



PROJECT APPRAISAL REPORT (PAR)

PAGE 1

1. PROJECT NO. 526-22-810-092	2. PAR FOR PERIOD: 2/1/75 TO 2/28/76	3. COUNTRY PARAGUAY	4. PAR SERIAL NO. 76-6
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5. PROJECT TITLE
MUNICIPAL DEVELOPMENT PROJECT - AID Loan No. 526-L-022

6. PROJECT DURATION: Began FY 1973 Ends FY 1977	7. DATE LATEST PROP -	8. DATE LATEST PIP -	9. DATE PRIOR PAR 3/26/75
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 2,000,000	b. Current FY Estimated Budget: \$ -	c. Estimated Budget to completion After Current FY: \$ -
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

c. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Instituto Brasileiro de Administracao Municipal (IBAM)	-
Equipo Guaraní Consultores Asociados	-
Consorcio Monitor S.A. - Fretes Ventre y Asociados	-

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

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
X			1. Continue discussions with the GOP to encourage greater counterpart contribution for salaries and operating expenses for IDM.	Open
		X	2. Follow up on delinquent reports from IDM.	June 30, 1976
X		X	3. Develop criteria for allocating funds among Category I and II Municipalities.	June 30, 1975
X		X	4. Review and clarify IDM's regulations relating to procurement of goods and services by subborrowers.	June 30, 1976

D. REPLANNING REQUIRES REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	E. DATE OF MISSION REVIEW April 1976
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PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Henry L. Miles <i>H. L. Miles</i>	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Oliver L. Sause <i>O. L. Sause</i>
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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			OUTSTANDING		LOW		MEDIUM		HIGH
	1	2	3	4	5	6	7	1	2	3	4	5
1. Inst. Brasileiro de Adm. Munic. (IBAM)					X							X
2. MONITOR - Fretes Ventre					X							X
3. Equipo Guarani - Consultores Asoc.			X									X

Comment on key factors determining rating **IBAM** - This contractor has shown competence in providing technical assistance in municipal administration. Adherence to scope of work has been satisfactory excepting for the preparation of a long term execution plan for IDM. The contractor has not yet submitted required reports delinquent since April 1975.

MONITOR - Technical qualifications and responsiveness to AID or IDM directions were superior. Some courses for municipalities listed in the work plan were not given yet because IDM is awaiting new legislation on municipal taxes.

EQUIPO GUARANI - Has fulfilled its contractual obligations except for some items excluded from the scope of work of the contractor per mutual agreement with IDM. Some of materials produced - procedural manuals - will have to be rewritten by IDM to make them more specific and understandable to the municipalities.

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

A total of 20 key officials from IDM and Municipalities were sent to other Latin American countries to participate in various training courses and/or observation trips. The training proved to be effective for the adoption of better procedures applicable to local municipal activities.

5. COMMODITIES													
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Comment on key factors determining rating

No commodities were provided under this project.

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

Comment on key factors determining rating

The GOP appears to hold the project in high regard. Projects funded or planned for funding by IDM are considered to be important for the development of the small towns in the interior where IDM's projects are located. Unfortunately the GOP's enthusiasm for the project has not been followed by one of the most important endorsements, adequate budget support. Unless the IDM receives a substantial increase in GOP financial support, its future will be seriously jeopardized. In this connection, the GOP Ministry of Finance will submit to the Congress now in session, the postponed revised municipal tax law. If this law is approved, it will produce substantial increase collections to the municipalities, and, therefore, to IDM through the 2% on municipal current revenue established by Law No. 291.

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

AID 1020-28(10-70) PAGE 3 PAR	PROJECT NO. 526-22-810-092	PAR FOR PERIOD: To 2/28/76	COUNTRY PARAGUAY	PAR SERIAL NO. 76-6
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II. 7. Continued: Comment on key factors determining rating of Other Donors

There are no other donors.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount) ^{1/}					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY 76		FY 77	FY ____	
			TO DATE	TO END			
IDM and Municipalities staff trained abroad	PLANNED	20					20
	ACTUAL PERFORMANCE	20					
	REPLANNED						
Internal courses for IDM staff	PLANNED	7		3			10
	ACTUAL PERFORMANCE	8	0				
	REPLANNED						8
Procedural manuals for IDM and Municipalities Prepared/used	PLANNED	20/0		0/10	0/10		20/20
	ACTUAL PERFORMANCE	20/0	0/1				
	REPLANNED						
Subloan applications received Number/Value (\$000)	PLANNED	100/2000	8/166	50/1000	50/1000		200/4000
	ACTUAL PERFORMANCE	69/1094	13/154				
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:					
1.		^{1/} All data are for calendar year.					
2.		COMMENT:					
3.		COMMENT:					

AID 1020-28(10-70)	PROJECT NO.	PAR FOR PERIOD:	COUNTRY	PAR SERIAL NO.
PAGE 3 PAR (a)	526-22-810-092	2/1/75 - 2/28/76	PARAGUAY	76-6

