improves results. Again, this may be difficult to measure objectively given the many different systems/procedures related to foreign trade and the diversity of those systems. However, if T-FAST will be supporting transparency, some measure of that will be valuable for project learning and for the NTFC to continue measuring after the project ends.

5. Adjust or remove Custom Indicator 2.2: Average cost of trade for agricultural goods.

We recognize that reducing cost for foreign trade is one of the primary goals of the Trade Facilitation Agreement overall. However, based on the experience collecting and analyzing data at the baseline, we recommend considering other measures for cost or considering cost to be a context variable to track without a target. The method and calculation used in this study built on the strength of Paraguay's SOFIA system which has excellent data on foreign trade transactions, and on the practice in Paraguay of engaging customs brokers to facilitate foreign trade transactions. It is a good measure of the cash costs associated with international trade for the target export and import products.

However, we see that using that method highlights the challenge of achieving the project's targeted 14% reduction in cost. We added the opportunity cost of the time spent in customs as a non-cash component of the cost of foreign trade. For exports, this showed that a significant reduction in release time (similar to the 30% target for the project) will result in a 14% reduction in total cost. For imports, the main driver of cost is the VAT on the value of goods imported which is not likely to change during the project. Additionally, as discussed in the findings section, calculating cost of trade requires a more labor and time intensive interview process with the private sector. It also includes potential biases due to the proprietary nature of an enterprise's cost structure, and the incentives for some actors to maintain the status quo.

Other options we recommend the project and USDA consider include:

- Although it is not necessarily more accurate, and it covers different products than the target products identified by T-FAST, it could still be valuable to track the cost from World Bank's Doing Business as an informative data point. This can be a useful context indicator for the NTFC, DNA, MIC, and T-FAST in planning and reviewing general progress. (Note that USAID often includes the Doing Business indicators for context rather than with targets.)
- Another option brought to our attention by IESC is the Standard Cost Model.¹⁰ This model has been developed by EU countries and has not been adopted widely by US Government agencies, but looks at a different and more relevant measure of administrative cost of foreign

¹⁰ The Standard Cost Model manual is available here:
<https://www.oecd.org/regreform/regulatory-policy/34227698.pdf>

trade. It focuses on the labor-related cost to private exporters and importers of meeting compliance requirements for trade. It is labor intensive to define the information obligations that are part of the calculation up front – so potentially a costly effort – but a modified version conducted with surveys in partnership with the chamber of commerce might work effectively for T-FAST to capture the administrative costs of compliance with foreign trade regulations.

6. Consider using some complexity aware monitoring tools for T-FAST.

As the T-FAST project works with a wide variety of stakeholders at the NTFC and has a component that is established to be responsive to emergent needs as they arise, there is a degree of complexity that prevents traditional results-based monitoring tools from capturing the full extent of accomplishments. With less predictable products and outcomes, more flexible tools for monitoring and learning, such as complexity aware approaches, are appropriate additions for this type of project. Several examples of such approaches that may be considered, among others, include:

- Outcome Harvesting is a technique that seeks to understand the significant, but unexpected, outcomes for the project, in this case around the NTFC and trade facilitation overall. It then works backwards to try to clarify the mechanisms that contributed to achieving those outcomes.
- Similarly, Outcome Logging is a process that encourages project staff and relevant stakeholders to systematically capture observations of change at frequent and regular intervals as they occur during project meetings, site visits, etc. Again, these are not always completely attributable to the project, but they often result from mechanisms to which the project contributed and can therefore add to project learning and improvement.
- Most Significant Change is an approach that works with staff and stakeholders to identify relevant changes taking place and prioritizing those to understand the important priorities of the project. This also contributes to project learning and improvement over time.
- Network Analysis is a technique that applies quantitative measures of the relationships among stakeholders. This can be particularly useful

for intervention design/adaptation, and for monitoring change when collaboration among stakeholders is a significant driver of the results the project is seeking.

- Pause and Reflect exercises at regular intervals are used for a project to systematically review progress, results that are exceeding expectations, areas of challenge, and contextual changes. The results of the exercise support adaptation of interventions and structures to improve the project over time.

7. To the extent possible, focus T-FAST activities on several specific needs for foreign trade in Paraguay.

- Clear and agreed upon agenda and action plan for NTFC: As mentioned above, the NTFC has been strong in communication and meetings have facilitated necessary dialogue, but actions have been lagging. An action plan that NTFC members develop and agree to would have a significant effect on results. The plan should include objectives and deadlines, and responsible parties. The plan should also be monitored, and actions should be coordinated across institutions.
- Digitization and availability of data regarding the flow of trade: Currently, many processes and records are still paper-based, and others are not connected into the more comprehensive SOFIA system. There is ample opportunity to improve both the source databases themselves, and the number of source databases connected to SOFIA which will have an impact on the efficiency of international trade.
- Increased transparency, accountability, and awareness (of regulations and processes) among private sector actors: While the public sector does still need support for coordination and action planning, public institutions are clear on the relevant rules and regulations. The private sector, however, often is not aware of regulations and different private importers and exporters may even be following different processes resulting in different costs and time invested in customs.

Annex A: Data Collection Instruments

Instrument 1: NTFC Perception Survey (see below for an English translation of this survey)

Encuesta sobre facilitación del comercio

Objetivos de la encuesta

Estimados/as miembros y actores involucrados con el Comité Nacional de Facilitación del Comercio (CNFC),

En nombre de las organizaciones responsables de la evaluación independiente del programa T-FAST: LINC (EE.UU.) y el Instituto Desarrollo (Paraguay), estamos realizando esta encuesta con la anuencia del CNFC. El programa T-FAST y su evaluación independiente están siendo financiadas por el Departamento de Agricultura de los Estados Unidos (USDA, por sus siglas en inglés).

