

AID 1020-25 (7-60)

SECURITY CLASSIFICATION

001 PRJ. CT NUMBER

PROJECT APPRAISAL REPORT (PAR)

(U-416)

UNCLASSIFIED

524-11-790-025.2

002 PAR	NO.	DAY	YR.	003 U.S. OBLIGATION SPAN
AS OF:	1	2	3	FY 5 6
	4	5	6	Thru FY 7 8

004 PROJECT TITLE
 TAX & ADMINISTRATIVE REFORM -
 Tax Administration - IRS

005 COOPERATING COUNTRY - REGION - AID/W OFFICE

Nicaragua

006 FUNDING TABLE

AID DOLLAR FINANCING-OBLIGATIONS (\$000)	TOTAL	CON-TRACT (NON-ADD)	PERSONNEL SERVICES			PARTICIPANTS		COMMODITIES		OTHER COSTS	
			AID	PASA	CON-TRACT	DIR. PASA	CON-TRACT	DIR. PASA	CON-TRACT	DIR. PASA	CON-TRACT
CUMULATIVE NET THRU ACTUAL YEAR (FY 1968)	437			375							62
PROPOSED OPERATIONAL YEAR (FY 1969)	158			128		6					24

CCC VALUE OF P.L. 480 COMMODITIES (\$000) → Thru Actual Year : Operational Year Program :

007 IMPLEMENTING AGENCY TABLE

If contractors or participating agencies are employed, enter the name and contract or PASA number of each in appropriate spaces below; in the case of voluntary agencies, enter name and registration number from M.O. 1551.1, Attachment A. Enter the appropriate descriptive code in columns b and c, using the coding guide provided below.

TYPE CODE b	TYPE CODE c	a. IMPLEMENTING AGENCY	TYPE CODE		d. CONTRACT/PASA/VOLAG NO.	e. LEAVE BLANK FOR AID/W USE
			b.	c.		
1. U.S. CONTRACTOR	0. PARTICIPATING AGENCY	Treasury - IRS/FTAS	4	0	LA (TA) 33-00	
2. LOCAL CONTRACTOR	1. UNIVERSITY					
3. THIRD COUNTRY CONTRACTOR	2. NON-PROFIT INSTITUTION					
4. PARTICIPATING AGENCY	3. ARCHITECTURAL & ENGINEERING					
5. VOLUNTARY AGENCY	4. CONSTRUCTION					
6. OTHER:	5. OTHER COMMERCIAL					
	6. INDIVIDUAL					
	7. OTHER:					

PART I - PROJECT IMPACT

I-A. GENERAL NARRATIVE STATEMENT ON PROJECT EFFECTIVENESS, SIGNIFICANCE & EFFICIENCY.

This summary narrative should begin with a brief (one or two paragraph) statement of the principal events in the history of the project since the last PAR. Following this should come a concise narrative statement which evaluates the overall efficiency, effectiveness and significance of the project from the standpoint of:

- (1) overall performance and effectiveness of project implementation in achieving stated project targets;
- (2) the contribution to achievement of sector and goal plans;
- (3) anticipated results compared to costs, i.e., efficiency in resource utilization;
- (4) the continued relevance, importance and significance of the project to country development and/or the furtherance of U.S. objectives.

Include in the above outline, as necessary and appropriate, significant remedial actions undertaken or planned. The narrative can best be done after the rest of PART I is completed. It should integrate the partial analyses in I-B and I-C into an overall balanced appraisal of the project's impact. The narrative can refer to other sections of the PAR which are pertinent. If the evaluation in the previous PAR has not significantly changed, or if the project is too new to have achieved significant results, this Part should so state.

008 NARRATIVE FOR PART I-A (Continue on form AID 1020-25 if as necessary):

This project, to obtain tax administration improvement and modernization, began in February 1964 with the arrival of the IRS/FTAS Team Leader. Presently, the team consists of a Team Leader, Audit Advisor, Collection Advisor, and a Property Tax Advisor. Short-term specialists have been provided for assistance in ADP, O&M and training areas.

MISSION DIRECTOR APPROVAL → SIGNATURE *[Signature]* DATE 1/9/69

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.

PART I-A (Continued)

The tax assistance program has operated in a favorable and receptive environment. The President of the GON has taken a personal interest in the program - has reviewed the assistance program with the tax team and has ordained and supported tax administration improvement measures. The range of achievement has been quite broad and fundamental.

(1) Despite chronic problems such as lack of adequate space; limited personnel staff competence in depth, and limited office space and facilities the overall performance and effectiveness of this project has generally been exemplary. Total tax collection has increased each year since the project began, except for the current year (See Part I-B). The audit program has been expanded and continues to grow more sophisticated, competent, and equitable. An aggressive collection program on delinquent accounts is taking shape. A master file of property and income taxpayers has been created to provide effective controls for accounting, billing and collection. Enforcement has been extended and is being carried on in the outlying Departments. Canvass programs and other measures are adding new taxpayers to the tax rolls. Taxpayer protests and appeals are being heard and processed in a professional manner. Taxpayer information, education, and assistance efforts have been advocated and are improving. The computer section is functioning effectively and should prove increasingly helpful in improving controls and administration in the future. More authority is being delegated to lower echelons. The fiscal cadastral program is operative and should produce substantially greater property tax revenues in time. Collection costs per unit of revenue are decreasing annually. Numerous related tangible and intangible improvements are in evidence.

(2) As a principal and readily identifiable factor in the self-help concept of operations this project contributes substantially and directly to the achievement of sector and goal plans of the USAID Mission.

