

**PROJECT APPRAISAL REPORT (PAR)**  
(U-446) See M.O. 1026.1

**UNCLASSIFIED**

528-11-720-001.2

11

*Duplicate*

002 PAR MO. DAY YR. 003 U.S. OBLIGATION SPAN FY69 Thru FY73  
 AS OF: 1 2 3 1 6 8  
 005 COOPERATING COUNTRY - REGION - AID/W OFFICE  
 Uruguay ~~RD-AAA-537-A1~~

004 PROJECT TITLE  
**TAX ADMINISTRATION AND REFORM**  
 RD-AAA-6116  
 11-1-68

**006 FUNDING TABLE**

(1)  
(2)  
(3)

AID DOLLAR FINANCING-OBLIGATIONS (\$000)	TOTAL	CONTRACT (NON-ADD)	PERSONNEL SERVICES			PARTICIPANTS		COMMODITIES		OTHER COSTS	
			AID	PASA	CONTRACT	DIR. PASA	CONTRACT	DIR. PASA	CONTRACT	DIR. PASA	CONTRACT
CUMULATIVE NET THRU ACTUAL YEAR (FY 1968)	270		2	227		36		2		3	
PROPOSED OPERATIONAL YEAR (FY 1969)	142*	47		83		10		1		1	

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

\* under review.

**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 2. LOCAL CONTRACTOR 3. THIRD COUNTRY CONTRACTOR 4. PARTICIPATING AGENCY 5. VOLUNTARY AGENCY 6. OTHER:	0. PARTICIPATING AGENCY 1. UNIVERSITY 2. NON-PROFIT INSTITUTION 3. ARCHITECTURAL & ENGINEERING 4. CONSTRUCTION 5. OTHER COMMERCIAL 6. INDIVIDUAL 7. OTHER:	1. Int.Rev.Service	4	0		
		2.				
		3.				

**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 I as necessary):

This is the first PAR submitted on this project. It is being submitted at a time when the PROP, PIP and FY69 Pro-Ag are being reviewed. To the maximum extent possible the goals and projects set forth in this PAR will appear in the PROP, PIP and Pro-Ag when they are submitted.

The Tax Administration and Reform effort in Uruguay has been going for a little more than 4 years. The first tax advisor arrived in Sept. 1964 and worked

MISSION DIRECTOR APPROVAL → SIGNATURE DATE 3/14/69

## PAR CONTINUATION SHEET

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alone for more than a year before a second advisor was assigned. However, when the first tax advisor completed his tour of duty six months later the second advisor remained alone for more than a year until another advisor was assigned in March, 1967. Since that time there have been two full time advisors on board.

The more serious of Uruguay's financial woes and developmental barriers lie in the public sector. Lack of foresight, fiscal irresponsibility and overloading of government payrolls contribute to soaring inflation and the recurrent devaluation of the Uruguayan Peso. From the viewpoint of tax administration improvement, the overloading of public payrolls is perhaps the biggest deterrent factor. Annual budgets expend 90 plus percent for salaries leaving little or nothing for investment, necessary travel, etc. Additionally, paper processing systems are extremely complex and unnecessarily duplicative in order to "make work" for the excess personnel. Also many employees owe their tenure of office to political patronage and are unqualified or at best marginally qualified to hold the positions they occupy.

Nevertheless, progress in tax modernization has been and is being achieved. Plans for this fiscal year include the following two major undertakings, both of which will shape the future of Tax Administration for years to come:

- a. Reorganization and consolidation of existing 4 tax agencies into one which will operate along functional rather than type of tax lines.
- b. Purchase of a third generation computer for exclusive use in Tax Administration.

Tax collections for CY 1968 were monitored under a requirement of the Agricultural Sector Loan. They will exceed 1968 tax revenue estimates, and will also exceed revenues for 1967 after adjusting for devaluations in both years.

One of the most serious problems in Uruguay is low level of public investment and the inability of the government to adequately finance its budget without reliance from outside sources for assistance. While the expenditure side certainly is in need of reduction, particularly in the numbers of public employees, the revenue producing side is of special significance and the role of technical assistance in this area is of continued relevance to development and the furtherance of U.S. objectives.

There are many intelligent leaders who recognize the necessity of tax administration reform and modernization and welcome the Technical Assistance provided by the Tax Advisors.

(1) Attitude of host country officials

In general, host country officials have come to accept advice more readily during the life of the project. The increased acceptance has not been steady and tends to fluctuate upon the replacement of key tax officials or executives at the ministerial level. Advice when accepted is acknowledged at times and at other times is merely reflected by some type of action. Receptiveness on the part of officials to advice has increased since the inception of C.I.A.T.