Valoramos su opinión como actor clave de su labor y sus resultados. Los resultados de la encuesta se utilizarán para orientar las medidas destinadas a mejorar la capacidad de respuesta del CNFC para alcanzar su objetivo de fortalecer la facilitación del comercio en el Paraguay. Sus respuestas se mantendrán confidenciales.

Todas las preguntas a continuación son sobre acciones y habilidades actuales del CNFC (a partir de septiembre-octubre de 2020) para completar su trabajo. La encuesta debería tomar en completarse aproximadamente 15 minutos.

Notas sobre el uso de la encuesta.

El estudio cuenta con el apoyo del proyecto “Sistemas y Tecnologías Agrícolas para Facilitar el Comercio” (T-FAST, por sus siglas en inglés), financiado por el Departamento de Agricultura de los Estados Unidos (USDA, por sus siglas en inglés), en el Paraguay. El proyecto T-FAST tiene por objeto simplificar, modernizar y armonizar los procesos de exportación, importación y tránsito de productos agrícolas en el Paraguay, tomando acciones como el desarrollo de capacidades para el CNFC y brindando apoyo a la infraestructura comercial. Esta encuesta es parte del Estudio de Línea de Base para medir el punto de partida desde el cual el proyecto T-FAST mejorará la facilitación del comercio durante los próximos 4 años y las encuestas de seguimiento medirán los resultados del proyecto.

Cualquier información que proporcione al responder a esta encuesta se mantendrá segura y confidencial. Todos los informes de resultados se considerarán confidenciales y no atribuirán ninguna respuesta a las personas ni a sus organizaciones.

Información sobre su organización

1. Nombre Completo:

2. Nombre de la organización, oficina gubernamental, empresa u otra:
3. Dirección de correo electrónico:
4. Su organización o institución es del:
- ☐ Sector Publico
 - ☐ Sector privado
5. ¿Está involucrado en el comercio internacional?
- ☐ No
 - ☐ Sí, Importación
 - ☐ Sí, exportación
 - ☐ Sí, tanto importación como exportación
6. ¿Cuál es su nivel de interacción / conocimiento del Comité Nacional de Facilitación del Comercio de Paraguay (CNFC)?

Marque todas las opciones que apliquen

- ☐ He recibido comunicaciones del CNFC durante los últimos 12 meses.
 - ☐ He asistido a reuniones del CNFC durante los últimos 12 meses.
 - ☐ Colaboro con el CNFC regularmente
 - ☐ Soy miembro de un subgrupo del CNFC que se reúne periódicamente
 - ☐ No estoy muy en contacto con la CNFC
7. Ha estado en contacto con el Comité Nacional de Facilitación del Comercio de Paraguay (CNFC) *
- ☐ Desde hace más de 3 años
 - ☐ Entre 2 a 3 años
 - ☐ Entre 1 a 2 años
 - ☐ Entre 6 meses y 1 año
 - ☐ Menos de 6 meses

Cuestionario

8. Comunicación

	Totalmente en desacuerdo	En desacuerdo	De acuerdo	Totalmente de acuerdo	No sabe
El CNFC se comunica eficazmente con sus miembros.					
El CNFC le proporciona actualizaciones útiles y frecuentes sobre su trabajo.					
El CNFC proporciona directrices claras para que todas las agencias involucradas en el comercio internacional utilicen datos abiertos, además de formularios y protocolos.					
El CNFC comunica claramente los objetivos de la política de comercio exterior.					
El CNFC promueve la publicación transparente de información sobre tarifas y costos.					

9. Implementación

	Totalmente en desacuerdo	En desacuerdo	De acuerdo	Totalmente de acuerdo	No sabe
El mandato de la CNFC está claramente establecido entre las instituciones públicas y privadas involucradas.					
El CNFC ha establecido objetivos claros, medibles y alcanzables relacionados con cuestiones de tiempo y costo en las políticas de mejora de la facilitación del comercio exterior.					
El CNFC promueve eficazmente la simplificación de procedimientos.					
El CNFC es eficaz para apoyar mejoras en los procedimientos de facilitación del comercio relacionados con las TIC (tecnologías de información y comunicación).					

El CNFC promueve eficazmente sistemas informáticos capaces de aceptar e intercambiar datos electrónicamente.					
El CNFC promueve eficazmente mecanismos de gestión de riesgos coordinados/compartidos para el comercio exterior.					
El CNFC promueve eficazmente la implementación de un sistema de seguimiento del desempeño					

10. Gobernanza

	Totalmente en desacuerdo	En desacuerdo	De acuerdo	Totalmente de acuerdo	No sabe
El CNFC funciona eficientemente					
El CNFC opera de forma transparente					
El CNFC fomenta la participación de todos los sectores involucrados (públicos y privados)					
El CNFC integra eficazmente las preocupaciones del sector privado con respecto a las reformas relacionadas con el comercio exterior.					
El CNFC establece prioridades estratégicas y un cronograma de implementación para las iniciativas del “Acuerdo de Facilitación del Comercio” en Paraguay.					
El CNFC promueve eficazmente las consultas públicas entre agentes del comercio exterior, otras partes interesadas y el gobierno.					
El CNFC promueve la eficiencia del marco legal para dirimir sobre					

regulaciones desafiantes y complejas.					
El CNFC colabora activamente con un grupo de coordinación oficial de donantes.					

11.Relevancia

	Totalmente en desacuerdo	En desacuerdo	De acuerdo	Totalmente de acuerdo	No sabe
El trabajo del CNFC refleja de cerca las prioridades del “Acuerdo de Facilitación del Comercio” en Paraguay.					
El CNFC es particularmente importante para impulsar las reformas del comercio exterior en Paraguay (para promover un marco normativo y reglamentario mejorado para la facilitación del comercio exterior)					
El CNFC promueve eficazmente la revisión periódica de los requisitos de documentación.					

