

PROJECT EVALUATION SUMMARY (PES) - PART

1. PROJECT TITLE CADASTRAL SURVEY AND PROPERTY TAX DEVELOPMENT LOAN 526-W-026			2. PROJECT NUMBER 526-0703	3. MISSION/AID/W OFFICE USAID/Paraguay
5. KEY PROJECT IMPLEMENTATION DATES			4. EVALUATION NUMBER (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) <u>81/2</u> (Final) <input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	
A. First PRO-AG or Equivalent FY <u>74</u>	B. Final Obligation Expected FY <u> </u>	C. Final Input Delivery FY <u>81</u>	6. ESTIMATED PROJECT FUNDING A. Total \$ <u>3,500,000</u> B. U.S. \$ <u>2,300,000</u>	
			7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>October 1978</u> To (month/yr.) <u>December 1980</u> Date of Evaluation Review	

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
<p>Contract Computer Expert to provide technical assistance to operate the computer financed with loan funds.</p>	<p>Norma Parker AID/W</p>	<p>Sept. 30, 1981</p>

<p>9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS</p> <p><input type="checkbox"/> Project Paper <input type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> Other (Specify) _____</p> <p><input type="checkbox"/> Financial Plan <input type="checkbox"/> PIO/T _____</p> <p><input type="checkbox"/> Logical Framework <input type="checkbox"/> PIO/C <input type="checkbox"/> Other (Specify) _____</p> <p><input type="checkbox"/> Project Agreement <input type="checkbox"/> PIO/P _____</p>	<p>10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT</p> <p>A. <input type="checkbox"/> Continue Project Without Change</p> <p>B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan</p> <p>C. <input type="checkbox"/> Discontinue Project</p>
<p>11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)</p>	<p>12. Mission/AID/W Office Director Approval</p> <p>Signature: <i>Paul A. Montavon</i></p> <p>Typed Name: Paul A. Montavon</p> <p>Date: <i>July 17, 1981</i></p>

13. SUMMARY

The original loan agreement for this project was signed on May 23, 1974 providing AID funds up to \$2.3 million. GOP counterpart financing planned in the CAP amounted to the equivalent of \$1.2 million. Due to implementation problems the project suffered continuous delays and the terminal date for disbursement was successively extended from December 1978 to September 1981. At the time of this review completion of some outputs such as field surveys, and preparation of land tenure records ranged from 53 to 66 percent respectively. Fortunately, the GOP has performed fairly well in providing on a timely basis all the additional funds required for the continuous operation of the project.

The limited progress was mainly due to difficulties in the area of commodities, delays in negotiating an acceptable contract for aerial photography and slackness on the part of the Rural Property Tax Office (RPTO) to take timely action on administrative improvements related to the collection of taxes. In spite of these problems the project has already reached a stage where contributions to goal targets of increased tax collections have become apparent. In addition there has also been evidence of effective contributions to the secondary goal of providing basic information to offices responsible for the planning and execution of programs involving land resources.

14. EVALUATION

This evaluation was performed in accordance with the Mission's Annual Evaluation Schedule and is the fourth and final review of the project. The collection and analysis of progress data was performed by the Mission Evaluation Specialist with the cooperation of key staff of the Cadaster Office. The issues were discussed with the Mission's Project Manager and the Director of the Cadaster Office. The final report was reviewed by the Mission's Program Officer and Director.

15. EXTERNAL FACTORS

There were no major changes in project setting and socio-economic conditions which had an impact on the project. There were, however, several implementation problems on which management had no control, and which caused serious setbacks in project progress. The most serious problem was the difficulty in negotiating an acceptable contract with the Military Geographic Institute to obtain aerial photography. This institution had constantly endeavored to take advantage of its monopoly as source of maps and aerial photography and it took approximately two years before the project started receiving the mapping products required to start the field work. Also, the number of small rural properties was underestimated in the original plan by about 50%. This, plus the fact that the Director of the RPTO added the incorporation of land improvements as part of the Cadastral Survey, resulted in an additional workload and slower progress. Other factors that delayed project progress

were the greatly increased costs (mainly gasoline) as a result of which the project office had to temporarily reduce the number of field crews. Fortunately, the GOP later was able to provide additional budget resources to absorb the increments.

16. INPUTS

AID planned inputs consist of a \$2.3 million loan to finance dollar costs of goods and services mainly vehicles, printing materials, office equipment, etc. up to a total of \$900,000, and local currency costs up to \$1,400,000 to defray local operational costs such as per diem, over-time pay, vehicle operation, etc. In addition to the loan, AID has provided grant funds to fund full time services of a PASA/IAGS Cadastral Program Advisor until December 1973.