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This is undoubtedly due to the many opportunities for intercountry exchanges of information which brings about a more realistic self assessment of local deficiencies by officials and the realization of the necessity to correct such deficiencies. Most country officials recognize the value of the various functional elements of revenue administration, however additional training is necessary to create an awareness and recognition of the more important elements within each function and the need to concentrate on such elements.

One valuable element which needs to be expanded is the use of public information channels and releases.

(2) Revenue Increases

The efforts of the advisory team have been concentrated until recently in the Income and Sales Tax Office. The following represents a comparison in pesos and in dollars of the collections for the period 1965-1968. No average exchange rate is shown as the dollar figures were accumulated by converting pesos collected each month into dollars at the prevailing exchange rate at the end of that month.

1965	1966	1967	1968
Pesos	Pesos	Pesos	Pesos
1,496,935,066.-	3,529,333,650.-	5,315,981,192.-	11,223,556,000.-
Dollars	Dollars	Dollars	Dollars
30,572,337.-	52,176,442.-	16,241,551.-	48,135,283.-

The official exchange rates for beginning and ending periods were as follows:

	1965	1966	1967	1968
Jan. 1	25.95			
Dec. 31	66.80	76.30	200.-	249.50

In large part, lower 1967 collections reflect bad weather and the resulting sharp drop in agricultural production. However, 1968 collections improved with an increase in dollar equivalents, although another devaluation (from 200 to 250) occurred in April 1968.

Central Government Revenues as a percent of the GNP also increased in 1968 after the disappointing 1967 performance, as shown by the following figures: (in current pesos)

	1965	1966	1967	1968
G.N.P.	53,340.-	102,682.-	175,000.-	315,000.-
Central Gov't. Revenues	6,846.-	14,730.-	22,128.-	47,793.-
% Rev. to G.N.P.	12.8%	14.3%	12.6%	15.2%

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**(3) Collection efficiency**

Productivity in terms of additional assessments in the Audit area of the Income and Sales Tax Office has increased substantially while the number of auditors has remained the same.

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Cases	6385	3010	10335 *
Revenues			
Pesos	68,652,971.-	164,881,765.-	324,918,326.-
Dollars	978,660.-	1,409,246.-	1,396,117.-
Number of Auditors	104	105	104

\* This figure cumulatively Jan. 1 - Oct. 31 was 1699. The Advisors suggested that the Audit Division concentrate on the more productive cases by reducing the number of audits, at the same time increasing coverage thru an audit classification and selection program. However, the cumulative figure Jan.-Dec. represents a distortion caused by the inclusion of all canvass cases closed during the year.

**(4) Equitable application of revenue laws**

Thru a system of returns classification for selection of Income Tax returns to be audited, audit coverage has been expanded which results in increased equitable treatment of taxpayers.

During 1968, the previous practice of permitting installment payments of sales taxes being turned over to the Government by retailers was stopped. Also a system of estimated tax payments was installed in 1968.

Corruption in Uruguayan revenue administration seems to be a relatively safe assumption but no facts exist as to its extent. As a general measure, the first tax team leader persuaded the director of the income tax office to verify that all employees filed their individual income tax returns. Also employees were restricted with respect to outside employment.

Several canvass campaigns to identify non filers have been successfully undertaken in the income tax office. These types of canvass campaigns continue currently. Plans are being drawn up to use an autogenerated identification number for all taxpayers and create a master list for use in delinquency checking. The use of such I.D. number is being planned in conjunction with the purchase for tax purposes of a third generation computer.

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(5) The basic tax structure is presently under question by the USAID mission as to its equity as well as its capability of producing the revenues needed to adequately finance the GOU. A tax policy specialist is now on TDY to review the existing structure and to make recommendations for improvement.

Publicizing of Revenue Administration efforts, etc. enjoyed limited success for several years. However, during the past year releases have been curtailed ostensibly due to lack of funds. (e.g. virtually all publicity is paid).

The number of income tax declarations filed has increased each year and while it is impossible to trace such increases directly to publicity efforts, there is no question but that a considerable percentage of the increase is attributable to publicity releases.

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**528-11-720-001.2****PART I-B - PROJECT EFFECTIVENESS**

09

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

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 <del>JUNE 30</del> Dec. 31	6. PROJECTED TOTAL FOR PROJECT LIFE
			a. PLANNED	b. ACTUAL		
	<p>Increase the Tax Revenue of the GOV. (To provide additional investment resources, reduce deficit spending and stabilize the economy, i.e. minimize inflation. Because of historical rate of inflation and devaluation of the peso, the goal has been expressed in dollar equivalent as a 5% - 10% increase per year. This dollar goal is established only to give some measure of perspective. Tax collections do not keep pace with inflation and certainly do not reflect increases concurrent and commensurate with devaluation. Collections in dollar equivalents did increase by 46% in 1968 over base year 1965. As dollar goals are only now being established in the PROP no goal was planned as of prior June 30 and nothing has been entered in Col. 4 a. and b.</p> <p>Raise level of administrative capability. (This is a qualitative goal, although its progress will reflect increases in revenue).</p> <p>Increase voluntary compliance. (This too is a qualitative goal which progress will also be reflected in increases in revenue).</p>	46% (1965 is base year)			10%	10% per Cal. year continuing