12.Eficacia

	Totalmente en desacuerdo	En desacuerdo	De acuerdo	Totalmente de acuerdo	No sabe
El CNFC es muy eficaz para mejorar los procesos de importación y exportación de productos.					
El CNFC aumenta la eficacia en la aplicación del Acuerdo de Facilitación del Comercio de la Organización Mundial del Comercio (OMC)					
El CNFC promueve los certificados y firmas digitales					

Impacto

Siendo 1 la calificación más baja y 7 la calificación más alta.

13. En una escala del 1 al 7, ¿cómo califica el funcionamiento actual (desde septiembre-octubre del 2020) del CNFC con respecto a su mandato?

14. En una escala del 1 al 7, ¿cómo califica el funcionamiento del CNFC con respecto a su mandato en el último trimestre de 2019 (octubre-diciembre de 2019)?

15. T-FAST

	Totalmente en desacuerdo	En desacuerdo	De acuerdo	Totalmente de acuerdo	No sabe
Soy perfectamente consciente de los objetivos y el alcance de la asistencia T-FAST al CNFC					
La asistencia de T-FAST al CNFC es eficaz para ayudar al Gobierno de Paraguay a impulsar el “Acuerdo de Facilitación del Comercio” y otras reformas relacionadas con el comercio para mejorar la facilitación del comercio de importaciones y exportaciones.					

16. ¿Tiene algún comentario adicional para los evaluadores sobre el CNFC?

17. ¿Cuál cree que sería el efecto de COVID-19 en las actividades de CNFC?

18. ¿Podría por favor sugerirnos nombres y contactos de otras personas de su institución que puedan llenar adicionalmente esta encuesta?

(1) Nombre sugerido (1) Email
(2) Nombre sugerido (2) Email

Trade facilitation survey

Survey Objectives

Dear members and actors involved with the National Committee for Trade Facilitation (NTFC),

On behalf of the organizations responsible for the independent evaluation of the T-FAST program: LINC (USA) and Instituto Desarrollo (Paraguay), we are conducting this survey with the consent of the NTFC. The T-FAST program and its independent evaluation are being funded by the United States Department of Agriculture (USDA).

We value your opinion as a key player in its work and its results. The results of the survey will be used to guide measures to improve the response capacity of the NTFC to achieve its objective of strengthening trade facilitation in Paraguay. Your answers will be kept confidential.

All questions below are about current NTFC actions and skills (as of September-October 2020) to complete your work. The survey should take approximately 15 minutes to complete.

Notes on the use of the survey

The study is supported by the project "Agricultural Systems and Technologies to Facilitate Trade" (T-FAST), funded by the United States Department of Agriculture (USDA), in Paraguay. The purpose of the T-FAST project is to simplify, modernize and harmonize the export, import and transit processes of agricultural products in Paraguay, taking actions such as capacity building for the NTFC and providing support to the commercial infrastructure. This survey is part of the Baseline Study to measure the starting point from which the T-FAST project will improve trade facilitation over the next 4 years and the follow-up surveys will measure the results of the project.

Any information you provide while responding to this survey will be kept secure and confidential. All results reports will be considered confidential and will not attribute any responses to individuals or their organizations.

Information on your organization

19. Complete Name:

20. Name of your organization, government office, private company or other:

21. Email address:

22. Your organization or institution is:

- ☐ Public Sector
- ☐ Private Sector

23. Is your organization involved in international trade?

- ☐ No
- ☐ Yes, importing
- ☐ Yes, exporting
- ☐ Yes, import and export

24. What is your level of interaction / Knowledge of the National Trade Facilitation Committee (NTFC)?

Choose all options that apply

- ☐ I have received communications from the NTFC during the last 12 months.
- ☐ I have attended NTFC meetings in the last 12 months.
- ☐ I collaborate with the NTFC regularly
- ☐ I am a member of a subgroup of the NTFC that meets periodically
- ☐ I am not very in contact with the NTFC

25. How long have you been in contact with the National Trade Facilitation Committee (NTFC)?

- ☐ More than 3 years
- ☐ 2-3 years
- ☐ 1-2 years
- ☐ 6 months-1 year
- ☐ Less than 6 months

Questionnaire

26. Communication

	Totally disagree	Disagree	Agree	Totally Agree	Don't know
The NTFC communicates effectively with its members.					

The NTFC provides you with useful and frequent updates on its work.					
The NTFC provides clear guidelines for all agencies involved in international trade to use open data, as well as forms and protocols.					
The NTFC clearly communicates the objectives of foreign trade policy.					
The NTFC promotes the transparent publication of information on rates and costs.					

27.Implementation

	Totally disagree	Disagree	Agree	Totally Agree	Don't know
The mandate of the NTFC is clearly established between the public and private institutions involved.					
The NTFC has established clear, measurable and achievable objectives related to time and cost issues in policies to improve foreign trade facilitation.					
The NTFC effectively promotes the simplification of procedures.					
The NTFC is effective in supporting improvements to ICT-related trade facilitation procedures.					
The NTFC effectively promotes computer systems capable of accepting and					

exchanging data electronically.					
The NTFC effectively promotes coordinated / shared risk management mechanisms for foreign trade.					
The NTFC effectively promotes the implementation of a performance monitoring system					

28. Governance

	Totally disagree	Disagree	Agree	Totally Agree	Don't know
The NTFC works efficiently					
The NTFC operates transparently					
The NTFC encourages the participation of all sectors involved (public and private)					
The NTFC effectively integrates the concerns of the private sector with respect to reforms related to foreign trade.					
The NTFC establishes strategic priorities and an implementation schedule for the initiatives of the "Trade Facilitation Agreement" in Paraguay.					
The NTFC effectively promotes public consultations among foreign trade agents, other stakeholders, and the government.					
The NTFC promotes the efficiency of the legal framework to resolve					

challenging and complex regulations.					
The NTFC actively collaborates with an official donor coordination group.					