(3) Anticipated results compared to costs are most favorable under this project. Achievements are limited principally by the limitations of personnel to absorb and implement improvements proposed.

(4) Through stimulating and accelerating revenue collection, within legal and equitable bounds, the project rates very high in respect to relevance, importance and significance to the country's development and to the furtherance of U.S. objectives.

UNCLASSIFIED

524-11-790-025.2

PART I-B - PROJECT EFFECTIVENESS

009

I-B-1 - OUTPUT REPORT AND FORECAST -- (See detailed instructions)

1. CODE NO. AID/W USE ONLY	2. This section is designed to record progress toward the achievement of each project output target which was scheduled in the PIP, Part II. Where progress toward a target is significantly greater or less than scheduled, describe reason(s) beneath the target.	ACTUAL AND PLANNED OUTPUTS (ALL DATA CUMULATIVE)				
		3. ACTUAL CUM. TO DATE	4. AS OF PRIOR JUNE 30		5. PLANNED BY NEXT JUNE 30	6. PROJECTED TOTAL FOR PROJECT LIFE
			a. PLANNED	b. ACTUAL		
	<p>The tax administration improvement program encompasses a range of projects, many of which deal with administrative, institutional and organizational change e. g. taxpayer education and assistance; improved relationships with taxpayers; revisions and simplifications of the tax forms; personnel procedures; organization and methods improvements, etc. These do not lend themselves readily to quantitative evaluation.</p> <p>Only after these operational elements are sufficiently stabilized and procedures fairly institutionalized can any substantial reliance be placed upon statistical data which will become available to help measure the effectiveness of the operations. Management statistical data is improving gradually but has not reached a plane where it is reliable or adequate. Some of the data is presently being produced or maintained for initial periods - hence there is no meaningful prior data against which comparisons may be made.</p> <p>The Quarterly Statistical Reports prepared by the Tax Team contains presently available current progress data. Some items from these reports are noted as follows:</p> <ol style="list-style-type: none"> 1) Audits of returns increased at a rate of about 8% over last year. (the quality of the audits and nature of issues raised and adjustments made were greatly improved over those in prior years). 2) Additional tax and penalties asserted in the examinations increased more than 250% over the previous year. 3) Many more contacts are being made on delinquent returns and accounts. 4) Man-months of training has more than doubled over last year. The number of employees trained increased tenfold. 					

SECURITY CLASSIFICATION

UNCLASSIFIED

PROJECT NUMBER

524-11-700-025.2

PART I-B - Continued

010

B.2 - OVERALL ACHIEVEMENT OF PROJECT TARGETS

Place an "X" within the bracket on the following seven-point scale that represents your judgment of the overall progress towards project targets:



PART I-C - PROJECT SIGNIFICANCE

011

C.1 - RELATION TO SECTOR AND PROGRAM GOALS (See detailed instructions M.O. 1026.1)

This section is designed to indicate the potential and actual impact of the project on relevant sector and program goals. List the goals in col. b and rate potential and actual project impact in cols. c and d.

a. CODE NO. (AID/W USE ONLY)	SCALE FOR COLUMN c: 3= Very Important; 2= Important; 1= Secondary Importance SCALE FOR COLUMN d: 3= Superior/Outstanding; 2= Adequate/Satisfactory/Good; 1= Unsatisfactory/Marginal	c. POTENTIAL IMPACT ON EACH GOAL IF PROJECT ACHIEVES TARGETS	d. ACTUAL IMPACT ON GOAL TO DATE RELATIVE TO PROGRESS EXPECTED AT THIS STAGE
	b. SECTOR AND PROGRAM GOALS (LIST ONLY THOSE ON WHICH THE PROJECT HAS A SIGNIFICANT EFFECT)		
	(1) Develop, encourage and support tax programs suited to promoting a broader, stronger and more effective democratic base for continued economic growth.	3	2
	(2) Assist and support national and regional efforts to, 1) Increase tax revenues through improved administration and a more equitable and extensive application of the tax burden at both national and municipal levels, 2) Improve	3	3
	(3) central government administration in key areas, 3) Improve and strengthen municipal administration.		
	(4)		

For goals where column c. is rated 3 or 2 and column d. is rated 1, explain in the space for narrative. The narrative should also indicate the extent to which the potential impacts rated 3 or 2 in column c. are dependent on factors external to the achievement of the project targets, i.e., is there a substantial risk of the anticipated impact being forestalled by factors not involved in the achievement of project targets. If possible and relevant, it also would be useful to mention in the narrative your reading of any current indicators that longer-term purposes, beyond scheduled project targets, are likely or unlikely to be achieved. Each explanatory note must be identified by the number of the entry (col. b) to which it pertains.

012 NARRATIVE FOR PART I-C.1 (Continue on form AID 1020-25 1):

The relationship and impact of this project upon the goals listed appears obvious enough to obviate the need for further narrative explanation in this area. It is not contemplated that external factors will play any appreciable part in the accomplishment of this project to such a degree that there would be any substantial risk of the project being forestalled by these factors or forces. Such elements are visualized as those which generally derive from an unstable political environment or conditions approaching an impasse between taxpayers and the Government neither of which conditions prevail or may reasonably be anticipated.

