

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



**ANNUAL BUDGET SUBMISSION
FY 1980**

PARAGUAY

**DEPARTMENT
OF
STATE**

MAY 1978



0000001

ANNUAL BUDGET SUBMISSION

FY 1980

PARAGUAY

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TABLE 1 - LONG RANGE PLAN

DECISION UNIT: USAID/PARAGUAY

(\$ millions)

	FY 1978 ESTIMATE	FY 1979 REQUEST	FY 1980			PLANNING PERIOD			
			MINIMUM	MARK	PROPOSED	1981	1982	1983	1984
Food & Nutrition									
Grants	986	2,601	1,434	1,639	2,039	700	1,000	600	800
Loans	10,200	5,000	--	2,535	10,535	2,800	7,000	-	5,000
Population									
Grants	100	550	500	500	500	500	500	500	500
Loans	--	--	--	--	--	--	--	--	--
Health									
Grants	31	130	30	30	30	600	700	700	400
Loans	--	--	-	-	-	5,000	-	7,000	2,000
Education									
Grants	559	357	440	440	440	100	200	200	300
Loans	-	7,600	2,821	2,821	2,821	3,000	4,000	-	5,000
Selected Development Activities									
Grants	143	301	304	304	304	300	300	200	100
Loans	-	-	-	-	-	-	-	5,000	-
Total Functional Accounts									
Grants	1,819	3,939	2,708	2,913	3,313	2,200	2,700	2,200	2,100
Loans	10,200	12,600	2,821	5,356	13,356	10,800	11,000	12,000	12,000
Total Program									
Grants	1,819	3,939	2,708	2,913	3,313	2,200	2,700	2,200	2,100
Loans	10,200	12,600	2,821	5,356	13,356	10,800	11,000	12,000	12,000
Housing Guaranties (non-add)	4,000								
Personnel (in workyears)									
Mission - U.S.	7.1	9.1	7.5	8.2	9.3	9.0	9.0	9.0	9.0
F.N.	14.4	14.7	12.4	13.2	14.8	14.0	14.0	14.0	14.0
TDY - U.S.D.H.	1.9	3.9	2.1	2.4	2.4	2.0	2.0	2.0	2.0
Contract, other -	14.8	28.0	32.9	33.9	33.9	30.0	28.0	25.0	25.0
Operating Expenses	1,818	1,936	1,952	1,952	2,032	2,000	2,000	2,000	2,000

TABLE III - SUMMARY OF RESOURCES - BY ACTIVITY
(FUNDING IN \$ 000 AND OPERATING EXPENSES-FUNDED PERSONNEL IN WORKYEARS (XX.X))

ACTIVITY	FY: 1978		CY: 1979		MARK		MINIMUM		EXPANSION		PROPOSED		
	FUNDING	PERSONNEL US	FUNDING	PERSONNEL US	FUNDING	PERSONNEL US	FUNDING	PERSONNEL US	FUNDING	PERSONNEL US	FUNDING	PERSONNEL US	
													FN
<u>PROGRAM ACTIVITIES</u>													
<u>Food and Nutrition</u>	(11,186)	(3.2)	(6.4)	(7.2)	(4,174)	4.6	5.7	(1,434)	3.9	4.9	(12,574)	(5.7)	(7.3)
0100 Project Development & Support	160	.5	1.3	.7	385	.7	.7	385	.7	.7	385	.7	.7
0101 Credit Unions	306	.5	1.3	.6	70	.6	.7	70	.6	.7	70	.6	.6
0107 Rural Enterprises		.3	.5	.3		.2	.7		.2	.7		.2	.7
0109 Small Farm Technology		.1	1.3	.8	6,000	.6	.7		.6	.7		.6	.7
0111 Rural Roads	5,200	.8	.5	.8		.7	.5		.7	.5		.7	.5
0112 Market Town Development	5,300	.6	.8	.6	300	.5	.7	200	.5	.7	200	.5	.7
0113 Small Farmer Development		.2	.5	.3		.3	.3		.3	.3		.3	.3
0118 Minifundia Crop Intensification		.1	.1	.3	445	.3	.4	655	.3	.4	655	.3	.4
0119 Honey Production	26	.1	.1	.1		.1	.1		.1	.1		.1	.1
0120 Indian Settlement	194	.1	.1	.1	142	.1	.1	124	.1	.1	124	.1	.1
0121 Small Farm Land Financing				.3		.3	.3		.3	.3		.3	.3
0122 Rural Enterprises II				.4		.4	.4		.4	.4		.4	.4
0123 Rural Land Rights Registration ORGS				.4	2,740	.7	.8		.7	.8	2,740	.7	.8
<u>Population</u>	(100)	1.9	2.8	.7	(550)	.8	1.9	(500)	.8	1.9	(500)	.8	1.9
0085 Population	100	1.8	2.6	.7	550	.8	1.9	500	.8	1.9	500	.8	1.9
0305 Population II	(31)	.1	.1	.3	(130)	.2	.1	(30)	.2	.1	(30)	.2	.1
<u>Health</u>													
0300 Project Development & Support	31	.1	.1	.1	100	.2	.1	30	.2	.1	30	.2	.1
0306 Health Education II													

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TABLE III - SUMMARY OF RESOURCES - BY ACTIVITY
 (FUNDING IN \$ 000 AND OPERATING EXPENSES-FUNDED PERSONNEL IN WORKYEARS (XX, X))

ACTIVITY	FY 1978			CY: 1979			MARK			MINIMUM			EXPANSION			PROPOSED			
	FUNDING	PERSONNEL		FUNDING	PERSONNEL		FUNDING	PERSONNEL		FUNDING	PERSONNEL		FUNDING	PERSONNEL		FUNDING	PERSONNEL		
		US	FN		US	FN		US	FN		US	FN		US	FN		US	FN	US
Education	(559)	1.5	4.0	(7,957)	2.2	4.4	(3,261)	2.2	4.4	(3,261)	2.2	4.4	(3,261)	2.2	4.4	2.2	4.4		
0500 Project Development & Support	131	.2	.5	50	.2	.3	50	.2	.3	50	.2	.3	50	.2	.3	50	.2	.3	
0501 Rural Non-Formal Education		.2	.5		.1	.3		.1	.3		.1	.3		.1	.3		.1	.3	
0502 Rural Radio Education	187	.2	.4		.1	.2		.1	.2		.1	.2		.1	.2		.1	.2	
0503 Bilingual Education	171	.2	.6	307	.3	.8	313	.5	.8	313	.5	.8	313	.5	.8	313	.5	.8	
0505 Primary Education		.1	.4	7,600	.6	1.0		.7	2.3		.7	2.3		.7	2.3		.7	2.3	
0506 Community Service for Women	70	.2	.6		.1	.6		.1	.6		.1	.6		.1	.6		.1	.6	
0507 Vocational Institute		.1	.6		.1	.2		.1	.2		.1	.2		.1	.2		.1	.2	
0508 Basic Rural Non-Formal Educ.		1.2	.4		.6	.9		.7	.8		.7	.8		.7	.8		.7	.8	
0703 Cadastral Survey & Property Tax			.1		.1	.1		.1	.1		.1	.1		.1	.1		.1	.1	
Selected Development Problems	(143)	.4	1.1	(301)	.4	1.1	(304)	.4	1.1	(304)	.4	1.1	(304)	.4	1.1	(304)	.4	1.1	
0600 Project Development & Support	93	.1	.1	40	.1	.1	30	.1	.1	30	.1	.1	30	.1	.1	30	.1	.1	
0601 Special Development Activities	50		1.0	50		1.0	75		1.0	75		1.0	75		1.0	75		1.0	
0603 Small Manufacturing Industry		.3		211	.3		199	.3		199	.3		199	.3		199	.3		
TOTAL PROGRAM FUNDING	12,019	7.1	14.4	16,539	9.1	14.7	8,034	8.2	13.2	5,214	7.5	12.4	16,669	9.3	14.8				
NON-PROGRAM ACTIVITIES:																			
Policy Direction and Management		4.8	6.8		6.3	6.2		8.0	6.8		8.7	7.6		6.9	5.2				
Financial Management	XX	1.0	11.0	XX	1.0	11.0	XX	1.0	11.0	XX	1.0	11.0	XX	1.0	11.0	XX	1.0	11.0	
Mission Support	XX			XX			XX			XX			XX			XX			
IDIs	XX	2.5		XX	.9		XX	2.0		XX	2.0		XX	2.0		XX	2.0		
Other (specify)	XX	3.0		XX	1.3		XX	1.0		XX	1.0		XX	1.0		XX	1.0		
Non-Mission Specific Personnel																			
Operating Expenses:																			
Personnel	1,210.1	XX	XX	1,218.9	XX	XX	1,291.0	XX	XX	1,291.0	XX	XX	1,291.0	XX	XX	1,291.0	XX	XX	
Housing	216.4	XX	XX	295.0	XX	XX	236.9	XX	XX	236.9	XX	XX	286.8	XX	XX	286.8	XX	XX	
Office Operations	391.5	XX	XX	422.3	XX	XX	424.4	XX	XX	424.4	XX	XX	454.6	XX	XX	454.6	XX	XX	
TOTAL OPER. EXP.	1,818.0	XX	XX	1,936.2	XX	XX	1,952.3	XX	XX	1,952.3	XX	XX	2,032.4	XX	XX	2,032.4	XX	XX	