29.Relevance

	Totally disagree	Disagree	Agree	Totally Agree	Don't know
The work of the NTFC closely reflects the priorities of the "Trade Facilitation Agreement" in Paraguay.					
The NTFC is particularly important to promote foreign trade reforms in Paraguay (to promote an improved normative and regulatory framework for the facilitation of foreign trade)					
The NTFC effectively promotes the periodic review of documentation requirements.					

30.Effectiveness

	Totally disagree	Disagree	Agree	Totally Agree	Don't know
The NTFC is very effective in improving the import and export processes of products.					
The NTFC increases the efficiency in the application of the Trade Facilitation Agreement of the World Trade Organization (WTO)					
The NTFC promotes certificates and digital signatures					

Impact

With 1 being the lowest rating and 7 being the highest rating.

31. On a scale of 1 to 7, how do you rate the current operation (from September-October 2020) of the NTFC with respect to its mandate?

32. On a scale of 1 to 7, how do you rate the performance of the NTFC with respect to its mandate in the last quarter of 2019 (October-December 2019)?

31.T-FAST

	Totally disagree	Disagree	Agree	Totally Agree	Don't know
I am fully aware of the objectives and scope of T-FAST assistance to the NTFC					
T-FAST's assistance to the NTFC is effective in helping the Government of Paraguay to advance the "Trade Facilitation Agreement" and other trade-related reforms to improve the facilitation of import and export trade.					

32.Do you have any additional comments for the evaluators about the NTFC?

33.How has COVID-19 affected the activities of the NTFC?

34.Would you please suggest additional names and contacts for people at your institution who could complete this survey?

(1) Suggested Name (1) Email
(2) Suggested Name (2) Email

Instrument 2: Semi-Structured Interview Guide for Key Informants

Background information:

1. Name: _____
2. Organization: _____
3. Position: _____
4. Is your organization a member of the NTFC?
5. How are you connected to the NTFC and its work?

Success of WTO Trade Facilitation Agreement:

6. Do you believe that Paraguay is on track to fully implement the WTO Trade Facilitation Agreement (TFA)? Why or why not?
7. What do you believe are the most significant challenges to full implementation of the TFA and to improving international trade?
8. Which of the following five areas are most important to Paraguay's success in making international trade more efficient: (a) strengthening the NTFC to improve policy and regulatory framework; (b) strengthening of other Government of Paraguay institutions; (c) strengthening of Trade Associations; (d) procurement and effective use of infrastructure for trade; (e) other? Why?

Effectiveness of NTFC:

9. Is the NTFC making progress to improve trade facilitation in Paraguay?
10. What are the biggest successes of the NTFC?
11. What are the biggest challenges facing the NTFC?
12. What do you believe are the highest priorities needed to strengthen the work of the NTFC?

Efficiency of Trade:

13. Has time for release of goods from customs improved over the past few years? How/why?
14. What are the most important changes necessary to improve release time?
15. Has the cost of international trade of (agricultural) products improved over the past few years? How/why?
16. What are the most important changes necessary to decrease cost of trade?

Effects of COVID-19:

17. How has COVID-19 affected the progress of Paraguay toward implementing the Trade Facilitation Agreement?
18. How has COVID-19 affected the ability of the NTFC to fulfill its mandate?
19. How has COVID-19 affected the ability of donors and external experts from supporting the NTFC and other necessary institutions for improving trade facilitation in Paraguay?

Other questions:

20. Are there any particular key informants that you recommend that we interview as a part of this evaluation?
21. Do you have any additional comments or input to provide regarding T-FAST, the NTFC or Trade Facilitation?

Annex B: Baseline Study Scope of Work

1. Objective:

The objective of this assignment is to conduct a baseline study for the T-FAST project. This contract is awarded for the baseline study. Option period awards for the mid-term and final evaluations will be based on performance of the baseline and may be exercised by modification to this contract.

2. Relevance:

In compliance with USDA's monitoring and evaluation (M&E) policy, IESC T-FAST's will engage a contractor to conduct a Baseline Study, Midterm Evaluation, and Final Evaluation. The overall objectives of the T-FAST Baseline Study and subsequent evaluations are to establish and impartially evaluate the T-FAST project performance plan indicators and progress against indicator related baseline and targets. The analysis of progress against indicator targets will define areas of shortfalls that will inform project improvements or needed modifications as well as areas of success that may highlight opportunities for the project to scale or replicate successful interventions leading to greater impact.

3. IESC Contract Manager (CM)

The IESC contract manager will review and approve contract deliverables and invoices and give direction to the Contractor in the performance of this work. The CM may not authorize changes to the contract.

4. Contractor Tasks:

The key audience for the Baseline Study includes the T-FAST project staff, including the T-FAST Steering Committee comprised of key U.S. government and Paraguayan government stakeholders, USDA staff, and other USDA implementers.

The baseline study will provide baseline information for indicator data that will be used for performance monitoring to annually track actual results against planned targets, validate and revisit assumptions that were made in the project design and monitor the assumptions during the project implementations and also identify potential threats to project success. The Baseline Study will mainly obtain data through the following three performance indicators:

- Custom Indicator 1.1: Percent of stakeholders who perceive the NTFC is enacting their agenda to strengthen trade facilitation in Paraguay;

- Custom Indicator 2.1: Average release time for agricultural goods;
- Custom Indicator 2.2: Average cost of trade for agricultural goods;

The anticipated methodology for the Baseline Study is a combination of secondary data analysis, interviews, surveys and direct observation. Given T-FAST's focus on international trade, the Contractor will obtain official statistical data on import/export values and volumes for the prior year (2018) from the Central Bank of Paraguay, the Organization for the Economic Cooperation and Development (OECD) Trade Facilitation Index (<https://www.oecd.org/trade/topics/trade-facilitation/>), the ITC Trade Map, UN Comtrade Database, or UN Food and Agriculture Organization websites and possibly Paraguay's Department of Commerce Single Window for Imports and Ministry of Commerce Single Window for Exports (consolidated under Central Bank of Paraguay data). Interviews and direct observation with a sample of pre-identified beneficiaries will provide more context around the sales data as well as clarify any pending questions the Baseline Study team or IESC T-FAST technical staff may have.