UNCLASSIFIED

SECURITY CLASSIFICATION

UNCLASSIFIED

524-11-790-025.2

PART I-C - Continued

C.2 - GENERAL QUESTIONS

These questions concern developments since the prior PAR. For each question place "Y" for Yes, "N" for No, or "NA" for Not Applicable in the right hand column. For each question where "Y" is entered, explain briefly in the space below the table.	MARK IN THIS COL.
013 Have there been any significant, unusual or unanticipated results not covered so far in this PAR?	N
014 Have means, conditions or activities other than project measures had a substantial effect on project output or accomplishments?	N
015 Have any problems arisen as the result of advice or action or major contributions to the project by another donor?	N
016 If the answer to 014 or 015 is yes, or for any other reason, is the project now less necessary, unnecessary or subject to modification or earlier termination?	N/A
017 Have any important lessons, positive or negative, emerged which might have broad applicability?	N
018 Has this project revealed any requirement for research or new technical aids on which AID/W should take the initiative?	N
019 Do any aspects of the project lend themselves to publicity in newspapers, magazines, television or films in the United States?	Y
020 Has there been a lack of effective cooperating country media coverage? (Make sure AID/W has copies of existing coverage.)	N
021 <u>NARRATIVE FOR PART I-C.2</u> Identify each explanatory note by the number of the entry to which it pertains. (Continue on form AID 1020-25 I as necessary):	

To the extent the project facilitates the country's capacity to support its economic, industrial, social progress and development principally from its own resources and on an increasingly elevated plane it provides newsworthy elements on self-help principles for dissemination in the United States.

UNCLASSIFIED

SECURITY CLASSIFICATION

PART II - IMPLEMENTATION REPORT

II-A - STATUS OF SCHEDULE

022 A-1 - INDIVIDUAL ACTIONS (See detailed instruction M.O. 1026.1). This is a listing of major actions or steps which were scheduled for physical start or continuing implementation in the reporting period as reflected in the Project Implementation Plan, Part I.

(a) PIP ITEM NO.	MAJOR ACTIONS OR STEPS; CAUSES AND RESULTS OF DELAYS; REMEDIAL STEPS	(b) STATUS - PLACE AN "X" IN ONE COLUMN		
		(1) BEHIND SCHEDULE	(2) ON SCHEDULE	(3) AHEAD OF SCHEDULE
	The following listed items represent the objectives set forth in the IRS/FTAS Team IMPACT Work Plan and Progress Reports. These objectives are subdivided into various projects each of which upon completion contributes toward the accomplishment of the objective. Objectives listed have been accomplished or are essentially on schedule at the present time.			
	<u>A - Audits and Investigations to Verify all Tax Liabilities</u>			
A - I	Establish and maintain an effective audit program.		X	
A - II	Develop audit productivity records and reports. Establish audit standards. Simplify and standardize audits and reports.		X	
A - III	Establish control records on returns and results of audits.		X	
A - IV	Improve return classification procedures		X	
A - V	Establish and maintain training programs for audit personnel.		X	
A - VI	Extend audit and canvass programs to outlying departments.		X	
A - VII	Develop audit program to cover indirect tax enforcement.		X	
A - VIII	Organize and coordinate field and office audit activities.		X	
A - IX	Improve and vitalize appeals procedures and settlement authority.		X	
A - X	Review and improve the operation of the Investigation Section re taxpayer third party information data.		X	
A - XI	Provide for Office Space and Equipment in the DGI annual budget.		X	
	<u>B - Appeal, Protest and Claim Procedures</u>			
B - I	Develop an informal conference type appeals section to handle cases in which taxpayer does not agree to adjustments proposed.		X	
B - II	Develop appellate type staff for cases appealed to the Director General.		X	
B - III	Establish and maintain training programs for both informal conference and appellate personnel.		X	
	<u>C - Delinquent Tax Return and Delinquent Account Collection</u>			
C - I	Form base for firm collection policy on delinquent accounts.		X	
C - II	Simplify withholding tax procedure and improve enforcement of the basic law.		X	

UNCLASSIFIED

SECURITY CLASSIFICATION

UNCLASSIFIED

524-11-790-025.2

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.

PIP Item No.	Major Actions or Steps; Causes & Results of Delays; Remedial Steps	On Schedule
C - III	Simplify system of issuing Solvencias.	X
C - IV	Introduce new methods on collection of delinquent accounts.	X
C - V	Reorganization of Collection Section	X
C - VI	Modernize administration of Collection Section.	X
C - VII	Design method to modernize and improve agricultural withholding process.	X
C - VIII	Provide for any training needed in all phases of collection	X
C - IX	Improve facilities and operations of Administration of Revenue - Managua	X
C - X	Improve facilities and operations in outlying Departments.	X
C - XI	Develop system to identify delinquent tax returns.	X
<u>D 1 - Data Processing - ADP</u>		
D 1 - I	Develop plan and coordinate activities to provide for computer installation.	X
D 1 - II	Develop a master plan for implementation of computer program and a logical sequence of steps to be taken.	X
D 1 - III	Identify and expand personnel staffin as required.	X
D 1 - IV	Provide training for ADP personnel.	X
D 1 - V	Assist in conversion to IBM 360-30.	X
<u>D 2 - Data Processing - and Teller Operations</u>		
D 2 - I	Development and Implementation of Cashiering and Accounting System.	X
<u>E - Fraud Investigation</u>		
E - I	Develop and maintain an efficient and effective Intelligence Organization.	X
E - II	Combine internal security investigations with Intelligence Operation.	X
<u>F 1 - Property Tax - Cadastral</u>		
F 1 - I	USAID loan for coordinated natural resources and property tax improvement project.	X
F 1 - II	Plan, prepare and carry out a pilot cadastral project.	X
F 1 - III	Analyze and plan for a proposed legal cadastral.	X
F 1 - IV	Plan and prepare for pilot cadastral project #2	X
F 1 - V	Fiscal Cadastral Project. Pre-Operations exercise.	X
F 1 - VI	Initiate preparation for monitoring the tax portion of the cadastral project.	X
F 1 - VII	Phase # 1 of the Tax Improvement and Natural Resources Inventory (Fiscal Cadastral)	X
F 1 - VIII	Develop interim program for the period of time between phase #1 and phase #2 of the Cadastral (meeting conditions precedent and operational phase).	X
F 1 - IX	Monitor the activities and the conduct of the program and its progress during the operational phase of the Cadastral pursuant to AID Manual Order # 1264.1.	X
F 1 - X	Develop appraisal maintenance program in coordination with the valuation division of the Department of Revenue.	X

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.