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TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE PROJECT DEVELOPMENT AND SUPPORT (AGRICULTURE)		DECISION UNIT USAID/Paraguay	DECISION PACKAGE Proposed	SUPPORT YEAR 1980
	PROJECT NUMBER 526-0100	APPROPRIATION FN	INITIAL OBLIGATION FY175	FINAL OBLIGATION Continuing	TOTAL COST Continuing
			DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY 1979		FY 1980		BY: 1980		PIPE-LINE	EXPEN-DITURE	PIPE-LINE		
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FH-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FH-TO)				OBLI-GATION	EXPEN-DITURE
	TOTAL												
Technical Assistance for project development	160	181	116	10/78-9/79	465	470	111	10/79-9/80	385	430	66		
Long Term Advisor for PCGP	130	125	91	10/78-12/79	140	165	66	10/79-12/80	110	110	66		
Technical Assistance for 1980 World Agricultural Census 1/	-	28	10		-	10	-		-	-	-		
Title XII Baseline Study				10/78-12/79	225	180	45	10/79-9/80	155	200			
Small Farm Credit needs 2/				10/78-1/79	100	100	-		-	-			
Title XII Baseline Study 3/	30	15	15			15	-	10/78-1/79	100	100			
Ag. Educ. manpower needs													
Commodities													
Participant training													
HC AND OTHER DONOR	40				200								

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED				FOOTNOTES	
	FISCAL YEAR					TYPE	A=NONCONTRACT		B=CONTRACT		
	1978	1979	1980	1981			LONG-TERM	SHORT-TERM	LONG-TERM		SHORT-TERM
PROGRAM	4.0	5.4	5.0	2.5	HIGH	2	1	3	5	1/ BUCEN Collaboration	
ACCOUNT	.5	.5	.5	.5	MEDIUM					2/ & 3/ Earmarked	
TOTAL	1.8	1.6	1.4	1.4	LOW					Title XII	

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TABLE IV A

CREDIT UNIONS
526-0101

1. Purpose: To enable CREDICOOP, a central multi-purpose cooperative, by 1981 to generate revenues in excess of costs while providing the services its member rural cooperatives require to deliver credit, technical assistance, and marketing services to some 14,460 small farmers.

2. Background: USAID/Asuncion's development strategy is directed toward increasing the income of the small farmer target group. A key part of this effort has been assistance to the credit union cooperative movement since 1969. CREDICOOP has been assisted since its formation in 1974.

Analysis of the project to date reasonably demonstrates that:

(a) Small farmers are the direct beneficiaries of the project.

(b) the Credit Union Cooperative, because of many activities performed by volunteers, is the only formal private entity existing in Paraguay that can feasibly deliver to small farmers those services needed to eliminate the major constraints to increasing their income (e.g., lack of reasonably priced credit, lack of technical assistance, and lack of marketing services).

The GOP has shown support of the cooperative movement and its efforts in small farm development through tax exemptions for cooperative operations, credit support from the National Development Bank, and free provision of extension services.

This grant project supplements Loan 526-T-027 (Project 526-0113), a \$3 million loan to enable CREDICOOP to make agricultural credit available to the small farm members of its member cooperative.

Progress to Date: The project is providing the consultant services, commodities, training, and budget support to CREDICOOP to enable it to provide technical assistance and reasonably priced credit to small farmers through member credit union cooperatives, to market small farmer production, to capitalize small farmer borrowers, to assist existing rural cooperatives to service better their members and attract new members, and to form new rural cooperatives. The project has been under way since FY 1970 and is expected to terminate in FY 1981 when CREDICOOP is expected to have achieved financial self-sufficiency.

Progress as of December 31, 1977, is as follows:

	<u>Actual</u> <u>12/31/77</u>	<u>Projected</u> <u>6/30/78</u>
No. of Rural Cooperatives	26	27
Farmer Members of Rural Cooperatives	4,378	6,500
Share Capital of Rural Cooperatives	\$1,189,000	\$ 900,000
Coop Members' Savings in CREDICOOP	\$ 108,000	\$ 106,000
Agricultural Credit (past 12 mo.)	\$1,212,000	\$2,000,000
Crops Marketed (past 12 mo.)	\$1,870,000	\$1,400,000

3. Beneficiaries: The target group is the small farmer with average annual income per household of less than \$1,746, low access to potable water and electricity, high infant mortality, high birth rate, and limited access to transport. Farm families in the target group normally have access to less than 20 hectares of land (whether owned, rented, or otherwise obtained).

Benefits from the CREDICOOP program to the target group over the next four years will be over \$5,800,000. Specifically:

Benefits from lower cost equipment imports	\$ 185,000
Benefits from lower credit cost	4,235,000
Benefits from marketing	1,406,000

Additional benefits of \$137,000 net income are expected to result from increasing the small farmer borrowers' cultivated areas by 0.3 ha. each per year. The project is also assumed to have a significant employment effect.

The total cost of the project per family benefited is \$103, while if all benefits were spread equally among all farmer members, taking into account membership numbers each year, each will have received benefits of \$143 per year, or about 10% of average family income over the period.

4. Current Year Program: A.I.D. expenditures will be \$249,000. Targets expected as of June 30, 1979, are:

a. Financial Strength:

(1) CREDICOOP reduces net loss to	\$ 46,000
(2) Rural cooperative share capital	\$1,500,000
(3) Coop members' savings in CREDICOOP	\$ 200,000

b. Membership:

(1) No. of rural cooperatives	30
(2) Farmer members	9,000

c. Agricultural Credit:

(1) Annual CREDICOOP loan value	\$2,000,000
(2) Annual cooperative loan value	\$3,000,000
(3) Hectares of crops financed	19,800

d. Marketing:

Value of crops marketed through CREDICOOP \$2,300,000

5. Budget Year Program: A.I.D. expenditures will be \$180,000. Targets expected as of June 30, 1980, are:

a. Financial strength:

(1) CREDICOOP reduces net loss to	\$ 12,000
(2) Rural cooperative share capital	\$1,700,000
(3) Coop. members' savings in CREDICOOP	308,000

b. Agricultural Credit:

(1) Annual CREDICOOP loan value	\$3,000,000
(2) Annual cooperative loan value	\$4,500,000
(3) Hectares of crops financed	29,610

c. Marketing:

Value of crops marketed through CREDICOOP \$4,100,000

6. Major Outouts (cumulative by end of project):

a. Trained staff and leadership:

- (1) CREDICOOP with 28 staff members with minimum of two years of on-the-job training.
- (2) 30 rural cooperatives with managers with at least 50 hours each of specialized training.
- (3) 100 cooperative board members with at least 20 hours of training in cooperative promotion and management.
- (4) A continuing training capability in place.

b. Standardized procedures in accounting, capitalization, and credit:

- (1) 30 rural cooperatives using the standard accounting system recommended by CREDICOOP.
- (2) All rural cooperatives complying with requirement that minimum share purchase in CREDICOOP of 5% be made on production loans and 2½% on marketing loans and that cooperative members make share purchases of 10% in their cooperatives for each production loan.
- (3) 30 rural cooperatives using written credit procedures based on CREDICOOP model.

c. Marketing Operations:

- (1) CREDICOOP's marketing department staffed by at least four employees.
- (2) CREDICOOP with two storage facilities with dryers and with adequate vehicles and equipment to provide marketing services to 38 rural cooperatives at projected volume.

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d. Credit operations:

CREDICOOP generating sufficient revenues from lending operations to cover costs of providing credit and TA to cooperatives.

e. Plans:

At least one feasibility study on an agroindustrial investment.

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TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
	RURAL ENTERPRISES		USAID/Paraguay		Minimum		1980	
PROJECT NUMBER 526-0107		APPROPRIATION FN		FY'77		TOTAL COST \$ 2,500		
				DATE PP/REVISION June 78		DATE NEXT PAR June 1979		

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY 1979		FY 1979		BY 19	
	OBLI - GATION	EXPEN - DITURE	PIPE - LINE	FUNDING PERIOD (FR - TO)	OBLI - GATION	EXPEN - DITURE	PIPE - LINE	FUNDING PERIOD (FR - TO)
TOTAL -		1,800	700	-		700	0	
Funds for financing sub-projects		1,800	700	-		700	0	
HC AND OTHER DONOR								
TOTAL -								
Funds for financing sub-proj. Operation of special Dev. Fund								

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES
	1978	1979	1980	1981	1982	BEYOND	TYPE A	TYPE B	
PROGRAM ACCOUNT	-	-	-	-	-	-	LONG - TERM	SHORT - TERM	
TOTAL	-	-	-	-	-	-	LONG - TERM	SHORT - TERM	
OPERATING EXPENSES	.8	1.2	.9	-	-	-	LONG - TERM	SHORT - TERM	

* AID Loan 526-T-028

TABLE IVASMALL FARM TECHNOLOGY (526-0109)

Note: In the 1979 Congressional Presentation this project was known as the Small Farmer Sector Program. Total funding remains the same, \$6 million loan and grant.

A. Activity Data

1. Purpose: To enable Paraguay's National Agricultural Extension Service (SEAG) to identify technology needs of small farmers and to respond efficiently and effectively to those needs.

2. Background: Small farms in Paraguay make poor use of family labor and land resources partly because the technology available to farmers has remained unimproved for decades. Average productivity per farm laborer is among the lowest in Latin America and yields per hectare have not improved appreciably since 1961. The lack of an appropriate technology is, therefore, a serious constraint to the improvement of the welfare of many smallholders. The GOP is well aware of this constraint and the economically disadvantaged position of small farmers. The proposed project directly contributes to the GOP's objectives of improving farm life, as set forth in its Five Year Plan for the Agricultural Subsector. This matches well with the A.I.D. goal of assisting the rural poor.

Project Description: This project is designed to identify, create and diffuse technologies directly applicable to the needs of small farmers. The project will establish seven local technology delivery networks, including the widespread use of (a) on-farm pilot research activities demonstrating new crops, cropping systems and livestock care procedures, (b) mass communication techniques for diffusing new technologies, (c) a feedback and evaluation system based on farm management record keeping and (d) local level coordination with credit institutions. Central to the new outreach program will be interdisciplinary teams of technical assistance which will work out of each of the regional centers and the 43 local extension centers included in the project. A whole-farm, on-the-farm approach will be taken by these teams and all new practices will be developed on the farmers' own land to meet their particular needs. Once successful practices are identified, the communication component of the project will use mass media techniques to spread the practices throughout appropriate geographical zones. Agricultural research entities, the national seed service and the national agro-mechanical school will provide support to the project. The role of these institutions will

be to see that adequate seeds, mechanical prototypes and experiment farm research are available to the technology teams in the field. Through the combined efforts of all of these institutions, technology packages will be developed that are economically, socially and culturally advantageous to project beneficiaries.

