

**AIRGRAM**

**DEPARTMENT OF STATE**

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SUBJECT . Project Evaluation Summary - Cadastral Survey and  
Property Tax Improvement (Loan 526-W-026)

REFERENCE . AIDTO CIRC A-486 of Dec 2, 1978

Enclosed herewith are Parts I and II of PES No. 79/2 covering the subject project.

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*[Handwritten signature]*

OTHER AGENCY

FTA-2

Encl.: PES No. 79/2. sent MO/PAV  
attach to be run with Airgram

PAGE 1 OF 1

DRAFTED BY <i>[Signature]</i> OFFICE	PHONE NO.	DATE	APPROVED BY:
PO/ES: EMichailuk:ys Program	210	12/27/78	DIR: AMPeña

AID AND OTHER CLEARANCES

PO: WWRhodes *WWR*

ADIR: PAMontavon *pm*

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PROJECT EVALUATION SUMMARY (PES) -- PART I

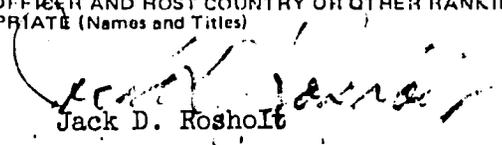
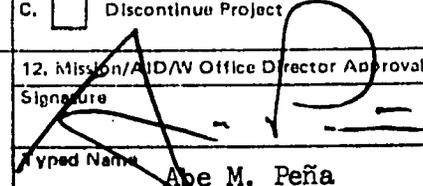
Report Symbol U-447

<b>1. PROJECT TITLE</b>  CADASTRAL SURVEY AND PROPERTY TAX IMPROVEMENT Loan 526-W-026			<b>2. PROJECT NUMBER</b>  526-21-780-105	<b>3. MISSION/AID/W OFFICE</b>  USAID/Paraguay
<b>4. EVALUATION NUMBER</b> (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <span style="float: right;">79/2</span>				
<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION				
<b>5. KEY PROJECT IMPLEMENTATION DATES</b> A. First PRO-AG or Equivalent FY <u>74</u> B. Final Obligation Expected FY <u>79</u> C. Final Input Delivery FY <u>80</u>	<b>6. ESTIMATED PROJECT FUNDING</b> A. Total \$ <u>3,500,000</u> B. U.S. \$ <u>2,300,000</u>	<b>7. PERIOD COVERED BY EVALUATION</b> From (month/yr.) <u>October 1976</u> To (month/yr.) <u>September 1978</u> Date of Evaluation Review <u>December 4, 1978</u>		

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Request the Cadastre Office to prepare a Budget Plan showing funding requirements up to the full completion of project activities.	CDO	Immediately
2. Upon receipt of the Budget Plan, write a letter to the Minister of Finance stressing the need for ensuring adequate counterpart funding in accordance with the new Budget.	CDO	March 1979
3. Closely monitor the negotiation of the contract for additional aerial photography to be signed in 1979.	CDO	June 1979
4. Request the Cadastre Office to submit quarterly reports on the status of funds collected in payment of the loan funded motorcycles sold to its employees. (This report substitutes for the monthly reports required in IL No. 19 dated 4/26/78).	CDO	December 1978

<b>9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS</b> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Project Paper</td> <td><input type="checkbox"/> Implementation Plan e.g., CPI Network</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Financial Plan</td> <td><input type="checkbox"/> PIO/T</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Logical Framework</td> <td><input type="checkbox"/> PIO/C</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Project Agreement</td> <td><input type="checkbox"/> PIO/P</td> <td>_____</td> </tr> </table>	<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____	<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____	<b>10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT</b> A. <input checked="" type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____											
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____											

<b>11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)</b>  <div style="text-align: center;">                   Jack D. Roshoit             </div>	<b>12. Mission/AID/W Office Director Approval</b> Signature  Typed Name <u>Abe M. Peña</u> Date <u>Dec 26, 1978</u>
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13. SUMMARY

Due to external factors which had a negative impact on the project and because of problems in delivering some key inputs on a timely basis production of some basic project outputs will extend until June 1982, i.e. approximately two years beyond the termination date established in the Loan Agreement. The Mission will extend the TDD for one additional year during which period the Loan funds will be fully disbursed and most important phases of the project duly completed. Continuation of project funding through its full completion will be the entire responsibility of the GOP, whose enthusiasm for the project has always been endorsed by an adequate budget support.