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) <u>1/</u>					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY 76		FY 77	FY ____	
			TO DATE	TO END			
Subloan applications approved-AID Loan funds. Number/Value (\$000)	PLANNED		9/175	56/1052	34/498		90/1550
	ACTUAL PERFORMANCE	48/929	8/124				
	REPLANNED						
Subloan applications approved-IDM funds. Number/Value (\$000)	PLANNED	10/100	2/25	10/150	10/150		30/400
	ACTUAL PERFORMANCE	14/86	3/14				
	REPLANNED						
Subloan processing time (months).	PLANNED	2	1	1	1		1
	ACTUAL PERFORMANCE	7	2				
	REPLANNED						
Default rate. (Percentage on outstanding loan portfolio)	PLANNED	3	3	3	3		3
	ACTUAL PERFORMANCE	0	0				
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
1.	<u>1/</u> All data are for calendar year.						
2.	COMMENT:						
3.	COMMENT:						

AID 1020-28 (10-70) PAGE 4 PAR	PROJECT NO. 526-22-810-092	PAR FOR PERIOD: To 2/28/76	COUNTRY PARAGUAY	PAR SERIAL NO. 76-6
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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES NO

To establish an Institute for Municipal Development capable of providing administrative, technical and financial assistance to the 163 municipalities throughout Paraguay.

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

2. Evidence to date of progress toward these conditions.

1. AID loan funds fully disbursed and IDM effectively operating with roll over funds.

Subproject financing (\$000):

CYs	74	75	76	77
AID	238	317	437	508
GOP	100	100	100	100

2. IDM operating effectively without external technical assistance and continuously engaged in providing technical assistance in municipal administration.
50 training seminars
1,400 people attended seminars
163 municipalities received technical assistance.

1. Total loan funds applied to subprojects as of February 28, 1976 amount to \$527,404. As of the same date, subblending with GOP counterpart funds amounted to the equivalent of \$52,341. The number and value of subloan applications has increased noticeably in the last months and indicate that the loan should be fully committed and perhaps, fully disbursed, by December 1976.

2. Key positions were filled during CY 1975 and staffing of IDM is now considered adequate for the present volume of operations. In addition to the 50 training seminars being held with assistance of external consultants the training unit of IDM has carried out 43 short term courses for higher level staff of the Municipalities. Total attendance at seminars and short term courses was 2,100 people from 160 municipalities.

V. PROGRAMMING GOAL

A. Statement of Programming Goal

Subgoal: To strengthen the municipalities economically and politically and to modernize the administration of municipal governments.

Goal: To promote the socio-economic development of communities in Paraguay.

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.

Impact on Subgoal: The project has already made a good start towards achieving its subgoal of strengthening and modernizing the municipal governments.

As a result of the extensive technical assistance started with the help of outside contractors and later through the IDM's own training unit most of the participating municipalities already have improved their administrative procedures and have adopted better budgeting techniques. The most visible result from this effort has been the fact that total revenues of rural Municipalities increased in 1975 by an average of 43.4% over the previous year because of improved tax collection. (GOP Central Government Budget increased only 29.3% during the same period).

All Municipalities show a high degree of enthusiasm in adopting IDM recommendations.

(Cont'd on page 4a)

AID 1020-28 (10-70) PAGE 4 PAR (a)	PROJECT NO. 526-22-810-092	PAR FOR PERIOD: To 2/28/76	COUNTRY PARAGUAY	PAR SERIAL NO. 76-6
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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES NO

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<p>3. An adequate function for assisting municipalities to prepare projects will have been installed and working in IDM.</p>	<p>3. The function was established and is now staffed as planned. However, it is not in condition to quickly satisfy the increasing demand for assistance from the municipalities. Some projects requiring specialized engineering studies are being referred to other GOP offices. The main concern is that this Department might lose some of its key staff because of the low salary level at IDM.</p>
<p>4. IDM would have a solid financial base.</p> <ul style="list-style-type: none"> a. Sufficient income to cover expenses. b. Sufficient funds for a viable lending operation. c. Adequate reserves to cover contingencies. 	<p>4. The GOP funding of IDM is insufficient to cover its operating costs. The 1975 year was closed with a loss equivalent to \$104,730. A long range capitalization plan prepared by IDM shows that unless the GOP raises substantially its budget support the Institution will not be able to continue operating past this year.</p>

V. PROGRAMMING GOAL

A. Statement of Programming Goal

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.

This enthusiasm has in fact developed a spirit of competition among the leaders, in which all are eager to adopt and even surpass the improvements implemented by others.

The full achievement of the project's subgoal, however, will require removal of several obstacles and the undertaking of a variety of actions by IDM and Municipalities. Technical skills available in the Municipalities are weak and the turnover of personnel is high, which makes the adoption of new practices an arduous task. Most of the improvements were the result of seminars held in the field as well as through intensive on the job training activities by IDM staff. One concern is that the IDM, due to its financial strain, might not be able to devote enough funds for travel.

(Cont'd on page 5)

SECURITY CLASSIFICATION

PROJECT NUMBER

500-22-810-000

PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

Impact on the Goal: Our evaluation has concluded that the project has significant potential to achieve the goal of promoting the socio-economic development of communities in Paraguay, and that progress towards achieving the goal is satisfactory.

As of March 31, 1976 one year after the subgranting operations were initiated, the project has processed 62 subprojects in 50 different municipalities as follows:

City halls	6
Municipal gymnasiums	2
Bus terminals	4
Municipal markets	12
Slaughterhouses	4
Street paving	19
Water projects	3
Municipal offices	6
Electrification	4
Tourism projects	2
	<u>62</u>

Some of these projects are completed and the rest are in various stages of completion. All subprojects undertaken so far are based on sound technical analysis and with few exceptions they appear to be self-financing. All projects appear to be promoting the socio-economic development of local communities.

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