The project will assist small farmers to use the output of relevant agronomic, farm management and livestock research to increase annual output per hectare, using increasing amounts of labor as well as other inputs. Out of the higher incomes to be generated from sales of basic agricultural products small holders will be able to mobilize for further investment. This will be accompanied by an increase of purchases by the farmer of new seeds, other agronomic inputs and consumer items. These increased purchases will, in turn, stimulate a general program to increase off-farm employment through small scale rural industry, such as the manufacture of technologically appropriate farm machinery developed and tested under the project.

3. Beneficiaries: The project will serve about 50,000 farms and the 381,000 persons living upon them. These beneficiaries, in carefully selected minifundia zones identified for maximum project impact, farm less than three hectares and generally earn less than \$150 per capita in 1969 prices. They clearly fall within the A.I.D. target group of the rural poor. The estimated annual recurring cost of the project per farm family will be \$23.36, or \$3.89 per person.

4. Current Year Program: (See Table)

There are several major differences between the outputs specified below and the 1979 Congressional Presentation, resulting largely because of design changes in the project.

5. Budget Year Program: (See Table)

6. Major Outputs: (See Table)

	4. Current Year <u>Program</u>	5. Budget Year <u>Program</u>	6. Major <u>Outputs</u>
a. Fully equipped regional center delivery network established with semi-autonomous management responsibility	3	2	7
b. Increases to SEAG staff related to project			
Home Office	6	11	30
Regional centers	12	36	94
Satellite agencies	10	12	42
c. Training courses completed:			
In-country	10	11	43
Short-term participants	10	5	15
Long-term	-	3	8
d. Mass media	Complete production facilities	Complete first cycle of campaign	Entire target area served by two forms of mass media
e. Fully equip and operate small farm machinery shop adapting and/or building prototype		10	60
f. National seed service begins producing seeds	New varieties	3	15
g. Research stations ready for project participation	2	1 Nat. report distributed	12

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
SMALL FARM TECHNOLOGY		USAID/Paraguay		INITIAL OBLIGATION		FINAL OBLIGATION		1980	
PROJECT NUMBER		APPROPRIATION		FY 1979		FY 1979		TOTAL COST	
526-0109		FN		May 5, 1978		DATE LAST PAR		\$6,000	
				ESTIMATED U. S. DOLLAR COST (\$ 000)				DATE NEXT PAR	
				CY: 19 79				May, 1980	
				CY: 19 80					

ACTIVITY INPUTS	PY 19	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR-TO)	CY:	19 79		19 80		PIPE- LINE	EXPEN- DITURE	PIPE- LINE
							OBLI- GATION	EXPEN- DITURE	OBLI- GATION	FUNDING PERIOD (FR-TO)			
TOTAL-													
Total Grant					9/78-9/84		6,000	1,795	4,205			1,399	2,805
Technical Assistance							1,000	204	796			451	345
Training							945	159	786			441	345
							55	45	10			10	-
Total Loan					9/78-9/84		5,000	1,591	3,409			949	2,461
Extension							3,212	1,255	1,957			538	1,419
Training							442	15	427			95	332
Purchased research							166	20	146			32	114
Mechanization							365	105	260			59	201
Seed multiplication							450	150	300			150	150
Administration							73	43	30			30	-
Technical Assistance							292	3	289			45	244

NG AND OTHER DONOR	TOTAL		LIFE OF PROJECT	
	3,777	3,657	\$3,777	3,657
GOP		120		120
Swiss Govt. (Estimated)				

FUNDING	PERSONNEL WORKYEARS (XX, X)			PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES
	1978	1979	1980	BEYOND 1983	TYPE A	TYPE B	FISCAL YEAR	
PROGRAM ACCOUNT	4.3	6.3	2.0	2.0			1980 1801	
TOTY (ADD)	1.0	1.0	1.0	-			3	
OPERATING EXPENSES	1.4	1.6	1.3	1.3			15 15	
							15 15	

00000016

AID 1330-8 (3-78)

TABLE IV-ARURAL ROADS (526-0111)A. Activity Data

1. Purpose: The purpose of this Project is to improve farm to market roads in selected minifundia areas.

2. Background: The Agriculture Sector Assessment and other documents have identified the inadequate rural roads system in Paraguay as a factor limiting development of the small farm sector. One result of the poor rural road network is high transportation costs for small farmers and corresponding high handling costs for the buyers. Poor transportation also limits the small farmer's access to the accurate and timely information needed to make basic production decisions which reflect the demands of the market, and creates a situation in which the small farmer tends to practice "risk aversion" by producing only what is needed for the family. These factors, in addition to several others indirectly related to the rural road system (e.g., poor storage facilities), have acted as disincentives for small farmers to emerge from near subsistence farming to operating productive farm enterprises.

Project Description: The rural roads project has its foundation in two facts: (1) a weak rural roads infrastructure exists in Paraguay and it has been identified by Paraguayans and foreign assistance groups as a major constraint to many kinds of social and economic changes; (2) the existence of the road committee system (Juntas Viales) is a well accepted and legally established institution active in rural road construction and maintenance. The project proposes to build upon this foundation in order to benefit small farmers.

The Ministry of Public Works and Communications (MOFC) will be the implementing agent. To administer and coordinate the project, a new permanent unit, Caminos Vecinales, will be established and will be placed under the Minister's office, but in practice will report to the Director of the Directorate of Roads (DR). The road committees in the departments of the project, Cordillera, Caaguazú, Guairá and Paraguari will be transferred from the General Directorate of Road Committees (GDRC) to Caminos Vecinales to facilitate coordination with the existing technical capabilities of the DR, e.g., engineering design, equipment procurement, operation and maintenance. By transferring the road committees in their entirety to Caminos Vecinales, the grass-roots nature of the system will not be affected and local community participation will be guaranteed. Subprojects will comply with a set of social and economic criteria which will not only assure subproject feasibility but also benefits to the target group.

The AID loan will finance equipment, construction materials, technical assistance, and a special administrative study of the implementation arrangements. The study is to be conducted after the second year of project operations. The GOP contribution of \$2,425,000 will cover the expenses of the new unit in the MOFC, operating expenses, equipment maintenance and construction materials. Local communities will also contribute to the project. Their \$715,000 contribution will provide materials, fuel, and labor.

From these inputs the following major outputs are expected: (1) existing rural road committees trained, (2) new road committees formed and operating, (3) all echelons of rural roads institutions from the Directorate of Roads to Road Promotion Committees having the necessary resources, both physical and financial, to respond to requests for roads, and (4) a study based on the experience of this project to determine the best institutional arrangement for rural road responsibility throughout Paraguay.

With the Directorate of Roads and the rural roads committees having the necessary resources and expertise both to select roads to be upgraded and to accomplish the task, there is little doubt that the project purpose of upgrading 1400 kilometers of communal (nonnational) rural roads will be achieved and that lasting, well functioning rural roads institutions capable of analysis, selection and execution of subprojects will continue to function after the termination of this project--the last because the project seeks not so much to create new institutions as to build and improve local grass roots organizations of long standing.

Progress to Date: The loan has been technically approved by AID/W. The Loan Agreement has been prepared in both English and Spanish for signature upon final approval.

3. Beneficiaries: Although the road committee system exists throughout Paraguay, the focus of this project has been limited geographically for two reasons: (a) greater concentration of available resources for maximum impact, and (b) the objective of developing an effective rural roads system within the existing institutional framework will be facilitated and expansion to additional areas can take place later without loss of quality or effectiveness.

Using this rationale as a guide, the four departments of Cordillera, Guairá, Caaguazú and Paraguari were selected as the project area because they contain the largest concentration of small farmers. These four departments are located to the east and southeast of Asunción.

Beneficiaries of the project will be the small farmers in these departments who depend on the rural road system for transporting their production to market or to point of sale. In brief, the salient characteristics of the small farmer target group include: (a) size of farm below 9.9 hectares; (b) production of mandioca, corn, and beans, primarily for onfarm consumption, and cotton, petit-grain, sugar cane, coco-tero and tobacco for cash marketing; and (c) an average 1976 net per capita income of \$141 for farms less than five hectares and \$195 for farms between 5.0 and 9.9 hectares.

Assuming a minimum average of 10 farmers per kilometer for 1400 km or 14,000 families and a total project cost of \$8,340,000, we have an estimated cost of \$596 per family.

4. Current Year Program: All construction equipment specifications will be prepared and orders placed for the first (largest) group of these. The GOP counterpart funding will be made available as needed. The newly created Caminos Vecinales (CV) Unit within the MOFC staffed and equipped will be receiving training, as well the four newly hired Directors of Rural Roads Committees.

5. Budget Year Program: Training will be completed for all staffs, i.e., CV Unit in Asunción and four Regional Roads Committees. An Operations Manual for subproject selection and construction will be printed and distributed and the Local Roads Committees will be trained in how to follow sub-project selection criteria.

6. The construction of 1400 km of very basic farm-to-market roads will enable the small farmers to increase their net income by reducing their time requirements and their costs of getting their products to market and will increase their access to social and agricultural services.

The rural roads institutions will be staffed by trained personnel who have experience in rural road-sub-project analyses, selection, construction and maintenance without outside assistance.