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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 target



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) <del>Increases in revenues - directly thru enforcement efforts and indirectly thru increased voluntary compliance - thereby providing additional resources of development and contributing to monetary stability.</del>	3	2
	(2) <del>Raising the level of administrative capability to administer present taxes and create an organization which can effectively administer new and improved taxes.</del>	3	2
	(3) <del>Increasing taxpayer confidence in administrative equity hereby promoting increased voluntary compliance with tax statutes.</del>	3	2
	(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):

(1) (2) (3) It is expected that the purchase of a third generation computer by the GOU (public bids have already been invited) will have a significant impact on all three goals and will accelerate the achievement of Tax Administration goals.

(2) The reorganization and consolidation of the four national tax departments currently under way should be, when completed, a major step toward raising the level of administrative capability.

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## 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
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):	

- 014 - Inflation, of course, has been one of the factors operating to increase revenues. However, more important is the IMF requirement under the standby loan agreement that the Public Sector Budget deficit for 1968 could not exceed 7%.
- 015 - Although an OAS team collaborated on an economic study, the results of which were published as the C.I.D.E. report in 1964, little has been done by the government to carry out the recommendations. Presently, an OAS team (2 persons) is assisting in planning for the reorganization and consolidation of the four taxing agencies of the Central Government. Excellent relations and full cooperation exist between the IRS tax team and the OAS team.
- 018 - The Revenue Sources of the Central Government are many and varied. They should be reviewed to determine which taxes should receive more legislative emphasis. A TDY tax policy expert is now carrying out such a review.
- 019 - The fact that AID is engaged in the effort to assist developing countries in increasing their tax revenues should be a popular issue with American citizens (taxpayers) and should receive maximum publicity coverage in the U.S.
- 020 - Virtually no publicity coverage has been given to the Tax advisor's efforts in Uruguay and it is felt that this should continue in the future.

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## PART II - IMPLEMENTATION REPORT

## II A - STATUS OF SCHEDULE

022 A-1 - INDIVIDUAL ACTIONS (See detailed instructions M.O. 1025.1). 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.

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
I a.	Develop and install written procedures for auditing Agricultural Income and Value added sales tax returns.		X	
I b.	Establish an office audit organization, staff it and prepare systems, forms, procedures, etc. to operate it.		X	
I c.	Extend field examinations to cover all parts of Uruguay.		X	
I d.	Establish administrative appeals system and procedures to operate it.		X	
II a.	Develop and install systems to identify non-filers and to obtain returns from them.		X	
II b.	Establish workable policy for effective enforcement action on delinquent unpaid taxes and implement it.  Director General feels enforcement actions at this time not politically acceptable. Director General leaving for another job; incoming Director may be convinced to pursue this project. Current and next year's Pro-Age will include commitment by GOU to commence this project.	X		
III a.	Plan the establishment of an Automated Data Processing Center.		X	
III b.	Establish centralized Automated Data Processing Center with equipment, space and personnel.		X	
III c.	Design new and redesign existing systems, forms, programs, coding, etc.		X	
III d.	Establish computerized master lists of taxpayers			Scheduled to start June 1969.
III e.	Expand use of computer within the tax office to include other applications - e.g. statistics, Audit Classification, more sophisticated delinquent programs, etc.			Scheduled to start 1971.
III f.	Expand use of Computer to service areas outside of the Tax Offices.			Scheduled to start 1972.

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## PART II - IMPLEMENTATION REPORT

## II A - STATUS OF SCHEDULE

022 A-1 - INDIVIDUAL ACTIONS (See detailed instructions 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.

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
IV a.	Revitalize the public relations organization to obtain more and favourable publicity. Previously this project was a little ahead of schedule but the woman selected and trained to head it has not developed as expected. She is in process of being replaced.	X		
IV b.	Expand taxpayer information and assistance.		X	
IV c.	Reorganize and consolidate tax offices along functional lines. Progress on this project accelerated due to arrival of an OAS team to assist GOU in planning and implementing of reorganization.			X
IV d.	Develop improved methods for obtaining, presenting and using internal management information.		X	
IV e.	Develop audit manual of instruction.		X	
IV f.	Training of personnel both supervisory and technical.		X	
IV g.	Develop and install a single identity number system for use in all tax offices and eventually other GOU agencies.		X	
IV h.	Simplify tax returns and instructions on preparing them.		X	
V	Conduct survey to determine needs for Updating Records, map data and equipment in the National Cadastral Office.		X	

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## PART II - Continued

023

## II-A.2 - OVERALL TIMELINESS

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

(a) On schedule

(b) Ahead of schedule

(c) Behind schedule

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.