PIF Item No.	Major Actions or Steps; Causes & Results of Delays; Remedial Steps	On Schedule
F 1 - XI	Develop plan for implementation of cadastral results into the fiscal system.	X
<u>F 2 - Property Tax - Administration</u>		
F 2 - I	Plan for the installation of a modern system of real property identification and valuation.	X
F 2 - II	Plan for reorganization of the space in the property tax office.	X
F 2 - III	Plan for the revision of Inter-Office functions.	X
F 2 - IV	Comprehensive study of methods for discovering undeclared properties.	X
F 2 - V	Study and review of the tax registry system.	X
F 2 - VI	Plan for the installation of a data processing system for the preparation of tax bills.	X
F 2 - VII	Explore bank collection of the tax.	X
F 2 - VIII	Plan for developing more efficiency in the outlying districts.	X
F 2 - IX	Conduct study of cadastral projects and property tax systems in CA countries where projects are underway	X
F 2 - X	Budget exercise 1967.	X
F 2 - XI	Organization of a technical valuation section within the Department of Revenue.	X
F 2 - XII	Organize an appraisal maintenance section.	X
F 2 - XIII	Plan for new reorganization of the property tax functions.	X
F 2 - XIV	Develop improved tax billing system.	X
F 2 - XV	Plan for providing interim measures for extracting needed tax office information from property registry offices.	X
F 2 - XVI	Develop plans and coordinate activities for processing new assessments through a computer operation.	X
F 2 - XVII	Establish retention system for mortgages on real property.	X
F 2 - XVIII	Plan alternative billing and collection procedures in the event the computer system suffers installation delays.	X
F 2 - XIX	Reorganize property tax billing functions in preparation for the implementation of the cadastral values.	X
F 2 - XX	Organize a value coordinating section.	X
F 2 - XXI	Plan for the reorganization of the property tax office for implementing cadastral values.	X
F 2 - XXII	Begin implementation of cadastral values.	X
F 2 - XXIII	Reorganize property tax appeals and claims section.	S
F 2 - XXIV	Budget exercise 1969.	
<u>I - Public Information, Taxpayer Education & Assistance, & Taxpayer Relations</u>		
I - I	Develop a taxpayer information and assistance program to develop a rapport with taxpayers; to encourage more accurate and timely filing, and promote better taxpayer compliance.	X

SECURITY CLASSIFICATION

UNCLASSIFIED

PROJECT NUMBER

524-11-790-025.2

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.

PIP Item No.	Major Actions or Steps; Causes & Results of Delays; Remedial Steps	On Schedule
<u>J - Statistics</u>		
J - I	Improve procedures in Statistical Section to provide meaningful statistics.	X
J - II	Develop the Accumulation of Statistical Data.	X
<u>K 1 - General Administration - Budget</u>		
K 1 - I	Review, systematize and improve annual budget program within budget calendar and incorporate provisions for priority programs and projects.	X
<u>K 2 - General Administration - Personnel</u>		
K 2 - I	Establish an improved employment environment with merit incentives and tenure rights to attract and retain competent employees.	X
K 2 - II	Establish and maintain effective time and attendance controls.	X
<u>K 3 - General Administration - Facilities</u>		
K 3 - I	Provide adequate space to permit efficient tax office operations.	X
K 3 - II	Provide adequate furniture and office equipment for tax offices.	X
<u>L 1 - General Management - Organizational Structure</u>		
L 1 - I	Provide an organization structure responsive to needs of functions and providing an adequate span of control.	X
L 1 - II	Establish a policy group, under the Director, of Division Chiefs to meet regularly to identify problems and provide measures to resolve them.	X
<u>L 3 - General Management - Training</u>		
L 3 - I	Develop methods to provide training for DGI personnel in lieu of formal courses.	X
L 3 - II	INTAX courses	X
L 3 - III	Develop Internal Training Courses	X
L 3 - IV	Provide for CIAT courses and seminars	X
<u>M 1 - Miscellaneous - Organization and Management</u>		
M 1 - I	Management Improvement Analysis.	X
<u>M 2 - Miscellaneous - Tax Harmonization</u>		
M 2 - I	Improve the effectiveness of tax administration and enforcement by promoting and implementing tax harmonization principles.	X

UNCLASSIFIED

SECURITY CLASSIFICATION

UNCLASSIFIED

524-11-700-025.2

PART II - Continued

023

II-A.2 - OVERALL TIMELINESS

In general, project implementation is (place an "X" in one block):

(a) On schedule	X
(b) Ahead of schedule	
(c) Behind schedule	
(1) AID/W Program Approval	
(2) Implementing Agency (Contractor/Participating Agency/Voluntary Agency)	
(3) Technicians	
(4) Participants	
(5) Commodities (non-FFF)	
(6) Cooperating Country	
(7) Commodities (FFF)	
(8) Other (specify):	

BLOCK (c): If marked, place an "X" in any of the blocks one thru eight that apply. This is limited to key aspects of implementation, e.g., timely delivery of commodities, return of participants to assume their project responsibilities, cooperating country funding, arrival of technicians.