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE RURAL ROADS		DECISION UNIT USAID/Paraguay		DECISION PACKAGE		BUDGET YEAR 1980	
PROJECT NUMBER 526-0111		APPROPRIATION FN		INITIAL OBLIGATION FY 1978		FINAL OBLIGATION FY 1978		TOTAL COST \$5,200	
DATE PP/REVISION N/A		DATE PP/REVISION N/A		DATE LAST PAR N/A		DATE NEXT PAR N/A		DATE NEXT PAR Oct. 1979	

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY 1979		BY 1980		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)	PIPE-LINE	FUNDING PERIOD (FR-TO)	PIPE-LINE							
AIP-FINANCED													
TOTAL	5,200	-		5,200				2,647		2,553			877
Construction Equipment	3,934	-		3,934				2,500		1,434			7
Technical Assistance	300	-		300				147		153			200
Evaluation Study	200	-		200				-		200			200
Construction Materials (IC)	766	-		766				-		766			670

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES
	1978	1979	1980	1981	1982	BEYOND	TYPE A	TYPE B	
PROGRAM ACCOUNT TOY (NON-)	-	0.3	1.2	0.8	3.0	-	LONG-TERM	SHORT-TERM	It is planned that 4 Peace Corps volunteers will support the project in the field during the construction period, i.e., 1980-1983.
EXPENSES	1.3	2.7	1.2	1.2	0.9	-	LONG-TERM	SHORT-TERM	
AIP	1.3	2.7	1.2	1.2	0.9	-	LONG-TERM	SHORT-TERM	
							LONG-TERM	SHORT-TERM	

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES
	1978	1979	1980	1981	1982	BEYOND	TYPE A	TYPE B	
PROGRAM ACCOUNT TOY (NON-)	-	0.3	1.2	0.8	3.0	-	LONG-TERM	SHORT-TERM	It is planned that 4 Peace Corps volunteers will support the project in the field during the construction period, i.e., 1980-1983.
EXPENSES	1.3	2.7	1.2	1.2	0.9	-	LONG-TERM	SHORT-TERM	
AIP	1.3	2.7	1.2	1.2	0.9	-	LONG-TERM	SHORT-TERM	
							LONG-TERM	SHORT-TERM	

TABLE IV-AMARKET TOWN DEVELOPMENT (526-0112)A. Activity Data

1. Purpose: To (a) develop the capacity of the Municipal Development Institute (IDM) and of municipalities (individually and in groups) to provide those services needed by the rural poor target group, and (b) develop a planning capacity on the local level to identify and prioritize the needed services. The latter entails development of a capacity within IDM to identify service areas and to assist development committees representative of such areas.

2. Background: IDM was created in November 1971, addressing the need to support local government as a development force. In 1973, IDM and AID entered into Loan Agreement 526-L-022 for \$2 million with the basic objective of assisting municipalities other than Asunción to begin to develop infrastructure and a framework for self-sustaining growth.

With the use of the subloan portion of the loan, IDM financed 138 municipal development subprojects for 92 of the 170 municipalities in Paraguay. There was also considerable technical assistance and training given to IDM personnel and officials of the municipalities. With the project considered a considerable success, IDM requested additional funds to meet the growing demand for its services and to enable it to capitalize itself more adequately.

Studies and discussions with IDM indicate that there exist increasing demands of the municipalities to carry out subprojects with direct benefits to the rural poor. This is in accord with AID's philosophy of growth with equity, with the DAP strategy of providing basic services for the rural poor, and with the GOP Five Year Plan's strategy of decentralizing public services and of distributing more public services to the rural areas.

Project Description: The project will finance small municipal development subprojects (e.g., marketplaces, water supplies, health centers). Strict subproject selection criteria will be employed to assure that the subprojects financed benefit directly the neediest groups within rural municipal districts.

In addition, IDM will establish a process of integrated rural-urban planning using a "bottom-up" approach in selected areas of the country. IDM will work with communities to establish development committees broadly representative of all sectors of the community, which will identify the development potential and problems of the area, identify and prioritize the area's needs, and develop subprojects.

A key element of the project will be technical assistance, including long-term advisors in integrated rural-urban planning and in community development and short-term advisors in marketing, rural sociology, spatial planning theory, and other disciplines. There will also be courses in other countries and observation visits.

The municipalities will be responsible for individual subprojects, with IDM having a monitoring, advisory, and technical assistance role. The GOP is currently putting substantially increased resources into IDM and the municipalities.

3. Beneficiaries: Subprojects and other activities under the project will be directed toward increasing the income and well-being of the rural poor target group. This is defined as those families or groups which have a per capita income of the equivalent of \$150 in 1969 prices adjusted to current price levels. This is generally thought to include farmers with use of 20 hectares or less, at least half of all residents of the 170 municipal urban cores, and at least two-thirds of all other rural dwellers, or a total of some 79% of all persons residing outside of Asunción.

4. Current Year Program: If the conditions precedent are fulfilled on schedule, the disbursements expected during FY 1979 are: (\$000)

AID Grant Funds:	\$ <u>280</u>
Long-Term TA Advisors	120
Short-Term TA Advisors	100
Training	60
AID Loan Funds:	\$ <u>833</u>
Subprojects	773
Vehicles, Equipment, Building	50
Other TA	10
Counterpart:	\$ <u>556</u>
GOP/IDM Contribution to Sub-projects	193
Municipal Contribution to Sub-projects	212
Incremental Operating Expenses	<u>151</u>
	\$1,669

This will result in the following outputs:

Subprojects Financed	25
Joint Subprojects Financed	1
Municipal Officials Trained	340
Person-Weeks Training for IDM Officials	50

5. Budget Year Program: (\$000)

AID Grant Funds:	\$ <u>270</u>
Long-Term TA Advisors	120
Short-Term TA Advisors	90
Training	60
AID Loan Funds:	\$ <u>1,326</u>
Subprojects	1,286
Vehicles, Equipment, Building	25
Other TA	15
Counterpart:	\$ <u>792</u>
GOP/IDM Contribution to Sub-projects	322
Municipal Contribution to Sub-projects	353
Incremental Operating Expenses	<u>117</u>
	\$2,388

Outputs:

Subprojects Financed	40
Joint Subprojects Financed	2
Development Committees Working with IDM	4
Subprojects from Development Committees	2
Person-Weeks Training for IDM Officials	50

0000024

6. Major Outputs

	<u>Cummulative by FY</u>			
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
1. Municipal officials trained in development of impact subprojects, and in basic spatial theory	340	340	680	680
2. Municipalities represented	170	170	170	170
3. Impact subprojects financed	25	65	111	151
4. Municipalities with impact subprojects	25	58	80	100
5. Joint subprojects financed	1	3	6	10
6. Municipalities involved	3	8	15	25
7. Development Committees working with IDM	-	4	8	10
8. Subprojects stemming from development committees	-	2	6	9
9. Persons-weeks formal training for IDM personnel	50	100	150	200

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
MARKET TOWN DEVELOPMENT		USAID/Partnership		Minimum		1980		TOTAL COST	
PROJECT NUMBER 526-0112		APPROPRIATION FN		INITIAL OBLIGATION FY 1978		FINAL OBLIGATION FY 1980		\$5,800	
				DATE PP/REVISION N.A.		DATE LAST PAR N.A.		DATE NEXT PAR Dec., 1979	

ACTIVITY INPUTS	ESTIMATED U.S. DOLLAR COST (\$ 000)										OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE					
	CY: 1978					CY: 1979																CY: 1980				
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE												PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE
AID-FINANCED	TOTAL																									
AID Grant:	5,300	-	5,300	10/79-9/80	300	1,113	4,487		300	280	320	10/80-9/81	200	270	250	200	1,326	2,841	3,091							
Long-Term TA Advisors	300	-	300	"	120	120	120		120	120	120	"	80	120	80	80	1,286	2,791								
Short-Term TA Advisors	100	-	100	"	100	100	100		100	100	100	"	100	90	110	100	25	25								
Training	80	-	80	"	80	80	80		80	60	100	"	20	60	60	20	15	15								
AID Loan:	5,000	-	5,000		5,000	4,850	4,850		4,850	100	50			100	50	50										
Subproject Financing	4,850	-	4,850		4,850	100	100		100	50	40			50	40	40										
Vehicles, Equipment, Building	100	-	100		100	50	50		50	10	10			10	10	10										
Other TA	50	-	50		50	50	50		50	10	10			10	10	10										
HC AND OTHER DONOR	TOTAL																									
GOP/IDM Contribut. to subproject	3,145	-	3,145		3,145	1,213	1,213		1,213	1,213	1,213			1,213	1,213	1,213										
Municipal Contribution to sub-projects	1,213	-	1,213		1,213	1,331	1,331		1,331	601	601			601	601	601										
Incremental operating expenses	1,213	-	1,213		1,213	1,331	1,331		1,331	601	601			601	601	601										
PERSONNEL WORKYEARS (XX.X)	TOTAL																									
FUNDING	FISCAL YEAR																									
	1978	1979	1980	1981	1982	BEYOND																				
PROGRAM ACCOUNT	-	2.5	2.0	.5	.5	-																				
TDY (ADD)	-	-	-	-	-	-																				
OPERATING EXPENSES	1.4	1.5	1.2	.5	.5	-																				

0000025

0000026

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
SMALL FARMER DEVELOPMENT		USAID/Panamay		INITIAL OBLIGATION FY'75		FINAL OBLIGATION FY'75		TOTAL COST \$ 3,000	
PROJECT NUMBER 526-0113		APPROPRIATION FN		DATE PP/REVISION N.A.		DATE LAST PAR June 78		DATE NEXT PAR June 79	

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 19 78		CY: 19 79		FY: 19 80		PIPE-LINE	EXPEN-DITURE	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE			
AID-FINANCED	-	1,000	564	-	-	564	0	564	
Credit Funds	-	1,000	564	-	-	564	0	564	
TOTAL	-	1,000	564	-	-	564	0	564	
HC AND OTHER DONOR	710								
Credit Funds	600								
Extension & Credit TA	20								
Cooperative Expenses	90								
TOTAL	710								

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES
	19 78	19 79	19 80	19 81	19 82	BEYOND	TYPE A	TYPE B	
PROGRAM ACCOUNT TDY (ADD)	-	-	-	-	-	-	LONG-TERM	SHORT-TERM	* Evaluation handled using CUNA Technicians funded under AID/W DPG.
OPERATING EXPENSES	.7	.6	.6	-	-	-	LONG-TERM	SHORT-TERM	

TABLE IVAMINIFUNDIA CROP INTENSIFICATION (526-0118)A. Activity Data

1. Purpose: To assist a pre-cooperative Credit Institution (CAH) to intensify crop production in the Central Zone and to develop related marketing/processing systems.