The proposed methodology for collecting baseline information for Custom Indicator 1.1 (Percent of stakeholders who perceive the NTFC is enacting their agenda to strengthen trade facilitation in Paraguay) is a structured survey with targeted government agencies that have a role in implementation of the TFA. As an example of the predefined criteria to be evaluated, and which will be finalized with NTFC's review and input, survey participants will be asked both quantitative questions where they will select a number score to demonstrate their current perception of the NTFC and T-FAST project, as well as qualitative questions to provide context to the quantitative data. An index number above a certain value will indicate that the person perceives that the NTFC is enacting an agenda to strengthen trade facilitation in Paraguay. A random sample of NTFC members and a multistage, cluster sample of relevant stakeholders from GoP agencies and the private sector will be selected to survey. The evaluator should consider that data collection methodologies may need to be revised from the approach listed in the RFP and evaluation plan to accommodate health and safety precautions/requirements related to the COVID19 pandemic. The final data collection methods should be communicated to IESC and the evaluator should clearly describe in the evaluation report how they collected data and potential limitations and/or implications for interpreting evaluation findings.

The baseline will help the T-FAST project answer the following questions:

- What are the baseline values for the indicators?
- Do the targets need revision or adjustments?
- Does the project theory of change still hold?
- Are the assumptions still valid?
- What activities should the project focus most on?

- What are the potential impacts of COVID-19 on project implementation that may affect ability to deliver results? Recommendations to relevant adjustments to approach or targets shall be included in this analysis.
- What are the potential impacts of COVID-19 on beneficiaries' ability to absorb and practice knowledge transferred by the project?

Examples of questions that could be included in the survey are as follows, but the final survey design will require review and approval from the NTFC:

- Communication: Does the NTFC communicate effectively with its constituencies? Does the NTFC provide you regular and formal electronic updates regarding its work? If so, how often and is the information included in those updates useful?
- Implementation: Describe the TFA and Paraguay's obligations to that Agreement? What difference will full implementation of the TFA make for Paraguay's economy? How well do you understand the NTFC mandate? Does the NTFC have targets related to time and cost improvements in trade facilitation? If so, do you understand those targets? Do you believe these targets are achievable? Why or why not?
- Governance: Does the NTFC operate efficiently? Transparently? Does it encourage participation of all sectors (public and private) involved with the NTFC?
- Relevance: How well does the work of the NTFC reflect TFA priorities in Paraguay? How important has the NTFC been in advancing trade reforms in Paraguay?
- Effectiveness: Is the NTFC on track to achieve specific target X? Specific target Y? What would you like to see adjusted or changed in the way NTFC fulfills its mandate?
- Impact: In what ways is the NTFC fulfilling or not fulfilling their mandate?
- T-FAST: How effective do you perceive T-FAST assistance to the NTFC to be in helping the GoP enact TFA and other trade related reforms to improve the facilitation of trade in agricultural imports and exports?

The proposed methodology for collecting baseline information for custom indicator 2.1 (average release time for agricultural goods), will rely on documented data related to required processes, not user surveys. Specific commodities will be used as described in the Performance Monitoring Plan. The data will need to be collected from Custom's Sofia system, Import and Export Single Windows (VUI and VUE) and INAN's "SIGRA" system and processed in order to discriminate agricultural products.

The proposed methodology for collecting baseline information for Custom Indicator 2.2 (average cost of trade for agricultural goods) must be compared against sound international data sources (World Bank's Doing Business Survey, specifically the

Trading Across Border ranking and underlying indicators and data) for context as those indicators will serve as a reference point with at international forums.

The specific sampling methodology involving beneficiaries across activities will be determined by the contractor and will include multi-stage probability sampling, a combination of stratified, systemic, or cluster sampling. For some capacity building activities, representatives from all affected agencies will be interviewed.

Evaluation Management and Coordination

The evaluations will be supported by the IESC home-office MEL director, who leads IESC's dedicated evaluation unit based in Washington, DC in collaboration with the T-FAST Project Director and T-FAST MEL director, in conjunction with the IESC home-office program team. T-FAST project staff will assist the evaluator by providing logistical support during the baseline study and midterm and final evaluations. Roles and responsibilities for IESC staff and partners are outlined below.

IESC Staff	Role
Project Director	Providing necessary project documents. Introducing the team to stakeholders (government, private sector and NTFC) Getting government approvals for government site visits
T-FAST MEL Director	Logistical support to evaluation team. Identification of the required stakeholders. Setting up required stakeholder meetings and site visits.
Home Office MEL Director	Ensuring independence of the evaluator. Ensuring agreed methodologies are followed. Evaluation quality assurance.
Home Office T-Fast Project Team	Providing project information. Liaison between TFAST project team and evaluator. Submission of evaluation reports. Evaluation contract management.

Ethical guidelines

Every member of Contractor's evaluation team must adhere to ethical guidelines as outlined in the American Evaluation Association's Guiding Principles for Evaluators. A summary of these guidelines is provided below.

- Systematic Inquiry: Evaluators conduct systematic, data-based inquiries.

- Competence: The evaluation team possesses the education, abilities, skills, and experience appropriate to undertake the tasks proposed in the evaluation. Evaluators practice within the limits of their professional training and competence and decline to conduct evaluations that fall substantially outside those limits. The evaluation team collectively demonstrates cultural competence.
- Integrity/Honesty: Evaluators display honesty and integrity in their own behavior and attempt to ensure the honesty and integrity of the entire evaluation process.
- Respect for People: Evaluators respect the security, dignity and self-worth of respondents, project participants, clients, and other evaluation stakeholders. Evaluators regard informed consent for participation in evaluation and inform participants and clients about the scope and limits of confidentiality.
- Responsibilities for General and Public Welfare: Evaluators articulate and consider the diversity of general and public interests and values that may be related to the evaluation.
- Evaluation activities must not endanger the evaluation team, stakeholders, and public health.