II-B - RESOURCE INPUTS

This section appraises the effectiveness of U.S. resource inputs. There follow illustrative lists of factors, grouped under Implementing Agency, Participant Training and Commodities, that might influence the effectiveness of each of these types of project resources. In the blocks after only those factors which significantly affect project accomplishments, write the letter P if effect is positive or satisfactory, or the letter N if effect is negative or less than satisfactory.

1. FACTORS-IMPLEMENTING AGENCY (Contract/Participating Agency/Voluntary Agency)

024 IF NO IMPLEMENTING AGENCY IN THIS PROJECT. PLACE AN "X" IN THIS BLOCK:		032 Quality, comprehensiveness and candor of required reports	P
		033 Promptness of required reports	P
025 Adequacy of technical knowledge	P	034 Adherence to work schedule	P
026 Understanding of project purposes	P	035 Working relations with Americans	F
027 Project planning and management	P	036 Working relations with cooperating country nationals	P
028 Ability to adapt technical knowledge to local situation	P	037 Adaptation to local working and living environment	P
029 Effective use of participant training element	P	038 Home office backstopping and substantive interest	P
030 Ability to train and utilize local staff	P	039 Timely recruiting of qualified technicians	P
031 Adherence to AID administrative and other requirements	P	040 Other (describe):	-

2. FACTORS-PARTICIPANT TRAINING

041 IF NO PARTICIPANT ELEMENT IN PROJECT. PLACE AN "X" IN THIS BLOCK:		TRAINING UTILIZATION AND FOLLOW UP	
		052 Appropriateness of original selection	P
PREDEPARTURE			
042 English language ability	N	053 Relevance of training for present project purposes	F
043 Availability of host country funding	P	054 Appropriateness of post-training placement	P
044 Host country operational considerations (e.g., selection procedures)	P	055 Utility of training regardless of changes in project	P
045 Technical/professional qualifications	P	056 Ability to get meritorious ideas accepted by supervisors	N
046 Quality of technical orientation	P	057 Adequacy of performance	P
047 Quality of general orientation	P	058 Continuance on project	P
048 Participants' collaboration in planning content of program	-	059 Availability of necessary facilities and equipment	N
049 Collaboration by participants' supervisors in planning training	P	060 Mission or contractor follow-up activity	P
050 Participants' availability for training	N	061 Other (describe):	-
051 Other (describe):	-		-

SECURITY CLASSIFICATION

UNCLASSIFIED

PROJECT NUMBER

524-11-700-025.2

PART II-B - Continued

3. FACTORS-COMMODITIES

PLACE AN "X" IN APPROPRIATE BLOCK:	062 FFF	063 NON-FFF	064 NO COMMODITY ELEMENT	X	
					072 Control measures against damage and deterioration in shipment.
065 Timeliness of AID/W program approval (i.e., PiO/C, Transfer Authorization).					073 Control measures against deterioration in storage.
066 Quality of commodities, adherence to specifications, marking.					074 Readiness and availability of facilities.
067 Timeliness in procurement or reconditioning.					075 Appropriateness of use of commodities.
068 Timeliness of shipment to port of entry.					076 Maintenance and spares support.
069 Adequacy of port and inland storage facilities.					077 Adequacy of property records, accounting and controls.
070 Timeliness of shipment from port to site.					078 Other (Describe):
071 Control measures against loss and theft.					

Indicate in a concise narrative statement (under the heading a. Overall Implementation Performance, below) your summary appraisal of the status of project implementation, covering both significant achievements and problem areas. This should include any comments about the adequacy of provision of direct hire technicians as well as an overall appraisal of the comments provided under the three headings (b, c & d) which follow. For projects which include a dollar input for generation of local currency to meet local cost requirements, indicate the status of that input (see Detailed Instructions).

Discuss separately (under separate headings b, c & d) the status of Implementing Agency Actions, Participants and Commodities. Where above listed factors are causing significant problems (marked N), describe briefly in the appropriate narrative section: (1) the cause and source of the problem, (2) the consequences of not correcting it, and (3) what corrective action has been taken, called for, or planned by the Mission. Identify each factor discussed by its number.

079 NARRATIVE FOR PART II-B: (After narrative section a. Overall Implementation Performance, below, follow, on form AID 1020-25 I as needed, with the following narrative section headings: b. Implementing Agency, c. Participants, d. Commodities. List all narrative section headings in order. For any headings which are not applicable, mark them as such and follow immediately below with the next narrative section heading.)

a. Overall Implementation Performance.

PART III -- ROLE OF THE COOPERATING COUNTRY

The following list of illustrative items are to be considered by the evaluator. In the block after only those items which significantly affect project effectiveness, write the letter P if the effect of the item is positive or satisfactory, or the letter N if the effect of the item is negative or less than satisfactory.