It was found that, although activities have not reached yet a stage where a significant increase in tax collections can be expected, the project has shown its great potential to contribute to such goal. Moreover, the project has already demonstrated its potential to contribute to the effectiveness of other development projects involving land resources.

14. EVALUATION METHODOLOGY

This evaluation was performed in accordance with the Mission's Annual Evaluation Schedule and is the third review of the project. The collection and analysis of progress data was primarily performed by the IAGS/PASA Cadastral Advisor and Mission Evaluation Specialist. A final evaluation review meeting was held with the Mission Director on December 4, 1978.

15. EXTERNAL FACTORS

Project management had little or no control over several factors which caused delays in the progress of the project.

- a. The most serious delay was caused by the lack of cooperation from the Instituto Geográfico Militar (IGM), whose Director was replaced after the project was designed and the CAP developed showing IGM inputs. The project is dependent upon the IGM for the production of base maps and aerial photographic products, and it took almost 18 months to negotiate a contract with the IGM and another 5 months to obtain the necessary materials and equipment. This was followed by several work stoppages and threats to break the contract, which led to the intervention by the Minister of Defense on behalf of the project in July 1977. Since then, there have been very few administrative problems with IGM. As a result, the IGM production is now ahead of other project activities and the IGM mapping inputs should be completed by May 1980. The aerial photography is being

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taken by the GOP Air Force, which has assigned a plane and crew full time to the task. Nevertheless this continues to be a potential problem area because of the need for a new contract between RPTO and IGM early in 1979.

- b. Another factor that seriously hindered the satisfactory development of project activities was the lack of adequate office space. The original plan of constructing a second floor along one side of the tax office building was delayed for about 14 months. Once it was completed, it was decided to renovate the entire building. Thus, the project was moved to temporary offices for 21 months and did not have adequate facilities until October 1978. As a result, every project activity was hindered due to lack of adequate work space and the final stages of processing cadastral data could not be initiated. But, on the other hand, the impact of the new facilities on the cadastral and tax improvement activities will have a positive effect in the long run because the old facilities were inadequate for efficient tax collection and cadastral operations.
- c. Another factor delaying project completion is the underestimation of the number of small rural properties. Based on the results of the field work in three Departments (Guairá, Caazapá and Itapúa), the number of rural properties is now estimated at 310,000, an increase of about 25% from the original project estimate of 250,000. This has been offset in part by an increase in the number of properties being identified per field party per day. (Average production has reached 11 properties per day. The original estimate was 8.6.)
- d. The Director of the Real Property Tax Office (RPTO) added the incorporation of land improvements as part of the cadastral survey. This has diverted manpower originally contemplated for verifying cadastral data. Again, although it is delaying the completion of the project, the long range results should increase tax collections.
- e. Due to numerous factors, including greatly increased costs of operations, the number of rural field crews was reduced from 36 to 30. However, the urban field work will be completed in May 1979, and 14 urban crews will be transferred to the rural section.

## 16. INPUTS

US financed inputs include a \$2.3 million loan to finance dollar costs of goods and services, mainly vehicles, printing materials, office equipment, etc. and local currency for operational costs, such

as per diem, gasoline, etc. In addition to the loan, USAID/P is financing the services of a full time PASA/IAGS Cadastral Program Advisor, who serves also as AID project manager.

The project is still experiencing difficulties in the procurement of equipment and materials. The Cadaster Office did not take prompt action to order some essential items for the project, and US suppliers continue having problems in meeting their shipping dates. Consequently, delays in dollar procurement materials and spare parts increased the volume of purchases made in the local market, causing the project to drain the local currency component while accumulating a surplus of dollars.

A major problem was the 44 US Rokon motorbikes, which proved to be completely inadequate for the work due to technical design problems. As a result, a large portion of the field work in Guairá and Caazapá had to be done on foot. The problem was solved with the purchase of 45 Honda motorbikes, which are more suitable for this type of field work.

Another problem in the area of equipment and supplies has been the inadequate storage facilities available during the time the office functioned in its temporary quarters.

The GOP has complied exceptionally well in delivering its counterpart cash contributions on a timely basis. Budget allocations for CY 1979 have increased 16.4% over 1978. Because of large cost variations the Budget Plan prepared at the start of the project is no longer valid. The preparation of a new plan was recommended in the last evaluation (November, 1976) but is just now being completed by the Cadaster Office.