The GOP planned contribution amounts to the equivalent of \$1.2 million and includes salary costs, construction of additional facilities, insurance, etc. Total amounts planned and actually contributed were as follows:

	Planned \$	Applied as of December 31, '80 \$
1. <u>AID Loan</u>		
a. Operational Costs	1,400,000	1,314,766
b. Technical Assistance	150,000	66,338
c. Equipment and Supplies (incl. aerial photography)	<u>750,000</u>	<u>698,470</u>
	<u>\$2,300,000</u>	<u>\$2,079,574</u>
2. <u>GOP</u>		
a. Personnel	1,099,805	2,810,863
b. Facilities and Other	<u>100,195</u>	<u>203,132</u>
	<u>\$1,200,000</u>	<u>\$3,013,995</u>

We found that the AID contribution was delivered at about the planned level. The actual GOP contribution, on the other hand, exceeded approximately 2 1/2 times the amount originally planned, as it had to absorb the increased project costs, especially in the area of personnel, facilities and gasoline expenses.

The project had experienced continuous difficulties in the delivery of project inputs. The establishment of sound administrative practices in the implementing agency has required more time and effort than originally foreseen. Due to the lack of experience in procurement there have been delays in ordering essential commodities for the project, there have been problems in identifying adequate U.S. suppliers who in turn were either not interested in the deal because of the small amounts involved or were not able to adhere to the procurement terms.

The main problem was with the 42 U.S. Rokon motorcycles which, due to design problems, proved to be completely inadequate and had to be replaced by 45 Honda motorcycles. Difficulties were also experienced in maintaining the fleet of 18 Jeeps in operation due to the lack of spare parts which were not ordered on time. In the meantime, field operations had to be made by foot or on horseback, and as a result the field work is behind its original schedule. Another factor that caused serious setbacks was the delay in obtaining adequate electronic data processing equipment. The NCR teller equipment bought in 1978 is not being fully utilized and to make it compatible with the IBM System 34 brought in 1980 will require additional expenditures from the Cadaster Office.

17. OUTPUTS

The problem experienced with the delivery of project inputs resulted in several delays in achieving some key output targets such as the rural field surveys and the processing of the cadastral data. Other output targets, however, had been fully achieved as can be seen below:

<u>PRE-CADASTRAL - Phase I</u>	<u>Actual Performance as of Dec. 31, '81</u>	<u>Percentage of Completion</u>
<u>1. Acquisition of Data on Land Owners/ Occupants (Properties)</u>		
a. Registro Gral. de la Propiedad	284,017	100%
b. SENEPA	161,951	100%
c. IBR	69,280	80%
<u>2. Acquisition of Data on Properties/ Location (plans)</u>		
a. MOPC	5,747	100%
b. SENEPA	5,785	100%
c. IBR	7,480	100%
<u>3. Photographic Products (sq. km.)</u>		
a. 1:20,000 aerial photography	95,000	100%
b. Enlargements	50,350	53%
c. Other photography	71,100	79%
<u>4. Topographic Maps</u>		
a. Manuscripts	271	100%
b. 1:50,000 maps	271	100%
c. 1:20,000 maps	1,436	96%
<u>5. Processing of Pre-Cadastral Data (Properties)</u>	297,733	100%
 <u>CADASTRAL SURVEY - Phase II</u>		
<u>1. Field Work</u>		
a. Urban	190,195	100% (area)
b. Rural	205,777	53% (area)
<u>2. Drafting of Cadastral Plans</u>		
a. Urban	190,661	100%
b. Rural (not in report)	132,028	64%
<u>3. Preparation of Land Renure Records</u>	265,086	66%

18. PURPOSE

The 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.

Due to implementation problems in the earlier years the project is several years behind schedule and will not be completed when AID's financing terminates in September 30, 1981. Nevertheless, judging from facts, the GOP has placed a priority interest in the project and everything appears to indicate that it will assume full responsibility for its completion and subsequent maintenance. Project personnel estimate that full completion of activities, as planned in the CAP, will be achieved by the end of 1984.

Progress toward each specific 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 December 1980 the project has surveyed 190,661 urban parcels and 132,028 rural properties and incorporated the data in the tax records. In addition to identifying the properties, all land improvements were noted, an activity not contemplated in the original design and, although delaying present completion, contributed considerably to increasing the tax base. Another significant indicator is the increase in the total number of tax records. Before the project was initiated, the number of taxable properties in the RPTO amounted to 101,817 urban and 210,251 rural properties. As of December 31, 1980, the number amounted to 218,024 urban and 258,281 rural records, i.e. a total of 116,207 urban and 48,030 rural properties were added to the existing tax base.