5. Deliverables and Expected Due Dates:

5.1 Anticipated Timeline for Baseline Study:

- Final draft version of Baseline Study due to IESC October 23, 2020, conducted over the period of September 3, 2020 - October 23, 2020. The final version Baseline study, inclusive of IESC feedback and comments, is due October 29, 2020.

The Baseline Study deliverables include but are not limited to the following:

- Write a Baseline Study work plan, which includes the following:
 - A demonstrated understanding of the program based on desk review and kick-off meeting;
 - Baseline Study methodology including detailed sampling plan, field work plan, and any limitations of the proposed approach;
 - Planned quality control measures;
 - Communication protocol with interview subjects related to purpose of interview, the project, and consent for participation and/or inclusion of subject in photograph captured during the study;
 - Final timeline; and,
 - A Gantt chart reflective of the narrative that includes action, timeline by week, output, team owner, and IESC support if required.
- A two to three-page stand-alone brief describing the evaluation design, key findings and other relevant considerations. It will serve to inform any

interested stakeholders of the evaluation and should be written in language easy to understand by non-evaluators and with appropriate graphics and tables.

- Electronic copies of all clean and final versions of data collection tools;
- Clean and final versions of quantitative datasets and summary qualitative transcripts in agreed upon format;
- Electronic draft Baseline Study report in English, addressing all Study objectives and questions. The report will be in Microsoft Word in a standard IESC T-FAST report template. The report is estimated to range from 20 to 30 pages excluding relevant annexes. It must include the following:
 - List of acronyms/abbreviations;
 - Table of contents;
 - Executive summary;
 - Background;
 - Detailed methodology;
 - Baseline Data Findings and recommendations;
 - Annexed IESC response to findings;
 - Annexed scope of work;
 - Annexed export and import statistics;
 - Annexed data collection instruments; and,
 - Annexed photographs from meetings, or if work is performed remotely, screen shots of virtual meetings.
- An oral presentation supported by PowerPoint slides and any applicable electronic handouts the evaluation findings in the IESC T-FAST template. The presentation should be an hour and include 20 to 25 slides. An initial review shall be completed in-country at the completion of the field assignment, the final presentation delivered at the completion of the report;
- 15 to 20 high-quality pictures of the process, which are date and time stamped, or if work is performed remotely, screen shots of virtual meetings;
- An electronic English version of the Final Evaluation report in PDF and MS Word. The final version of the Baseline Study report will be made publicly available (including to those with disabilities), therefore the Contractor is expected to produce two copies of which one version of the report should not release the following:
 - Proprietary information owned by third parties; and information that could put individual safety at risk or personally identifiable information (PII). PII is information that can be used to reasonably infer the identity of an individual, directly or indirectly.
 - Final versions of evaluation reports ready for publication should be accessible to persons with disabilities. For guidance on creating documents accessible to persons with disabilities, please see the following

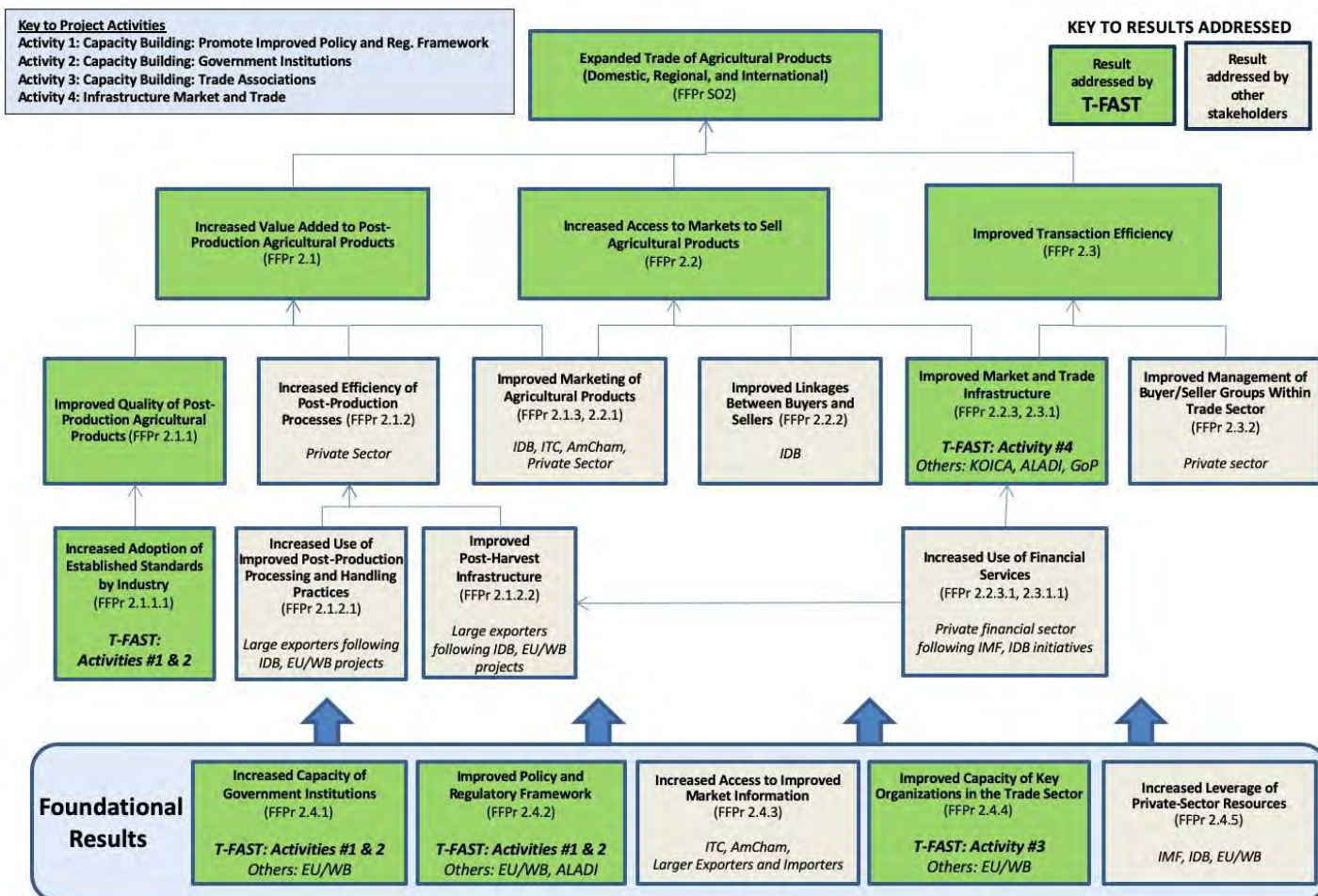
resources: <https://www.section508.gov/create/documents>
<https://www.section508.gov/create/pdfs>