2. Background: Among A.I.D.'s target group in Paraguay, there is a particularly handicapped stratum of small farmers in the Central Zone with landholdings of less than five hectares (minifundia). These farmers are crowded together on depleted soils in the five central departments. Other donor and host government agencies have not been concerned with the problems of this particular group. Agro-industrial subprojects generated by this project will dovetail well with other A.I.D. projects, especially the Rural Enterprise Loan. The project will encourage high-income, labor-intensive fruit and vegetable production with high market potential in fresh and processed form. The project will identify regional export marketing possibilities for fruits and vegetables and will stimulate their production, processing, and promotion for that market.

Project Description: To assist Paraguay to increase small-farm vegetable and fruit production and to develop the appropriate marketing and processing infrastructure, a three-year multi-disciplinary, multi-institutional program is proposed, incorporating four main elements:

a. Marketing Identification: Under this activity the project would provide assistance to clarify national and international market opportunities to establish the market parameters for selected fruit and vegetable production, guide agronomic specialists with regard to the types of products to emphasize, production cost targets, timing of production and what quality and variety restrictions are placed upon production for various markets. In a related activity recommendations would be made for getting fruits and vegetables now produced in the Central Zone to processing facilities, almost all of which have cited irregular raw materials supply as a major problem in their operations.

b. Crop Production Research: With knowledge of the market demand a production team would develop technical packages for specific crops (time of seeding, disease control, cultural practices, varieties) and the crop combinations most economic for small farmers. A team of specialists would conduct research in the field (in identified production areas), working with: extension service field teams at their sites.

c. Processing Research: The National Institute of Technology and Standards (INTN) would collaborate in developing processing and packaging techniques suitable for local conditions. INTN has a versatile pilot plant capable of producing 30 different products, from marmalades and juices to dehydrated and frozen products, with equipment that is portable and easily connected for different operations.

d. Promotion: The Ministry of Industry and Commerce (MIC) and Ministry of Agriculture and Livestock (MAG) would collaborate in promoting vertically coordinated production-marketing systems directed toward specific markets. This task involves identifying individuals or cooperatives to handle marketing/processing, organizing market channels and providing technical assistance to growers and marketing/processing firms in terms of technology, financing, quality control and management (marketing firms).

Progress to Date: The project is still in the design stage and it is hoped it will be completed by September, 1978, with a project agreement signed before January 1, 1979.

3. Beneficiaries: Approximately 20,000 minifundia farmers in the Central Zone will benefit from this project. The project cost per family benefited will be about \$33 per year.

4. Current Year Program: A consulting firm recently convinced the USAID that the program should be carried forth in three phases rather than all at once - as envisioned in the 1979 CP. Therefore, the CY inputs expected are: (1) bringing on board five long term technical consultants in the fruit and vegetable area, (2) setting up a computer analysis capability to select crops of greatest economic potential to the intended beneficiaries, and (3) training at least five CAH technicians in the production and marketing of horticultural products.

5. Budget Year Program:

- a. 5 trainees complete specialized non-degree program in horticultural production and marketing.
- b. 10 crops identified for pilot credit support.
- c. A rotating credit fund established.
- d. Establishment of either a cold storage facility and/or a processing center for one pilot crop.
- e. Decision making system for selecting most marketable crops in place and functioning.

6. Major Outputs: Same as 5. above plus the following:

	<u>Cumulative</u> <u>All Years</u>
(1) Production experiments	10
(2) Processing experiments	10
(3) Promotion trials	10

TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR
	MINIFUNDIA CROP INTENSIFICATION		USAID/Paraguay		Minimum		1980
	PROJECT NUMBER	APPROPRIATION	INITIAL OBLIGATION	FY 1979	FY 1981	TOTAL COST	\$1,500
526-0118	FW	DATE PP/REVISION	October, 1978	DATE LAST PAR	-	DATE NEXT PAR	November, 1979

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 1979		FY: 1980		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)	PIPE-LINE	FUNDING PERIOD (FR-TO)	PIPE-LINE							
TOTAL-													
Grant								186	445	259	615	655	299
Technical Assistance 5 long-term advisors			3/79-9/80					151	400	249	260	120	109
Training (Production and Marketing)			4/79-3/80					10	15	5	24	30	11
Pilot Rotating Fund			3/79-3/80					-	-	-	36	80	44
Commodities								25	30	5	290	380	95
Other Costs											5	25	20
Evaluation Costs											-	20	20

HC AND OTHER DONOR GOP	TOTAL-		LIFE OF PROJECT	
		150		500

FUNDING	PERSONNEL WORKYEARS (XX, X)			PARTICIPANTS PROGRAMMED			FOOTNOTES
	FISCAL YEAR			FISCAL YEAR			
	1978	1979	1980	1979	1980	1981	
PROGRAM ACCOUNT TOY (ADD)	2.9	5.1	2.1				
OPERATING EXPENSES	0.7	0.7	0.7				

ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
HONEY PRODUCTION (OPG)		USAID/Paraguay				1980	
PROJECT NUMBER		INITIAL OBLIGATION		FINAL OBLIGATION		TOTAL COST	
526-0119		FY'78		FY'78		\$ 26	
APPROPRIATION		DATE PP/REVISION		DATE LAST PAR		DATE NEXT PAR	
						March 79	

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 19 78		CY: 19 79		BY: 19 80		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE							
TOTAL-	26	15	11		-	7	4		-		4		-
Equipment (tools, Laboratory equipment, teaching aids)	9	7	2		-	1	1		-		1		-
Other Costs: (Scholarships, construction, local travel costs, administrative expenses)	17	8	9		-	6	3		-		3		-
TOTAL-	9				-								
HC AND OTHER DONOR	4												
1. Land & Equipment	5												
2. Operating costs													

FUNDING	PERSONNEL WORKYEARS (XX, X)			PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES
	19 78	19 79	19 80	19	19	A=NONCONTRACT	B=CONTRACT	
PROGRAM ACCOUNT TDY (NON-)				<input checked="" type="checkbox"/> HIGH	<input type="checkbox"/> MEDIUM	LONG-TERM	SHORT-TERM	
OPERATING EXPENSES	.2	.1	.1	<input type="checkbox"/> LOW		LONG-TERM	SHORT-TERM	

000031

TABLE IV-AINDIAN SETTLEMENT (OPG)
526-0120A. Activity Data

1. Purpose: The purpose of this project is to improve the standard of living of 10,300 Indians in the Central Chaco.

2. Background: This project is being implemented by a Mennonite-Indian development organization that had been considerably successful in assisting nomadic Indians of the Chaco to settle (on their own plots of land) and in providing them with schools and organized health services. Since 1961 these settlement efforts have been separated from missionary work. In 1976, the Asociacion de Servicios de Cooperacion Indigena-Mennonita (ASCIM) was established with a governing board of equal numbers of Indians and Mennonites. It is this organization which is implementing the grant.

Project Description: This project consists of an integrated program encompassing 15 subprojects in the following areas:

a. Agriculture: Activities will include an expansion of the settlement area, training in agricultural extension, promotion of cooperatives, mechanization and research on use of heavy soils.

b. Health: Includes a subproject aimed at improving infant nutrition and a TB control program.

c. Education: To provide overall performance of the bilingual indigenous schools including non-formal training.

d. Administration: To provide the necessary infrastructure to properly administer and carry out the program.

Counterpart contribution of \$199,763 includes \$93,421 to be provided by the PVO. The rest represents the value of cash and in-kind contribution of Indian communities.

Progress to Date: The OPG agreement was signed on March 30, 1978. Implementation began in May, 1978.

3. Beneficiaries: Direct beneficiaries are 10,300 Indians living in the Central Chaco. A total of 40 families will be settled on previously untilled land and another 800 farm families will approach financial self-sufficiency. Wage earners and their families (approximately 4,900 people) will benefit from better education and health services.

4. Current Year Program: During this year the FVO will complete settling 30 of the proposed 40 families on new land; operate a comprehensive agricultural extension program; complete research on a multipurpose horse drawn machine; and operate two revolving funds, one for the purchase of tractors and the other for making available to Indian cooperatives the main agricultural inputs. Research on a high nutritional food mix will be completed and TB tests in dogs will cover half of all Indian communities. In the educational area, 25 community workers will complete the sixth grade of primary school and 18 will be enrolled in professional programs. New bilingual textbooks will be completed and in use in the whole school system. New or improved roads will improve access to all settlement areas and social organization programs will start.

5. Budget Year Program: The settlement of 40 families will be completed and all farms will have all basic equipment and minimal infrastructure for production and marketing. Two cooperatives will be self sustaining and legally chartered, sale of additional units of the multipurpose machine will continue. The food mix production plant will be operating and a 20% reduction in the prevalence of infant malnutrition will be achieved. Information will be available on interaction of TB in humans and dogs and a 50% reduction in the prevalence of test positive dogs will be achieved. Indian community workers will make additional progress in studies and a program to reach Indian women will be fully institutionalized. A skill training program will be set up on a pilot basis according to research results.