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

The punch cards system in use since 1976 has been replaced in 1981 by an electronic IBM 34 System. However, full utilization of the computer is progressing slowly due to lack of experienced personnel. Therefore, the terminal disbursement date of the loan was extended to Sept. 30, 1981, to provide to the RPTO the technical services of a system analyst. A major problem constitutes the use of the loan financed NCR teller machines in association with the IBM system.

In order to maintain automated balance records of taxpayers the NCR equipment should be operated on-line with the IBM computer, which

will require an additional investment in equipment amounting to \$35,000. A cost efficiency study is required to determine whether the equipment should be bought or not.

EOPS No. 3: "Real Property Tax Collection Offices opened and operating in the capital cities of the fourteen Departments in the project area."

Project plans call for the establishment of tax collection offices in each Department as the project operations advance through the region. Because of the delays in completing the field work, the project is behind in achieving this target. Three offices were already established before the project was initiated and five additional were opened during the life of the project bringing the total to eight.

The offices established are functioning satisfactorily and tax collected during 1980 exceeded 1979 collections by 27.5%.

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 RPTO has established a field collection function in 1975 with the appointment of five full time agents that operate in the areas adjacent to Asuncion. To date, these five collection agents have collected 19,009 tax receipts for a total value equivalent to \$1,071,456. Despite the fact that this function has proven to be an efficient mechanism to collect delinquent taxes, no attempts were ever made by the RPTO to expand the operation.

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

Existing legislation is considered adequate to ensure a sound basis for the maintenance of property and property ownership data. The laws, however, are not fully enforced in the rural area.

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 fourteen Departments in the project area."

The plans call for the installation of a cadastral maintenance function established in the capital cities of each Department in conjunction with the establishment of the tax collection offices mentioned under EOPS No. 3. To date, only five maintenance offices were opened.

A maintenance section was however established in Asuncion to coordinate the operation of the field offices. Written guidelines were already prepared and field offices appear to operate effectively. To date, the maintenance staff has updated cadastral records of 96,344 properties.

19. GOAL

The main goal of this project as stated in the Logical Framework is to increase Paraguay's Real Property Tax Collections. The project is also expected to impact on the economic development of Paraguay by making available basic information on land distribution, tenure and use, which should improve the capability for planning and executing development programs involving land resources.

This evaluation concluded that despite the fact that the project is approximately three years behind, adequate progress was made toward the project goal. Total Real Estate Tax collections in the five past years increased 122%, far exceeding the CAP estimates. It should be noted that real estate tax revenues have also increased as a result of other factors, such as administrative improvements in the RPTO achieved under previous USAID/P projects, new construction, plus valia, inflation, etc. and therefore the total increase can not be directly attributable to the project. However, an analysis of collections indicated that the highest increases were achieved in the rural areas of the Eastern Region, i.e. the areas encompassed by the project. Besides the benefit of increased tax revenues to the Central Government, the project is generating additional benefits derived from the availability of information on land distribution, tenure and use which constitute an essential element for planning and executing other development programs. Information developed by the project has been used by offices such as the Ministries of Agriculture and Public Works for designing agricultural development plans and road construction. Also, the Institute of Agrarian Reform has utilized cadastral information in the planning of its colonization projects. Cadastral data has also been instrumental in providing information to plan the relocation of the population living in the zone of influence of the two large hydro-electric projects undertaken with Brazil and Argentina.

20. BENEFICIARIES

Because this project was undertaken before the AID's New Directions were passed it is not intended to benefit a certain group of people but rather to contribute to the overall economic development of the country. Increased fiscal revenues should contribute to expand public investment on economic and social infrastructure and the actual benefits to the target group strictly depend on how the GOP will allocate its fiscal resources.

21. UNPLANNED EFFECTS

The most important unexpected effect of the project was the complete remodeling of the office building that houses the RPTO and Internal Tax Offices. This investment by the GOP was made solely as a consequence of the project and resulted in the incorporation of modern and adequate office space for both offices.

22. LESSONS LEARNED

Most of the implementation problems faced by the project could have been avoided or ameliorated through more frequent contacts between the USAID's Project Manager and the GOP's implementing agency. Due to the technical nature of the project the Mission relied almost entirely upon the AID/PASA Cadaster Advisor in the monitoring of all the various activities. Consequently, his responsibility gradually extended beyond the purely technical aspect to include activities in areas such as finance, administration, procurement, end use, etc., without adequate oversight by the USAID Project Manager. Moreover, the internal reporting mechanism, which covered mainly the technical portion was not clearly understandable and did not serve its purpose of assisting in the monitoring of the project.

Therefore, a lesson learned from this project is that in the case of projects managed by technical advisors, the respective USAID/P office should not lessen its monitoring responsibilities but should follow the project progress very closely through more frequent contacts with the implementing agency, end use checks, site inspections, and a more informative and comprehensive reporting system.