## 17. OUTPUTS

The delays in achieving some key project outputs are due to several causes. Firstly, from project inception to September 1978, the work in the cadaster office has been hampered by a lack of adequate facilities. As a result the drafting of cadastral plan was not of high quality. Also, some items of equipment were not purchased because there was no place to install them. Secondly, the field operation phase was amplified to include much more work than originally anticipated (by the incorporation on cadastral records of all land improvements). Also, because of increased costs, the number of field crews was reduced from 36 to 30. (This latter problem will be solved, however, as soon as the urban crews complete their work in May 1979.)

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Thirdly, local and foreign development organizations have created an unexpected demand for information and materials on land. This demand developed earlier than originally envisioned and to a certain extent has diverted attention from normal cadastral activities.

Project performance towards key output targets as of September 30, 1978 has been as follows:

Key Output Indicators and Targets

Indicators	Planned as of Sept.30, 1978	Actual Perform- ance as of Sept. 30, 1978	Estimated Date of Completion
<u>Pre-Cadastral - Phase I</u>			
1. <u>Acquisition of Data on Land Owners/Occupants (%)</u>			
a. Registro Gral. de la Propiedad	100	100	Comp.
b. SENEPA	100	56	Comp.
c. IBR	100	62	June 1980*
2. <u>Acquisition Data on Properties/Location (%)</u>			
a. MOPC	100	100	Comp.
b. SENEPA	100	100	Comp.
c. IBR	100	67.5	Comp.
3. <u>Photographic Products (%)</u>			
a. 1:20,000 aerial photo- graphy	100	51.4	Dec.1979
b. Enlargements	92	33	June 1982*
c. Other photography	84	15	June 1982*
4. <u>Topographic Maps (%)</u>			
a. Manuscripts	92	73	Dec.1980
b. 1:50,000 maps	90	71.6	March 1981
c. 1:20,000 maps	90	78.0	March 1981
5. <u>Processing of Pre-Cadastral Data (%)</u>			
	96	72	June 1981

\* Changed to include new photography at 1:20,000 of the remaining area (60,000 sq.km.) of Eastern Region.

Indicators	Planned as of Sept.30, 1978	Actual Perform- ance as of Sept. 30, 1978	Estimated Date of Completion
<u>Cadastral Survey - Phase II</u>			
1. <u>Field Work (%)</u>			
a. Urban *	83	72	May 1979
b. Rural **	68	36.0	Dec.1981
2. <u>Drafting of Cadastral Plans (%)</u>			
a. Urban *	79	71	June 1979
b. Rural	60	26	March 1982
3. <u>Preparation of Land Tenure Records</u>			
	70	14	June 1982

\* Based on No. of towns

\*\* Based on parcels

#### 18. PURPOSE

The immediate purpose of the project is to provide the RPTO with the basic elements required to establish and maintain an efficient and more equitable property tax assessment and collection system throughout the eastern region of Paraguay. In fulfilling this purpose, the project is providing essential data for the development of that region, which in turn will enable the GOP to establish a stable land tenure system.

Due to initial problems in producing key outputs the project is about 2 years behind schedule. However, most of the difficulties seem to have been overcome and the project is now progressing satisfactorily.

Progress toward each End of Project Status (EOPS) condition is as follows:

EOPS No. 1 - "New and more complete tax records incorporating an estimated 250,000 rural and 255,000 urban properties."

As of September 30, 1978 the project has surveyed a total of 175,000 urban parcels and 89,600 rural properties.

Experience to date indicates that the number of existing urban properties has been overestimated by about 70,000 parcels. However, it is likely that the total number of rural properties will increase by an equal amount. The tax records of the RPTO include a total of approximately 400,000 properties. Within this total, 284,000 were cross referenced with the records of the Registro General de la Propiedad, and 52,000 were update

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In addition, 43,000 urban lots were amended to include the value of improvements, which increased potential tax revenue by approximately \$350,000 per year. Now that the project personnel have adequate work space, the incorporation of improvements is being accelerated. Thus, the potential tax revenue will increase at a more rapid rate than originally anticipated.

EOPS No. 2 - "New EDP billing system utilizing punch cards and incorporating all taxable properties installed and operational"

Punch cards have been used to prepare tax bills since 1976 but the system is not yet ready to produce listings of delinquent taxpayers. However, starting in 1979, the recently purchased teller machines will be in use and comparisons can be made between tax collections and master lists for the purpose of listing delinquent taxpayers. This will enable the RPTO to concentrate on collecting taxes on large land holdings (100 hectares and above).