Annex C: Membership in the NTFC

According to the law establishing the NTFC, there are 27 public sector member institutions:

- Presidencia de la República del Paraguay
- Ministerio del Interior
- Ministerio de Relaciones Exteriores
- Ministerio de Hacienda
- Ministerio de Agricultura y Ganadería
- Ministerio de Obras Públicas y Comunicaciones
- Ministerio de Defensa Nacional
- Ministerio de Salud Pública y Bienestar Social
- Ministerio de Industria y Comercio
- Secretaría Nacional Antidrogas
- Secretaría del Ambiente
- Administración Nacional de Navegación y Puertos
- Comisión Nacional de Telecomunicaciones
- Consejo Nacional de Ciencia y Tecnología, a través del Organismo Nacional de Acreditación
- Dirección General de la Marina Mercante
- Dirección Nacional de Aduanas
- Dirección Nacional de Aeronáutica Civil
- Dirección Nacional de Propiedad Intelectual
- Dirección Nacional de Transporte
- Dirección Nacional de Vigilancia Sanitaria
- Laboratorio Central del Ministerio de Salud Pública y Bienestar Social
- Servicio Nacional de Calidad y Salud Animal
- Servicio Nacional de Calidad, Sanidad Vegetal y de Semillas
- Instituto Nacional de Tecnología y Normalización
- Instituto Nacional de Alimentación y Nutrición
- Instituto Forestal Nacional
- Prefectura General Naval

Annex D : T-FAST Results Framework



Annex E: Import and Export Statistics

Please see attached excel workbook (Import and Export Statistics 2019) for data on import and export volumes, values and times for the entire year 2019. Four sheets are included:

- SOFIA Import Data – transaction data from SOFIA on imports by month, mode of transport, and product code;
- SOFIA Export Data – transaction data from SOFIA on exports by month, mode of transport and product code;
- Import CIF Values – ranking of import products by product code according to their Cost, Insurance and Freight (CIF) value in USD and as a percentage of total from Penta-Transaction;
- Export FOB Values – ranking of export products by product code according to their Free on Board (FOB) value in USD and percentage of total from Penta-Transaction.

A sample of the top agricultural export and import products is provided here as well:

Table 20: *Top Agricultural Export Products in 2019*

NCM	Description	US\$ FOB Value	% of total exports
1201.90.00	Soy beans - others	1,576,109,561	19.78%
2304.00.10	Cakes and other solid residues, from the extraction of soybean oil (soy), even grounded or in pellets - Flour and Pellets	689,136,959	8.65%
0202.30.00	Meat of bovine animals, frozen - boneless	554,552,521	6.96%
1507.10.00	Soybean oil and its fractions, even refined, but not chemically modified - Crude oil, including degummed	388,711,292	4.88%
1005.90.10	Corn - grain	399,832,411	5.02%
0201.30.00	Meat of bovine animals, fresh or refrigerated - boneless	467,725,631	5.87%
1006.30.21	Rice - Semi-milled or blanched rice, whether or not polished or glazed - Not parboiled	112,440,751	1.41%
1001.99.00	Wheat and meslin - Others	82,088,728	1.03%

Source: Central Bank of Paraguay (2020)

Table 21: *Top Agricultural Import Products in 2019*

NCM	Description	US\$ CIF Value	% of total imports
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2106.90.30	Food preparations not expressed or included elsewhere - other - food supplements	13,087,867	0.10%
1806.90.00	Chocolate and other food preparations containing cocoa - others.	15,634,863	0.12%
3808.92.99	Insecticides, rodenticides, fungicides, herbicides, germination inhibitors and regulators of the plant growth, disinfectants and similar products, presented in forms or packages for retail sale, or as preparations or in articles, such as tapes, sulfured wicks and spark plugs, and fly killer papers - others.	119,594,168	0.95%
3105.20.00	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Mineral or chemical fertilizers with the three fertilizing elements: nitrogen, phosphorus and potassium.	90,159,821	0.72%
3105.40.00	Mineral or chemical fertilizers, with two or three of the fertilizing elements; nitrogen; phosphorus and potassium; the other fertilizers; products of this chapter in tablets or similar forms or in containers of a gross weight less than or equal to 10 kg - Ammonium dihydrogen orthophosphate (monoammonium phosphate), even mixed with diammonium hydrogen orthophosphate (diammonium phosphate)	87,883,933	0.70%

Source: Central Bank of Paraguay (2020)

Annex F: Structure of the Data from SOFIA

Upon the evaluation team's request to the Customs Authority, the SOFIA System analysts provide an excel file with statistics of import and export clearance times for the period January 1, 2019 to December 31, 2019.