6. <u>Major Outputs:</u>	<u>FY-78</u>	<u>FY-79</u>	<u>FY-80</u>
a. New families settled	30	-	10
b. Indian extension agents trained	12	9	9
c. Multipurpose machines sold	10	20	20
d. Tractors and implements sold	2	2	1
e. Level of sales at Central Supply Center (\$)	730	9,500	12,000
f. Preschool children exposed to new food mix	-	300	1,700
g. Number of TB tests in dogs	4,000	4,000	4,000
h. Test positive dogs eliminated	80%	90%	100%
i. Trained teachers and comm.workers	-	25	30
j. New bilingual textbooks and teacher guides	5,300	-	-
k. New school buildings	1	1	1
l. Indian women instructors trained	2	2	2
m. Women reached with courses	100	100	100
n. Manpower survey completed	100%	-	-
o. Kms. of roads improved	10	30	60
p. New roads opened (kms.)	10	10	-

**TABLE IVB
ACTIVITY BUDGET
DATA**

ACTIVITY TITLE INDIAN SETTLEMENT		DECISION UNIT USAID/Paraguay	DECISION PACKAGE Minimum	BUDGET YEAR 1980
PROJECT NUMBER 526-0120		INITIAL OBLIGATION FY'78	FINAL OBLIGATION FY'80	TOTAL COST \$ 460
APPROPRIATION FN		DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR June 1979

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	CY: 19 78			CY: 19 79			CY: 19 80				
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE
AID-FINANCED											
TOTAL	194	127	67		142	147	62		124	126	60
1. Commodities - agricultural machinery and implements, vehicle.	39	25	14	10/78-9/79	32	33	13	10/79-9/80	30	30	13
2. Other Costs - Salaries, travel expenses, materials and supplies	155	102	53	10/78-9/79	110	114	49	10/79-9/80	94	96	47
HC AND OTHER DONOR											
TOTAL	99				43				200		
ASCIM (PVO) and Indian Communities	99				43				200		

LIFE OF PROJECT
200

PARTICIPANTS PROGRAMMED

PERSONNEL INTENSITY

PERSONNEL WORKYEARS (XX.X)

FUNDING	FISCAL YEAR			TYPE	A=NONCONTRACT B=CONTRACT	FISCAL YEAR	FOOTNOTES
	19 78	19 79	19 80				
PROGRAM ACCOUNT			19	A	LONG-TERM		
TDY (ADD)				B	SHORT-TERM		
OPERATING EXPENSES	.2	.1	.1				

AID 1330-8 (3-78)

0000034

TABLE IV-ASMALL FARM LAND FINANCING (526-0121)A. Activity Data

1. Purpose: To help finance and institutionalize within the private sector a system for purchase of land among small farmers.

2. Background: Lack of adequate land has been identified in USAID's Small Farmer Sub-Sector Assessment and DAP as an important constraint to increased productivity and income among the smallest farmers, those with 0-5 hectares. CREDICOOP, a central cooperative serving some 30 rural credit union cooperatives with the support of two AID projects, has received numerous requests from its member cooperatives for land financing credits for such small farmers. In addition, the GOP is increasingly recognizing the importance of land in the development of the small farm sector, the backbone of Paraguay's economy. By addressing this priority constraint, the project will be supporting AID's philosophy of growth with equity.

Project Description: The project will help finance a system for purchasing land by small farmers. The implementing entity will be CREDICOOP, which will loan through its member cooperatives. In order to obtain a GOP guaranty, the funds may be channeled through the GOP's National Development Bank.

A substantial number of farmers in Paraguay own no land or too small an area of land for productive farming. Most must rent land or squat. Either involves high risks, lack of incentives to make improvements, and an inability to break out of a cycle of poverty. Fortunately, a substantial amount of land appears available for sale in traditional small farm zones. Preliminary financial analyses indicate that with reasonable cost credit, the cost of purchasing land may be no or little more than the cost of renting.

In order to test the true demand and supply of land and the several financial factors which play a role in land financing, CREDICOOP is currently beginning a pilot program of land financing using \$300,000 of funds from Loan 526-T-027. The proposed project will be designed in accordance with the results of the pilot activity.

3. Beneficiaries: During the life of the project, and excluding reflows, some 2,585 farm families will purchase an average of 10 hectares of land each. Including reflows and capitalization expected from earnings, some 5,000 families will benefit over the first decade. Most families are currently renters or squatters with 0-5 hectares of land. Land ownership will enable them to improve productivity, escape the circle of poverty rental indicates, make land improvements, and generally have increased capital and income.

0000036

4. Current Year Program: Not applicable.

5. Budget Year Program: It is expected that all project funds will be obligated in the BY. Disbursements will likely not begin until late in the BY or in BY+1.

6. Major Outputs: 25,850 hectares of land financed; 2,585 small farm families assisted in purchasing land; an operating program of land financing established within the cooperative system.

TABLE IV-ASMALL FARM LAND FINANCING (526-0121)A. Activity Data

1. Purpose: To help finance and institutionalize within the private sector a system for purchase of land among small farmers.

2. Background: Lack of adequate land has been identified in USAID's Small Farmer Sub-Sector Assessment and DAP as an important constraint to increased productivity and income among the smallest farmers, those with 0-5 hectares. CREDICOOP, a central cooperative serving some 30 rural credit union cooperatives with the support of two AID projects, has received numerous requests from its member cooperatives for land financing credits for such small farmers. In addition, the GOP is increasingly recognizing the importance of land in the development of the small farm sector, the backbone of Paraguay's economy. By addressing this priority constraint, the project will be supporting AID's philosophy of growth with equity.

Project Description: The project will help finance a system for purchasing land by small farmers. The implementing entity will be CREDICOOP, which will loan through its member cooperatives. In order to obtain a GOP guaranty, the funds may be channeled through the GOP's National Development Bank.

A substantial number of farmers in Paraguay own no land or too small an area of land for productive farming. Most must rent land or squat. Either involves high risks, lack of incentives to make improvements, and an inability to break out of a cycle of poverty. Fortunately, a substantial amount of land appears available for sale in traditional small farm zones. Preliminary financial analyses indicate that with reasonable cost credit, the cost of purchasing land may be no or little more than the cost of renting.

In order to test the true demand and supply of land and the several financial factors which play a role in land financing, CREDICOOP is currently beginning a pilot program of land financing using \$300,000 of funds from Loan 526-T-027. The proposed project will be designed in accordance with the results of the pilot activity.

3. Beneficiaries: During the life of the project, and excluding reflows, some 2,585 farm families will purchase an average of 10 hectares of land each. Including reflows and capitalization expected from earnings, some 5,000 families will benefit over the first decade. Most families are currently renters or squatters with 0-5 hectares of land. Land ownership will enable them to improve productivity, escape the circle of poverty, rental indicates, make land improvements, and generally have increased capital and income.

4. Current Year Program: Not applicable.
5. Budget Year Program: It is expected that all project funds will be obligated in the BY. Disbursements will likely not begin until late in the BY or in BY+1.
6. Major Outputs: 25,850 hectares of land financed; 2,585 small farm families assisted in purchasing land; an operating program of land financing established within the cooperative system.

TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
	SMALL FARM LAND FINANCING	USAID/Paraguay	Proposed	1980
PROJECT NUMBER	APPROPRIATION	INITIAL OBLIGATION	FINAL OBLIGATION	TOTAL COST
526-0121	FN	FY 1980	FY 1980	\$5,000
		DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR
				12/81

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 1979		FY: 1980		BY: 1980		PIPE-LINE	EXPEN-DITURE	PIPE-LINE	EXPEN-DITURE	OBLI-GATION	OBLI-GATION	LIFE OF PROJECT
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	EXPEN-DITURE							
TOTAL-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	1,800
Funds for Land Financing	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	1,700
TOTAL-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	100

FUNDING	PERSONNEL WORKYEARS (X,X,X)					PARTICIPANTS PROGRAMMED			FOOTNOTES
	PERSONNEL INTENSITY					FISCAL YEAR			
	1979	1980	1981	1982	1983	TYPE A=NONCONTRACT	TYPE B=CONTRACT	FISCAL YEAR	
PROGRAM ACCOUNT TOY (ADD)						LONG-TERM	SHORT-TERM	19	19
OPERATING EXPENSES	.4	.4	.4	.4	.4	LONG-TERM	SHORT-TERM		
	.6	1.3	.4	.4	.4	LONG-TERM	SHORT-TERM		

0000040

AID 1330-8 (2-78)

TABLE IVARURAL ENTERPRISES II (526-0122)A. Activity Data

1. Purpose: To establish a self-sustaining rediscount loan mechanism to finance the agroindustrial infrastructure needs - including appropriate technology - of the small farmer.

2. Background: USAID's DAP and Small Farmer Sub-Sector Assessment identify Paraguay's inadequate marketing structure, including lack of agroindustries, as a major constraint to increased small farmer income and productivity. AID and the GOP established in 1977 under AID Loan 526-T-028 a Special Development Fund within the Central Bank to rediscount subloans through commercial banks for eligible agroindustrial projects. The project to date has been rather successful. Disbursements have exceeded expectations several times over. An evaluation taking place at this writing is indicating the changes needed to be taken to assure as high impact as possible. A follow-on project is being proposed because (a) current resources, given the demand for credit, are not adequate to make the program self-sustaining or significant;

(b) more time is needed adequately to test the subproject selection criteria and procedures which will be modified as a result of the evaluation; and (c) there will be significant new demand for credit to finance production of some of the appropriate technology type of implements and inputs to be developed and tested under the Small Farmer Technology Project.

Project Description: The project will work through the already existing Special Development Fund of the Central Bank to enable commercial banks to rediscount medium-term subloans for eligible agroindustrial subprojects. Until AID Loan 028, there was almost no financing of this nature taking place within the banking system.

