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SP.
5120122-9

1. PROJECT NO 512-11-750-122.3	2. PAR FOR PERIOD: terminating 6/30/72	3. COUNTRY BRAZIL	4. PAR SERIAL NO. 72-4
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TAX ADMINISTRATION

6. PROJECT DURATION: Begin FY 64 Ends FY 72	7. DATE LATEST PROF 10/9/69	8. DATE LATEST PIP	9. DATE PRIOR PAR
10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 1,955,000	b. Current FY Estimated Budget: \$ 313,000	c. Estimated Budget to completion After Current FY: \$ 0
11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)			
a. NAME Internal Revenue Service		b. CONTRACT, PASA OR VOL. AG. NO. PASA IA(TA)08-65	

12. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
GRADE	AND/OR	HOST		
X	X	X	1. Designation of channel to process requests by SRF for short term consultants and training after project termination.	6/30/72
X		X	2. Development of priority training program for FY 1973.	6/30/72

D. REPLANNING REQUIRES	F. DATE OF MISSION REVIEW
REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIOT <input type="checkbox"/> PIO/C <input checked="" type="checkbox"/> PIO/P	May 26, 1972

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Robert W. Huddleston	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE William A. Ellis	6/13/72
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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW			MEDIUM		HIGH
	1	2	3	4	5	6	7	1	2	3	4	5	
1. Internal Revenue Service						X							X
2.													
3.													

Comment on key factors determining rating

Key factors determining rating include sound planning and management of project activities, excellent relations with host nationals, local staff training and utilization, objectivity and utility of required reports, adherence to work schedule, understanding of project purpose, responsiveness to AID direction, effective planning of training programs, including invitational travel and executive orientation programs, and the timely recruitment of long and short-term advisors with high technical qualifications, both from within and outside IRS.

4. PARTICIPANT TRAINING						X								X
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Comment on key factors determining rating

Availability of sufficient candidates to permit optimum selection; pre-orientation by IRS and USAID; special programs conducted by IRS; integration of participants in organization after training; and the utilization of returned participants in the conduct of similar courses in Brazil through CETREMFA, a ministry training organ.

5. COMMODITIES	N.A.												
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Comment on key factors determining rating

6. COOPERATING COUNTRY	a. PERSONNEL						X							X
	b. OTHER													

Comment on key factors determining rating

Competence and continuity of project leadership, ability to implement project plans, acceptance of and association with project purpose, receptiveness to change, dissemination of project benefits, and intent and capacity to sustain and expand project impact after U.S. assistance is terminated are some of the main factors supporting the rating.

7. OTHER DONORS	N.A.												
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(See Next Page for Comments on Other Donors)

II. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY		FY ____	FY ____	
			TO DATE	TO END			
Participants in U.S. tax administration organization techniques, methods and procedures.	PLANNED						
	ACTUAL PERFORMANCE	206					270
	REPLANNED						
Student enrollment at CETREMFA (training in tax procedures for Ministry of Finance employees and general public).	PLANNED						
	ACTUAL PERFORMANCE				CY ⁶⁵ 920	CY ⁷¹ 111,200	Not available
	REPLANNED						
Percentage increase in tax collection.	PLANNED		In cruzeiros (CY 1971/1965)				622.2%
	ACTUAL PERFORMANCE		In US\$ at current rates (CY 1971/1967)				181.8%
	REPLANNED						
Number of income tax returns filed.	PLANNED						8,000,000
	ACTUAL PERFORMANCE						9,000,000*
	REPLANNED		* Projection for CY ⁷¹ based on official CY ⁷⁰ figure (7,750,000)				
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT: Decree Law N ^o 63-659 (1968) provided for tax organization similar, in essential details, to IRS, with Secretary invested with authority over all controls and work planning, four functional organizations for audit, collection, taxation and economic fiscal information.						
1. Adoption by SFR of proven methods, policies and procedures							
2. Management improvement	COMMENT: Lines of authority are fairly well maintained through <u>portarias</u> , covering policy and objectives emanating from Finance Minister. Details for programs and operations are issued at subordinate levels. Manuals have been published covering organization and functions in several areas.						
3. Human resource development	COMMENT: Development of requirements and tests for recruitment of new high level tax technicians with necessary professional qualifications to carry out research, produce technical documentation and reports, draft laws and procedures and administer disputed cases.						

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES NO

To increase the efficiency and effectiveness of Brazilian tax administration in order that the country may realize its potential tax revenue.

B. 1. Conditions which will exist when above purpose is achieved.

2. Evidence to date of progress toward these conditions.

a. Corps of competent tax executives, middle managers and supervisors

a. Number of technicians already trained in U.S. and CETREMFA

b. Self-sufficiency of CETREMFA in meeting Ministry's training requirements

b. CETREMFA has 10 regional centers and 8 training offices and participates in up-grading SERF manpower, including recruitment of professionals.

c. High voluntary compliance resulting from enforcement program and improved taxpayer relations

c. Requirement for taxpayer identification card to conduct many business transactions added more than 500,000 returns to master file. Mass distribution of instructional booklets, taxpayer education courses and information centers have contributed to increase of 7,075,000 in returns filed as of CY'70.

d. Generalized computer operations

d. A national computer center (SERPRO) has been established to service the needs of the Ministry of Finance and the Secretariat of Federal Receipts. One of SERPRO's major objectives is the centralization of all taxpayer master files (following the IRS approach). Excise tax files have been computerized and SERPRO is currently programming filing systems for individual and business returns.

(see next page)

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To achieve a more rational allocation of public and private resources necessary for Brazil's social and economic development.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Yes. The substantial increase in Brazilian tax revenue has permitted both a large public investment program and high private capital formation, contributing to rapid national growth, while at the same time the federal budget deficit has declined from current Cr\$821 million (2.3% of GNP) in 1965 to current Cr\$738 million (0.4% of GNP) in 1970. The annual rate of inflation has diminished from 55% in 1965 to 20% in 1971.

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IV. PROJECT PURPOSE

B.1. Conditions which will exist when above purpose is achieved.	B.2. Evidence to date of progress toward these conditions
e. Increased tax collection	e. It is anticipated that Brazilian tax revenue will have increased by about 200% in dollar (real terms) between 1965 and 1971. (Figures not yet available.)