SPECIFIC OPERATIONAL FACTORS:

- 080 Coordination and cooperation within and between ministries.
- 081 Coordination and cooperation of LDC gov't. with public and private institutions and private enterprise.
- 082 Availability of reliable data for project planning, control and evaluation.
- 083 Competence and/or continuity in executive leadership of project.
- 084 Host country project funding.
- 085 Legislative changes relevant to project purposes.
- 086 Existence and adequacy of a project-related LDC organization.
- 087 Resolution of procedural and bureaucratic problems.
- 088 Availability of LDC physical resource inputs and/or supporting services and facilities.
- 089 Maintenance of facilities and equipment.
- 090 Resolution of tribal, class or caste problems.
- 091 Receptivity to change and innovation.
- 092 Political conditions specific to project.
- 093 Capacity to transform ideas into actions, i.e., ability to implement project plans.
- 094 Intent and/or capacity to sustain and expand the impact of the project after U.S. inputs are terminated.
- 095 Extent of LDC efforts to widen the dissemination of project benefits and services.
- 096 Utilization of trained manpower (e.g., participants, counterpart technicians) in project operations.
- 097 Enforcement of relevant procedures (e.g., newly established tax collection and audit systems).
- 098 Other:

HOST COUNTRY COUNTERPART TECHNICIAN FACTORS:

- 099 Level of technical education and/or technical experience.
- 100 Planning and management skills.
- 101 Amount of technician man years available.
- 102 Continuity of staff.
- 103 Willingness to work in rural areas.
- 104 Pay and allowances.
- 105 Other:

In the space below for narrative provide a succinct discussion and overall appraisal of the quality of country performance related to this project, particularly over the past year. Consider important trends and prospects. See Detailed Instructions for an illustrative list of considerations to be covered.

For only those items marked N include brief statements covering the nature of the problem, its impact on the achievement of project targets (i.e., its importance) and the nature and cost of corrective action taken or planned. Identify each explanatory note.

106 NARRATIVE FOR PART III (Continue on form AID 1020-25 I): A candid appraisal of the quality of the country's performance in this project, particularly during the past year, must lead to the conclusion that good progress has been made in the modernization of the tax administration despite adverse environmental factors. The President and high echelons of the government recognize the critical importance of this project and have emphasized and supported its successful implementation and completion. More impressive quantitative results in this area are dependent upon economic conditions which have been in a decline in the past couple of years. Qualitatively, however, many significant accomplishments have been achieved in tax administration. This has been done, however, within an area of limited budgetary resources and with personnel of limited competence and education. All in all, however, accomplishments under the project must be viewed as exemplary.

The following discussion of the negative aspects of the program should be understood in the context of the optimum results that are desired. In this regard, therefore, there have been shortfalls, some of which will be over-come during the life of the project.

(082)

Availability of management data and reliable data for project planning, control and evaluation leaves much to be desired. Efforts to improve this type of data are continuing and results should be accelerated through use of the computer outputs.

UNCLASSIFIED

SECURITY CLASSIFICATION

UNCLASSIFIED

524-1.790-025.2

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.

PART III(083)

This is an area of principal concern with respect to this project and attempts are being made to institutionalize procedures. Further, it is essential to establish a counterpart activity which would parallel the operations of the tax team with a view towards ultimately phasing out this project. Again, however, because of limited personnel, progress in this area is not as rapid as would be desirable.

(084)

Funding for this project within the scope of budgetary provisions and country capability may be construed as reasonable. Relative year to year increases, however, has been quite nominal in comparison with the increases in various governmental social programs such as health, education, agriculture, etc. It is reasonable to assume that had the budget of the tax organization been proportionally increased, the revenue collections, and ability to develop effective administration, under the present laws would be much greater at the present time.

(085)

Legislative changes generally have been very nominal or negligible. There is no substantial amount of coordination and cooperation between the legislative group and the tax administration agency in developing new legislation or revising existing statutes to improve administrative environment.

(086)

A project related organization exists and is adequate to a degree but vital improvements could be effected if budget provisions in this area were more liberal.

(088)

Fiscal resources and supporting services and facilities for this project leave much to be desired. The physical plant for even rudimentary administration of the tax system is less than adequate - especially in the outlying Departmental Offices.

(089)

Maintenance of facilities and equipment is carried on to a reasonable degree, but the administrative organization for the amount of effort involved here is very limited. Some improvement is being evidenced but again the total efforts could and should be much greater.

(093)

Ability of the cooperating country to implement project plans in this area is variable. The problems of implementation are related to personnel and organization. In some cases project plans are implemented efficiently and quickly. In other cases, however, implementation is delayed and poorly accomplished or never accomplished.

(094)

Present indicators for continuation and expanded development of the project concepts, after the U.S. inputs are terminated, are not promising at the present time. This view derives from a failure to provide for long range planning or for staff structures to provide continuity in the organizational structure. Hopefully,

UNCLASSIFIED

SECURITY CLASSIFICATION

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.

this condition may be corrected as the project advances - it is an area of principal concern and emphasis.

(099)

The limited level of technical education and technical experience is a factor that inhibits the more rapid expansion and successful conclusion of this project. Personnel with the caliber of education and degree of experience desired are in very limited supply in the country.

(100)

Planning and management skills are capabilities in short supply. The expansion of universities and business schools, however, promise some degree of remedy in the future.

(101)

The amount of technician man years available does not begin to meet the needs that conditions and circumstances evidence in this project.

(102)

Staff continuity is a considerable problem since the personnel organization is a rather informal and flexible one. Political influence is still a considerable factor in obtaining employment. A large proportion of the tax personnel, however, have held their positions for many years.

(104)

The problem of adequate pay and allowances is a considerable and a chronic one. The lack of provisions for periodic pay increases tends to be discouraging and demoralizing. Substantial improvement can be made in this area.

UNCLASSIFIED

524-11-790-025.2

PART IV - PROGRAMMING IMPLICATIONS

IV-A - EFFECT ON PURPOSE AND DESIGN

Indicate in a brief narrative whether the Mission experience to date with this project and/or changing country circumstances call for some adjustment in project purposes or design, and why, and the approximate cost implications. Cover any of the following considerations or others that may be relevant. (See Detailed Instructions for additional illustrative considerations.) Relevant experience or country situations that were described earlier can simply be referenced. The spelling out of specific changes should be left to the appropriate programming documents, but a brief indication of the type of change contemplated should be given here to clarify the need for change.