Subprojects are eligible if they show direct benefits to small farmers. Subprojects generally must address one of two types of constraints: a lack of adequate food processing facilities to enable farmers to take advantage of marketing opportunities, and a lack of reasonably priced implements and inputs appropriate to the Paraguayan small farmer. Subprojects are also expected to provide off-farm employment opportunities.

3. Beneficiaries: Later evaluations of Loan 526-T-028 will indicate in a more complete fashion the benefits actually accruing from subprojects to the small farmer target group (those farmers with no

more than 20 hectares of land available), since most subprojects are just now getting underway... Using data from the subloan application forms, however, and projecting them to the proposed project, some 66,000 small farmers are expected to receive identifiable direct and indirect benefits. In addition, some 800 jobs are expected to be created. Cost per family benefited is expected to be \$79.00.

4. Current Year Program: Not applicable.

5. Budget Year Program: It is expected that all project funds will be obligated in the BY. About \$1 million will be disbursed during the BY.

6. Major Outputs: 80 subprojects financed; 800 jobs created.

TABLE IV-ARURAL LAND RIGHTS REGISTRATION (526-0123)A. Activity Data

1. Purpose: To create an efficient, economical land registration system that identifies, records, and protects all land rights (including occupancy rights) of small landholders.

2. Background: USAID/P's Small Farmer Sub-Sector Assessment and DAP identify lack of land as an important constraint to increased income among the smallest of Paraguay's farmers. Many farmers currently have access to land but without clear title. Being ejected from lands worked for many years is common and increasing. A project to address this crucial constraint is consistent with AID's strategies of promoting growth with equity and of raising the productivity and income of the rural poor. It is also consistent with the GOP's strategies. GOP planning documents give as objectives (a) to improve the structure and distribution of productive resources, especially land, in order to create conditions for economic and social improvement of the rural family and (b) to increase and improve income distribution in the rural population, in order to elevate the level of living. The Agrarian Reform Institute (IBR) was established to carry out agrarian reforms and to be the catalyst for more equitable land distribution

Project Description: The majority of Paraguay's rural poor are without clear title to their land. They lack incentives to improve the lands they cultivate, for such improvements actually increase the risk of being displaced from the land occupied. Experience in other countries demonstrates that providing security of land tenure generates substantial land improvement by the farmer. There is only one property registry office for the entire country, creating a barrier for the isolated rural farmer who wishes to resolve his tenancy problem.

The project will enable the GOP to extend the present real property registry system to selected rural locations that are accessible to small landholders, and to create special land commissions that will work out of the decentralized registry offices and conduct on-the-site adjudications of land rights. In addition, the project will enable the GOP to modernize and simplify the registration procedures so that small landholders can conduct land transactions without expensive legal assistance.

The GOP organizational entities that will be involved in the project activities are the (a) Real Property Registry Office which records legal title to all land deeds and (b) the Land Reform Agency (IBR) which has the governmental charter for promoting equitable land redistribution in Paraguay.

3. Beneficiaries: Project beneficiaries will be 103,000 low income rural farm families. These farm families are characterized by low income, low productivity, poor health and nutrition, and low levels of educational attainment. Average cost per farm family is estimated to be \$35.00.

4. Current Year Program: Not applicable

5. Budget Year Program: (Inputs FY 1980)

AID Grant:

Long Term TA	48
Short Term TA	<u>10</u>
Total Grant	58

AID Loan:

Participant Training	59
Vehicles	78
Gasoline Maintenance	8
Office Supplies	35
Equipment	380
Other	125
Contingency	<u>80</u>
Total Loan	765
Total Grant and Loan	823

6. Major Outputs:

	<u>FY 80</u>	<u>L.O.P.</u>
1. Centers established and equipped, including central office	2	5
2. Special land commissioners with adjudication powers established and operating out of registry districts	4	16
3. Land rights adjudicated and registered	*	*
4. Central and regional offices with recorded area titles microfiched	2	5
5. OPR and IBR short-term participants	6	24
6. Number of property registry employees operating out of each registry district	2	8

* Numerical targets to be established during PP preparation.

**TABLE IVB
ACTIVITY BUDGET
DATA**

ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
RURAL LAND RIGHTS REGISTRATION		USAID/Paraguay		Mark		FY 1980	
PROJECT NUMBER		INITIAL OBLIGATION		FINAL OBLIGATION		TOTAL COST	
526-0123		FY 1980		FY 1980		\$2,740	
APPROPRIATION		DATE PP/REVISION		DATE LAST PAR		DATE NEXT PAR	
FN		-		-		11/81	

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY: 19 78		CY: 19 79		BY: 19 80		PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	
AID-FINANCED							
TOTAL-							
AID Loan:							
Participant training							
Vehicles, Equipment							
Supplies and other oper.exp.							
Misc., Contingency							
AID Grant:							
Long-term TA Advisors							
Short-term TA Advisors							
HC AND OTHER DONOR							
TOTAL-							
Salaries							
Services/Utilities/Facilities							
Other Operating Expenses							

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		FOOTNOTES
	1978	1979	1980	1981		TYPE A=NONCONTRACT B=CONTRACT	FISCAL YEAR	
PROGRAM ACCOUNT TOY (NON-ADJ)	-	-	1.0	1.2		LONG-TERM	19 80 19 81 19 82	
OPERATING EXPENSES	-	.3	.3	-	X	SHORT-TERM	6 6 6	
	-	.8	1.5	1.4		LONG-TERM		
			1.4	1.4		SHORT-TERM		

AID 1330-8 (8-78)

0000046

**TABLE IVB
ACTIVITY BUDGET
DATA**

ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
OPERATIONAL PROGRAM GRANTS		USAID/Paraguay		Proposed		1980	
PROJECT NUMBER		APPROPRIATION		FINAL OBLIGATION		TOTAL COST	
-		FN		FY 1980		\$400	
DATE PP/REVISION		DATE PP/REVISION		DATE LAST PAR		DATE NEXT PAR	
-		-		-		-	

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 1979		FY: 1980		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	OBLI-GATION	EXPEN-DITURE	OBLI-GATION	EXPEN-DITURE							
TOTAL-													
Programs to be carried out through various local private voluntary agencies that have established working contacts with USAID/Paraguay.										10/79-9/81	400	200	200
All the proposed programs are in the area of agriculture and will be directed to improve the well-being of rural and urban poor.										10/79-9/81	400	200	200
TOTAL-													

HC AND OTHER DONOR		TOTAL-		LIFE OF PROJECT	
					150

PERSONNEL WORKYEARS (XX, X)		PERSONNEL INTENSITY		TYPE A=NONCONTRACT B=CONTRACT		FISCAL YEAR	
						19 19	
		HIGH		LONG-TERM			
		MEDIUM		SHORT-TERM			
		LOW		LONG-TERM			
				SHORT-TERM			

FUNDING	1978	1979	1980	1981	19
PROGRAM ACCOUNT					
TOY (ADB)					
OPERATING EXPENSES					
AID 1330-8 (3-78)					

FOOTNOTES

0000047

ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
POPULATION		USAID/Paraguay		1980			
PROJECT NUMBER		INITIAL OBLIGATION		FINAL OBLIGATION		TOTAL COST	
526-0085		FY'69		FY'78		\$ 2,570	
APPROPRIATION		DATE PP/REVISION		DATE LAST PAR		DATE NEXT PAR	
PH		July 78					

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 19 78		CY: 19 79		BY: 19	
	OBLI - GATION	EXPEN - DITURE	PIPE - LINE	FUNDING PERIOD (FR - TO)	EXPEN - DITURE	PIPE - LINE
AID - FINANCED						
TOTAL -						
<u>Other Costs:</u> Salaries, rent, local travel, education and motivation, and other related expenditures	100	161	60		60	
HC AND OTHER DONOR	90					
TOTAL -	90					
GOP contribution (estimated)						

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		FOOTNOTES
	19 78	19 79	19	19		A = NON CONTRACT	B = CONTRACT	
PROGRAM ACCOUNT					HIGH			
TDY (ADD -)					MEDIUM			
OPERATING EXPENSES	2.6				LOW			

LIFE OF PROJECT 1,250
1,250

0000048

AID 1330-8 (3-78)

TABLE IV-APOPULATION II (526-0305)A. Activity Data

1. Purpose: The purpose of this project is to expand the availability and use of family planning services.

2. Background: Although Paraguay contains only 2.8 million inhabitants, and its population density of six inhabitants per square kilometer is among the world's lowest, the annual rate of population growth is estimated to be as high as 3%. Our primary population sector goal is to reduce the national fertility rate, which will enhance the possibilities for success of other development programs aimed at lower-income groups. While the GOP has no population policy, it tolerates family planning as a health service without considering its demographic impact. Our secondary population sector goal is to improve the health and well-being of individual Paraguayan families by providing them the means by which they can avoid unwanted pregnancies.

Project Description: The project is designed to help the GOP provide family planning services to reduce unwanted pregnancies. Only 15.5% of all women aged 15-44 are using effective contraceptive methods. The average rural Paraguayan woman has been producing more than seven children during her reproductive years.

The existing network of health centers and posts does not adequately serve Paraguay's dispersed rural population. Family planning services are clinic-based, and there are few organized community outreach efforts. The GOP budgets only about \$3 per capita for all health services of the Ministry of Public Health, and even within the Ministry, family planning services are not viewed as high priority health services. Political sensitivities have prevented significant educational activities to inform rural Paraguayans about the availability of family planning services.

From 1969 through 1978 USAID has assisted the Ministry to establish family planning services within existing health centers and health posts. This project was designed to help the existing clinics function more efficiently, to help facilitate the expansion of family planning services into newly-constructed health facilities, and to develop a program for the community-based distribution of information and services. The major issue that needs to be addressed is the level of GOP commitment to family planning. During CY 1978 the Ministry is to progressively absorb the local costs which USAID has been paying in past years. The Ministry will be expected to cover the recurring operational and support costs of this project.