(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):

X

## 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	034 Adherence to work schedule	P
026	Understanding of project purposes	035 Working relations with Americans	P
027	Project planning and management	036 Working relations with cooperating country nationals	P
028	Ability to adapt technical knowledge to local situation	037 Adaptation to local working and living environment	P
029	Effective use of participant training element	038 Home office backstopping and substantive interest	P
030	Ability to train and utilize local staff	039 Timely recruiting of qualified technicians	P
031	Adherence to AID administrative and other requirements	040 Other (describe):	P

## 2. FACTORS-PARTICIPANT TRAINING

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

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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.

**II-B.1**

025 - Technical knowledge of IRS Technicians is adequate.

028 - Team members are able to adopt their technical knowledge to local conditions. However, TDY specialists are called in when needed.

035 - No formal orientation is scheduled but incoming technician overlaps outgoing technician to facilitate a smoother takeover.

Both technicians have separate functional areas when working with the local government but work as a team in their contacts with USAID. Contacts cover all levels in USAID including the Mission Director and the Ambassador on selected occasions. Such contacts seem to work well and will be continued.

036 - In the absence of interpreters and the dearth of English speaking Uruguayan counterparts, Spanish language capability is very important. The audit advisor is bi-lingual and the team leader has a capability of 3 and takes daily language classes.

038 - Both technicians have attended the specially designed course given IRS technicians and appear to have a clear insight and sensible approach to culture sensibility as well as the political and psychological aspects of change. Both technicians are mature in their judgement and evidence a high frustration tolerance.

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038 (cont.) - Mr. Moss of IRS visited the Mission prior to the assignment of the first Technician. This visit was for the purpose of clarifying the type of advisors needed and making final arrangements as to arrival dates, etc. IRS representatives visit Montevideo at least once a year to discuss performance of technicians, project emphasis TOY needs and to get first hand knowledge on how to improve backstopping.

## II - B.2

The type of courses and their content included in the INTAX offerings can best be given in the U.S. There are, however, certain training needs which develop from time to time where in-country or central location training could result in cost savings and/or enlarged participation. (Such as various courses in Data Processing and O. & M.). Consideration should be given to having mobile instruction teams available particularly skilled in fields where mass instruction is needed (e.g. Audit and Collection techniques and practices). However, such teams should not come with a prepared course, but should come for the purpose of developing a course tailored to fit the laws and requirements of the Country.

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**528-11-720-001.2****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.	N
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.	N
083 Competence and/or continuity in executive leadership of project.	P
084 Host country project funding.	N
085 Legislative changes relevant to project purposes.	P
086 Existence and adequacy of a project-related LDC organization.	
087 Resolution of procedural and bureaucratic problems.	N
088 Availability of LDC physical resource inputs and/or supporting services and facilities.	N
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 system).	N
098 Other:	
HOST COUNTRY COUNTERPART TECHNICIAN FACTORS:	
099 Level of technical education and/or technical experience.	P
100 Planning and management skills.	N
101 Amount of technician man years available.	P
102 Continuity of staff.	P
103 Willingness to work in rural areas.	P
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 1);

As is generally the case in the GOU, country performance could and should be better. Executive leadership at the Ministerial level does not insist that projects be carried thru to completion nor that time deadlines be met. Budgets are composed of 90 plus percent for salaries with little or nothing for supplies and equipment.

080 = Imputed land productivity tax is to be administered by three separate agencies: The Ministry of Agriculture, the Income and Sales Tax Office and the National Cadastral Office under the Minister of Finance. A coordinating committee has been appointed but results of their efforts are not in evidence.

084) = Both of these are budget deficiencies wherein little or nothing is provided  
088) for support services and facilities.

097 = Tax enforcement measures, which are permitted under the law are not taken

**UNCLASSIFIED**

SECURITY CLASSIFICATION

UNCLASSIFIED

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528-11-720-001.2

## 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.

as top management feels such measures would not be "politically acceptable" by the citizenry at this time.

100 - Planning and management skills have improved since onset of project. Additional improvement is necessary and project plans call for participant training in both supervisory and management areas throughout the life of the project.

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## 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):

The PROP for this project is in process of final approval and submittal. As the purpose and design are current, no adjustment is necessary at this time.

## IV-B - PROPOSED ACTION

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

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

109 NARRATIVE FOR PART IV-B:

This project will be evaluated as part of the Mission's program of assessing the effectiveness of all TA activities.

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