For example, changes might be indicated if they would:

1. better achieve program/project purposes;
2. address more critical or higher priority purposes within a goal plan;
3. produce desired results at less cost;
4. give more assurance of lasting institutional development upon U.S. withdrawal.

107 NARRATIVE FOR PART IV-A (Continue on form AID 1020-25 I):

Review and analysis of the purposes, concepts, status and potentials of this project do not provide any basis for considering changes in direction of this project. The staffing of the tax team appears to be adequate presently to deal with the program and project purposes. Attention is given to the critical and high priority areas and desirable progress is being made. As has been indicated, emphasis is being placed on institutional developments and the creation of a counterpart organization for the advisory group to give maximum assurance of permanence and continuity to the project subsequent to withdrawal of U. S. inputs.

IV-B - PROPOSED ACTION

108 This project should be (Place an "X" in appropriate block(s)):

1. Continued as presently scheduled in PIP.	
2. Continued with minor changes in the PIP, made at Mission level (not requiring submission of an amended PIP to AID/W).	
3. Continued with significant changes in the PIP (but not sufficient to require a revised PROP). A formally revised PIP will follow.	
4. Extended beyond its present schedule to (Date): Mo. ___ Day ___ Yr. ___. Explain in narrative, PROP will follow.	
5. Substantively revised. PROP will follow.	
6. Evaluated in depth to determine its effectiveness, future scope, and duration.	
7. Discontinued earlier than presently scheduled. Date recommended for termination: Mo. ___ Day ___ Yr. ___	
8. Other. Explain in narrative.	

109 NARRATIVE FOR PART IV-B:

As indicated on the face sheet this project is planned to phase out in FY 1970. At that time it may be necessary to review the program to determine if a further extension or modification is warranted. Much depends on whether the program has inculcated the necessary values into a tax organization and administration and can phase out with assurance that tax improvement efforts will continue without some outside assistance.

UNCLASSIFIED

SECURITY CLASSIFICATION

UNCLASSIFIED

524-11-790-025.2

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.

SPECIAL CONSIDERATIONS IN COMPLETING PROJECT APPRAISAL REPORTS ON A TREASURY PASA ACTIVITIES

PART I - Project Impact(1) Attitude of host country officials

(a) The majority of the host country tax officials, with whom the Tax Team has worked, have accepted and acted upon the advice and recommendations of the Team with varying degrees of enthusiasm and capability. On most occasions proposals for changes lead to discussions and a determination of action that is mutually agreeable and an improvement over the status quo.

(b) Functional elements of revenue administration such as audit and collection have assumed a more important role as a result of the Team's activity. Enforced collections of delinquent taxes are assuming greater importance. It is pertinent to note that a well rounded tax administration program and improvements in fundamentals appears to be stimulated by the participation in Centro Interamericano de Administradores Tributarios (CIAT) meetings and access to CIAT papers presented in the various meetings.

(2) Revenue Increases

(b) GNP increased from \$400 millions in 1962 to \$641 million in 1967, an increase of 60%. Revenues increased from \$34.3 millions to \$62.7 millions or 83% in the same period. However, we hesitate to ascribe these revenues increases directly or solely to this program as taxes are a function of many factors including general economic fluctuation.

(c) Precise and definite identification of revenue increases ascribable to technical assistance efforts would be difficult; however, following representant examples: 1) Increase in sales tax revenues as a result of canvas programs suggested by the Team. 2) Increase in income tax revenues and more equitable audit adjustments resulting from more and better trained auditors. 3) Additional revenues recovered through accelerated collections prior to expiration of the statutory date. 4) Revenues from accelerated processing of returns which formerly were not asserted due to excessive work loads.

(3) Collection Efficiency

(a) The annual cost of collections per unit of revenue has decreased each year since the program began as indicated below:

Year	Expenditures DGI	Total Employees D.G.I.	Revenue Collections D.G.I.	Cost Per \$100.00	Total Population	Tax per Capita
62-63 (F)	\$ 8,152	607	\$ 133,149	\$ 6.11	1,524	\$ 87
63-64 (F)	8,272	614	188,766	4.38	1,567	120
65	10,549	679	249,935	4.30	1,612	155
66	11,132	739	272,179	4.09	1,659	164
67	11,024	847*	304,548	3.63	1,732	176

* Includes personnel under contract not taken into account previously; to wit telephone collectors, theater inspectors and others.

UNCLASSIFIED

524-11-790-025.2

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.

(b) Productivity has increased substantially particularly in the field audit area where the Audit Advisor has provided substantial assistance. Statistical data on the number of examinations completed and the productivity per unit of examination time are the measures used to evaluate the productivity. In the collection area the contacts of revenue officers and the productivity of the special fiscal officers has improved under the direct interest and influence of the Collections Advisor.

(c) Revenues have increased faster than staffing. A larger workload is being processed in a more thorough manner with only a nominal increase in staffing over the years.

(4) Equitable application of revenue laws:

(a) Not to any identifiable degree. However, more taxpayers are being brought upon the rolls each year which would indicate the tax burden is being more equitably distributed.