For import products, this excel sheet contained one row for each product NCM code, month, and means of transport. For each row of data, it provided the total number of shipments (despachos), total hours and the average hours, each disaggregated by stage (pre-customs, customs and post-customs) and by channel (green, orange and red).

For export products, the sheet contained one row for each product NCM code, month and means of transport. For each row of data, it provided the total number of shipments (despachos), total hours and the average hours at customs disaggregated by channel (green and red). To complement the information corresponding to exports from the pre-customs stage, the evaluation team requested specific information from the Ministry of Industry and Commerce Customs Office which manages the Single Export Window (VUE).

Data fields for import products:

- Month
- Means of Transport
- Product tariff code (NCM code)
- Description of the product code
- *Green channel:*
 - Quantity of shipments
 - *Pre-customs:*
 - Total hours
 - Average time
 - *Customs:*
 - Total hours
 - Average time
 - *Post-Customs:*
 - Total hours
 - Average time
- *Orange channel:*
 - Quantity of shipments
 - *Pre-customs:*
 - Total hours

- Average time
- *Customs:*
 - Total hours
 - Average time
- *Post-Customs:*
 - Total hours
 - Average time
- *Red channel:*
 - Quantity of shipments
 - *Pre-customs:*
 - Total hours
 - Average time
 - *Customs:*
 - Total hours
 - Average time
 - *Post-Customs:*
 - Total hours
 - Average time

Data fields for export products:

- Month
- Means of Transport
- Product tariff code (NCM code)
- Description of the product code
- *Green channel:*
 - Quantity of shipments
 - *Customs:*
 - Total hours
 - Average time
- *Red channel:*
 - Quantity of shipments
 - *Customs:*
 - Total hours
 - Average time

Annex G : May 4 Revision to Update Time Release Calculation

Based on comments and questions from USDA received on April 29, 2021, the evaluation team revised the method for calculating release time for Custom Indicator 2.1. The revision required changes to the report to update the description of the method in section III.A.2. (Baseline Study Methods: Average Release Time for Agricultural Goods), the time release tables with the results of our analysis in section IV.A.2. (Findings and Recommendations: Average Release Time for Agricultural Goods), and several other locations in the report where the average release time or calculation methods were referenced.

We have added this Annex to document the changes, including an explanation of the rationale for the revision, the original method used, and the difference between the original values calculated vis-a-vis the revised values.

Revision and Rationale

The original method for Custom Indicator 2.1, Average Release Time for Agricultural Goods was to calculate the average time a “transaction” (despacho, as defined in the main body of the report) spent in the customs process for specific agricultural products in their *modal month*. The modal month was identified as the month of the highest value of trade for each target product in the study. Upon review of the data available for both trade value by month and release times, the evaluation team changed the method to calculate average release time for the target products for the 12-month period from January 1, 2019-December 31, 2019.

This decision was based on several factors:

- First and most pressing, thanks to the review, analysis and feedback of USDA, we discovered that the source the evaluation team used for identifying modal month had data inconsistent with that of other official data sources.
- Using a full 12-month period will draw on data from a higher number of transactions, providing a smoother set of results and removing any potential seasonality of release times.
- The use of a 12-month period is easily replicable for the midterm and endline evaluations, and for the T-FAST MEL team to use for their monitoring system, rather than having to identify new modal months at each moment of measurement.
- The 12-month period is more accessible for readers of the report than the use of a modal month, and the related definition of the modal month.

Changes to the Report

In revising the report to capture the results based on the updated method and release time calculations, several sections of the report were impacted. Here we present an overview of the changes in each section:

- I. Executive Summary – the executive summary only needed edits to the indicator values for average release time which were slightly different under the 12-month calculation versus the previous modal month calculation.
- II. Project and Report Background – no edits were required due to the change in method.
- III. Baseline Study Methods – This section had edits in several locations. The detailed description of the method used to identify the parameters needed for our data request to SOFIA had previously indicated use of Penta-Transaction software to identify modal month. The revised method no longer requires the information that was taken from Penta-Transaction and this section was updated accordingly.
- IV. Findings and Recommendations:
 - The findings in section A.2., Average Release Time for Agricultural Goods, include tables showing all of the resulting calculations for average release time and the various disaggregations. The calculations in all of the tables needed to be updated with the revised numbers. Additionally, the narrative referring to the results required edits to remove references to modal month and update numbers where they were provided.
 - The findings in section A.3., Average Cost of Trade for Agricultural Goods, include the opportunity cost of capital as part of the calculations. As this was based on the average time goods spent in the customs process, those figures needed to be updated as well.
 - In section E., Summary of Key Recommendations, the previous recommendation number 4 had been to use the 12-month period as an alternative method for calculating average release time rather than modal month when the study is repeated at midterm and endline. As this is now the method used for the baseline study, that recommendation is no longer relevant and has been removed.

Summary of the Change in Release Time Values

Category	Average Time, Original Method	Average Time, Revised Method	Difference
All Foreign Trade	441.9	463.03	21.13
<i>Disaggregation:</i>			
Total Import	272.23	270.23	(2.00)
Pre-Customs	148.12	148.00	(0.12)
Customs	2.61	4.23	1.62
Green Channel	0.026	0.03	0.00
Orange Channel	0.13	0.17	0.04
Red Channel	6.41	12.43	6.02
Post-Customs	121.5	118.00	(3.50)
Total Export *	497.14	526.06	28.92
Pre-customs **	3.99	5.74	1.75
Customs	493.15	520.32	27.17
Green Channel	475.01	511.43	36.42
Red Channel	703.31	679.02	(24.29)

* - Note that for exports, this only includes pre-customs and customs as data is not available for post-customs.

** - Since pre-custom data comes from VUE and are not matched precisely to the data provided by DNA's SOFIA, we imputed the total hours of pre-customs export procedures using the average time from VUE.