EOPS No. 3 - "Real Property Tax Collection Office opened and operating in the Capital cities of the 14 Departments in the project area"

Tax collection offices were opened in eight Departments with two more to be opened in the Departments of Paraguari and Misiones during 1979. No collection office will be opened in the Central Department, because this function is being accomplished reasonably well by the Central Office in Asunción. Thus, the total number of offices to be opened is reduced to 13.

All tax offices opened so far are functioning satisfactorily and collections are steadily increasing. Collections in the 8 offices during the first 3 quarters of 1978 have exceeded 1977 collections for the same period by 22%. It should be noted that these increases have not resulted in a decrease at the Central Office, clearly indicating that they are collecting from previously delinquent or non-taxpayers.

EOPS No. 4 - "Field collection function (operating in conjunction with office collection function) expanded to a minimum of 10 collection officers working in the central and regional offices."

The field collection function has been established in 1975 to include areas adjacent to Asuncion. During the first three quarters of 1978 the five Agents collected taxes amounting to the equivalent of \$372,500 - an increase of 22% over field collections made during the same period in 1977.

Although the field collection function has proven to be an efficient mechanism, to focus on delinquent taxes in Asuncion, no attempts have been made by the RPTO to expand the service to the rural areas as contemplated in the project design. However, as a result of the cross referencing of tax rolls with Property Registry data, the RPTO Legal Department has greatly increased its activities of taking legal action against large land holdings that have not been paying tax.

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EOPS No. 5 - "An effective legal system adopted for the maintenance of the cadastral tax records."

Existing laws were compiled and reviewed, but no further action was taken by the RPTO.

EOPS No. 6 - "Field Cadaster Offices continuously engaged in the inspection of property boundary changes for cadastral and property tax maintenance purposes, opened and operating in the capital cities of the 14 Departments in the project area."

To date, only two field offices established in 1976 are engaged in cadastral maintenance works. No progress was achieved toward this target during the period of this report.

#### 19. GOAL

The goal of this project is to increase Paraguay's Real Property Tax Collections. Despite the fact that the project is approximately two years behind the original schedule and its potential benefits are not yet fully realized, tax collections are largely exceeding the estimates made in the CAP. For example, the increment in 1977 over the previous year was 8191.6 million (\$1.5 million) versus 884.5 million planned.

While a portion of the tax increases is due to the significant increase in new construction and improvements achieved under a previous AID Tax Administration Project (790-018.1) the analysis of collections showed that the highest percentages of such increase were achieved in those areas where the project has either completed or is still carrying out the field operations.

In addition to contributing to an improved capacity of the RPTO to carry out a more equitable and effective tax program, the project is also contributing to the development of a source of information which is already being used for the planning and execution of other development projects. The increasing demand for information that has developed earlier than anticipated is an indication that the project has a significant potential to contribute to the planning and execution of development programs involving land resources.

#### 20. BENEFICIARIES

This project was not designed to directly benefit the target group, but rather to increase GOP's fiscal revenues.

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Whether the project will benefit the poor majority or not depends on how the Government will allocate its expenditures. The Mission and other donors are continuously pressing the GOP to increase its support to the Ministries of Agriculture and Education and provide counterpart funding to projects directly aimed at the poor majority.

So far the GOP has demonstrated a desire to increase its assistance to the rural poor. In this regard, under this project it has adopted an unwritten policy of not collecting taxes on rural properties of less than 10 hectares as a way of helping the rural poor majority.

#### 21. UNPLANNED EFFECTS

One unexpected result of the project has been the complete remodeling of the Internal and RPTO tax building. The RPTO and Cadaster Office now have adequate office space to continue expanding and refining cadastral and tax collection activities.

Another unexpected effect has been the fact that the Cadaster Office has become the focal point for the supply of not only cadastral data but for all types of maps. This is happening primarily because of the difficulties encountered by the public in dealing with the IGM.

An additional benefit derived from the project is the information obtained on land tenure and registration which has now been identified by USAID/P as one of the basic problems affecting the social and economic well-being of a large portion of the country's rural population.

As a result USAID/P is now planning to carry out a Small Farmer Land Registration project which will assist the GOP to modernize its Property Registration office and thus provide a better base for protecting property and land rights with particular emphasis on small rural land holders.