(b) 1) Various changes have been made in this regard. Real and personal property taxes previously were paid under payment orders which were issued many months after the tax due date. Currently the personal property tax is paid immediately upon presentation of the tax returns. The real property tax bill is prepared by the computer and mailed prior to the tax due date. 2) Income tax returns are now accepted whether or not the first 50% payment is made when the return is filed. 3) Cashiers and tellers are no longer specialized in collections and now accept payment for all types of taxes thus accelerating payment procedures and providing better service to taxpayers. 4) Substantial improvements have been made in respect to accounting records and processing refunds on withheld taxes.

(c) While there is no separate agency in the tax organization to police corruption in revenue administration the incidence appears to be nominal and prompt remedial action is taken where evidence of corruption appear.

(d) Some progress has been made in identifying evaders and avoiders through canvas programs and the efforts of the Inspection Section but substantial improvements need to be made in this area.

(5) Public Support

(a) Public information and news coverage on tax matters has increased materially in the past 2 years. The news published generally has been good and appear to have stimulated tax consciousness and taxpayer cooperation without adverse effects.

(b) The improved public information techniques appear to have resulted in improved compliance. Newspaper notices published prior to the filing period in 1967 probably were largely responsible for the increase of 30% in the number of income tax returns timely filed for that year. Similar, though less dramatic results, have been obtained in other areas as well.

PART I - General Questions

014 There have been no substantial outside factors operating to increase revenues. The currency has been quite stable for a number of years retaining an exchange rate of \$7.00 to \$1.00 since it was revised upward from 6 to 1 in 1955. Inflation has been kept within reasonable bounds with the assistance and advice of international organizations

UNCLASSIFIED

524-11-790-025.2

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.

rather than under pressure or coercion. USAID loan policy provisions generally requires an annual increase in revenues of approximately 10%. There have been only nominal changes in the revenue laws - principally those deriving from the San Jose Protocol which affect indirect revenues. The attitude of the host country officials appears to be one of caution and responsibility toward maintaining a rational economic climate,

015 (i) Beyond the tax team provided by AID there has been little other assistance obtained or sought by the country with respect the revenue policy and administration. The effects of the IRS Tax Team input have been substantial, as indicated in the PAR.

018 A principal area of emphasis as a source of increased revenues is that on the property tax. This appears to be an appropriate source for concentrating efforts to increase revenues in a principally agricultural economy such as Nicaragua's. The equity and effectiveness of this approach will be emphasized by the cadastral program now in progress. Concurrently substantial emphasis is placed also upon the equitable administration of the income tax law which will become increasingly important as a revenue source as the industrialization of the country expands.

020 Generally the United States or its efforts, have not been associated in any of the publicity connected with this project. The nominal mention that has been made of the United States in this work, has generally resulted in favorable comments and publicity as a whole.

PART II B - Resource Inputs

B - 1 (Factor Implementing Agency)

025 Personnel assigned to the IRS Tax Team have generally demonstrated adequate technical knowledge to perform capably in their roles.

028 While the IRS Advisors tend toward a high degree of work specialization, the environment has been such as to permit their assignment and use in a rather broad scope of activities. As a result the team members have been quite successful in achieving improvements in a number of areas beyond their specialities.

035 (Relations with Americans)

(i) Technicians receive adequate orientation through contacts and association with members of the Embassy and the AID Mission whose work is to any degree related with that of the Tax Team. Helpful orientation is received in an initial visit with the Ambassador, the Mission Director and other personnel of the official American family.

(ii) Frequent contact is maintained with the Team, principally through the Team Leader who participates in the weekly staff meetings. This arrangement has proved very satisfactory in providing an exchange of information with respect to this project and its relationship to the total Mission program.

036 The language capability of the team members is above the average for most teams of this nature. This has been a factor for the close rapport established with the host government officials and in the general effectiveness of the team's operation.

UNCLASSIFIED

SECURITY CLASSIFICATION

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.

038(i) (Home office backstopping)

The home office training for technicians, which is undertaken in coordination with AID/W, has been quite adequate and helpful for technicians in this work. This, together with the careful IRS/PTAS selection policy of technicians for these assignments probably is largely responsible for responsible conduct of team members and the absence of any incidents or problems since the operation began.

(ii) IRS personnel representing the Treasury visited the Mission on several occasions before the project started. An IRS survey was completed prior to the start of the project.

(iii) These visits and the survey were useful in determining the USAID project proposals, to help gain the host country's support, and for identifying the types of advisors who would be most useful and productive.

(iv) IRS representatives have visited the Mission on various occasions since the beginning of the project. Visits are made approximately twice a year or more often if circumstances warrant.

(v) Generally the visits by the IRS representatives stimulate the effectiveness of the technicians and help develop new perspectives and approaches in assistance projects. The visits help provide a better understanding of the local problems and facilitate home office backstopping.

PART II-B - 2 Factors-Training

(i) In-country training is feasible and desirable and has been carried on to a limited extent in Nicaragua. This local training effort was probably more successful because of the participant training initially given to personnel who assisted in the courses in the U.S. INTAX courses.

(ii) There are no substantial precedents to indicate that regional courses would be preferable to those given in the U.S. It would appear logical to assume that this could be done to advantage, however, particularly with respect to training of a rather general nature for personnel in the Central American countries.

(iii) Mobile instructions training tends to be useful and helpful particularly in areas requiring highly specialized training. A mobile training audit team was used locally with good results.

091

While the Government's commitment to the project, its objectives, and the action plan has generally been above average there is room for improvement. Most government officials concerned with this program subscribe wholly to the philosophy, approaches, and concepts involved. The CON, however, has not seen fit to commit the substantially increased funds needed for operations that could make this program much more productive. Effective institutionalization and permanent long-range benefits would be more readily assured if the government provided the staffing and organizational structure warranted.