3. Beneficiaries: The primary beneficiaries are the estimated 655,000 women in the 15-44 age group who should have reasonable access to methods of fertility control as a basic human right. Secondary beneficiaries are children already alive or yet to be born who are likely to receive better care if the number of unwanted pregnancies is reduced. Activities should have important health benefits such as reducing the infant mortality rate of 84.2. USAID cost per family benefited would run from \$8-10 annually.

4. Current Year Program:

New MOH family planning acceptors	20,000
Active MOH family planning clients at end of year	50,000
Number of contraceptive pills distributed	320,000
Number of condoms distributed	700,000

5. Budget Year Program:

New MOH family planning acceptors	22,000
Active MOH family planning clients at end of year	60,000
Number of contraceptive pills distributed	400,000
Number of condoms distributed	800,000

6. Major Outputs: Life of Project

New MOH family planning acceptors	66,000
Active MOH family planning clients at end of 1981	75,000
Number of contraceptive pills distributed	1,220,000
Number of condoms distributed	2,400,000

TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR		
	POPULATION II		USAID/Paraguay		Minimum		FY 1980		
PROJECT NUMBER		APPROPRIATION		INITIAL OBLIGATION		FINAL OBLIGATION		TOTAL COST	
526-0305		PH		FY 1979		FY 1981		\$1,500	
DATE PP/REVISION		DATE LAST PAR		DATE NEXT PAR					
N.A.		N.A.		N.A.		7/80			

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY: 1978		CY: 1979		FY: 1980		EXPEN- DITURE	PIPE- LINE	OBLI- GATION
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR-TO)	OBLI- GATION	EXPEN- DITURE			
TOTAL-									
Contraceptives - AID/W procured Personnel (Contract short term) Participants Commodities (Medical equipment, supplies, vehicles) Other Costs (Local training, supervision, research) Evaluation				6/79-1/80	180	180	170	0	170
				1/79-1/80	60	20	79	40	65
			"	"	-	-	10	-	20
			"	"	120	60	100	60	100
			"	"	180	100	150	80	135
			"	"	10	7	10	3	10
TOTAL-					550	392	510	158	500

HC AND OTHER DONOR	PERSONNEL WORKYEARS (XX.X)		PERSONNEL INTENSITY	TYPE A=NONCONTRACT B=CONTRACT		FISCAL YEAR	
	1978	1979		TYPE	LONG-TERM	1979	1980
Ministry of Public Health			<input checked="" type="checkbox"/> HIGH				
United Nations		.5	<input type="checkbox"/> MEDIUM				
Development Associates, Inc.		2.5	<input type="checkbox"/> LOW				
Pathfinder Fund		2.7					
TOTAL-	.3	2.7					

LIFE OF PROJECT
1,450
1,030
300
75
45

FOOTNOTES

0000051

AID 1330-8 (8-78)

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE PROJECT DEVELOPMENT AND SUPPORT (HEALTH)		DECISION UNIT USAID/Paraguay		DECISION PACKAGE 1980		BUDGET YEAR 1980	
PROJECT NUMBER 526-0300		APPROPRIATION HE		INITIAL OBLIGATION FY 1979		FINAL OBLIGATION FY 1979		TOTAL COST \$100	
PROJECT NUMBER 526-0300		APPROPRIATION HE		DATE PP/REVISION -		DATE LAST PAR -		DATE NEXT PAR -	

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 1979		FY: 1980		PIPE-LINE	EXPEN-DITURE	PIPE-LINE	EXPEN-DITURE	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE					
AID-FINANCED											
TOTAL-					100	100	-				
Consultants to conduct a health sector assessment					100	100	-				
HC AND OTHER DONOR											
TOTAL-											

PERSONNEL WORKYEARS (XX.X)	FISCAL YEAR			PERSONNEL INTENSITY	TYPE A=NONCONTRACT B=CONTRACT	LONG-TERM SHORT-TERM	PARTICIPANTS PROGRAMMED	FOOTNOTES
	1978	1979	1980					
FUNDING								
PROGRAM ACCOUNT								
TOT (ADD)		1.3						
OPERATING EXPENSES		1.2						

AID 1330-8 (3-78)

0000052

TABLE IV-AHEALTH EDUCATION II (OPG) (526-0306)A. Activity Data

1. Purpose: The purpose of this grant is to support the development and encouragement of health education programs in specified low income rural and urban sectors of Paraguay. The goal of the project is to improve the quality of life in poor communities of Paraguay.

2. Background: Low income groups in Paraguay have little or no access to health education, and in some cases to health services. The Government of Paraguay, through its Ministry of Health and Welfare, carries out some educational activities, but budget constraints prevent the Ministry from reaching all the people who need these services.

The project objective is to improve community health through health education emphasizing child care, home economics, utilization of nutritious foods, and improved sanitation. Project will reduce parasitosis, anemia, and malnutrition which have been identified as major causes of mortality and morbidity within the target group.

Grantee is the United Christian Missionary Society, and implementing agent is the Friendship Mission (Misión de Amistad).

Progress to Date: Grant Agreement was executed on 3/31/78. Grantee was required to satisfy two conditions precedent prior to initial disbursement. Grantee satisfied both conditions precedent in May, 1978. This is a follow-on grant to 526-0303.

3. Beneficiaries: Beneficiaries are 30,000 members of rural and urban lower income communities who have little understanding of good nutrition and sanitation practices. Proposed project sites are Yaguarón, San Antonio, Piribebuy, Itá, and Mercado Municipal No. 4 barrio of Asunción. Project personnel will improve the health and nutritional status of the beneficiaries through preventive health efforts. The beneficiaries will receive vaccines and medications. Project personnel will educate them to grow and consume more nutritious foods. Community groups will be formed to construct health posts, dig wells, and build latrines. Over three year period, cost per family benefited will be approximately \$18 in AID funds and \$60 in total project funds.

4. Current Year Program - FY 1979

Outputs achieved by end of FY 1979:

Community Groups Formed	5
Number of persons vaccinated	2,000
Latrines Built	50
Medical Consultations	3,000
Family Gardens Planted	10
Community/Health Centers Built	2
Volunteers Recruited/Trained	50
Health Paraprofessionals Trained	2
Health Education Courses	5

Due to delays in project approval, output targets listed in Congressional Presentation for FY 1978 will not be achieved until FY 1979. Budget information is unchanged.

5. Budget Year Program - FY 1980

Outputs achieved by end of FY 1980:

Community Groups Formed	5
Numbers of persons vaccinated	500
Latrines Built	50
Wells Drilled	2
Medical Consultations	1,000
Family Gardens Planted	10
Community/Health Centers Built	3
Health Paraprofessionals Trained	3
Health Education Courses	5
Model Henhouses Built	2

6. Major Outputs

Life of Project 1978 - 1981

Community Groups Formed	10
Number of persons vaccinated	2,500
Latrines Built	100
Wells Drilled	5
Medical Consultations	5,000
Family Gardens Planted	20
Community/Health Centers Built	5
Volunteers Recruited/Trained	50
Health Paraprofessionals Trained	5
Health Education Courses	10
Model Henhouses Built	2

**TABLE IVB
ACTIVITY BUDGET
DATA**

ACTIVITY TITLE		HEALTH EDUCATION II		DECISION UNIT	USATD/p	DECISION PACKAGE	Minimum	BUDGET YEAR	FY 1980
PROJECT NUMBER		526-0306		APPROPRIATION	HE	INITIAL OBLIGATION	FY 1978	TOTAL COST	\$91
ACTIVITY INPUTS		ESTIMATED U.S. DOLLAR COST (\$ 000)		DATE PP/REVISION	3/1978	DATE LAST PAR	NA	DATE NEXT PAR	4/1979

ACTIVITY INPUTS	CY: 1978			CY: 1979			BY: 1980				
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE
AID-FINANCED	31	17	14	4/79 - 4/80	30	30	14	5/80 - 4/81	30	30	14
<u>Other Costs</u>											
Personnel	24	12	12	"	21	23	10	"	18	20	8
Travel/Per Diem	2	1	1	"	2	2	1	"	4	3	2
Other	5	4	1	"	7	5	3	"	8	7	4
<u>Evaluation</u>	0				0				0		
TOTAL-	97	52	45		58	27	31		223		

HC AND OTHER DONOR	PERSONNEL WORKYEARS (XX.X)		PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		LIFE OF PROJECT	FOOTNOTES
	1978	1979		A=NONCONTRACT	B=CONTRACT		
Grantee						223	
World Neighbors/World Council of Churches						116	
TOTAL-	.2	.3				107	

0000055

**TABLE IVB
ACTIVITY BUDGET
DATA**

ACTIVITY TITLE PROJECT DEVELOPMENT AND SUPPORT (EDUCATION)	DECISION UNIT USAID/Paraguay	DECISION PACKAGE Minimum	BUDGET YEAR 1980
	INITIAL OBLIGATION FY 1975	FINAL OBLIGATION Continuing	TOTAL COST Continuing
	DATE PP/REVISION -	DATE LAST PAR -	DATE NEXT PAR -
PROJECT NUMBER 526-0500	APPROPRIATION EH		

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	CY: 1978		CY: 1979		CY: 1980		EXPEN- DITURE	PIPE- LINE	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	OBLI- GATION	EXPEN- DITURE	PIPE- LINE			
	OBLI- GATION	EXPEN- DITURE	OBLI- GATION	EXPEN- DITURE	OBLI- GATION	EXPEN- DITURE									FUNDING PERIOD (FR- TO)	FUNDING PERIOD (FR- TO)	FUNDING PERIOD (FR- TO)
	1978	1979	1978	1979	1978	1979									1978	1979	1980
TOTAL-	131	135	12	12	50	38	14	14	50	48	16	50	48	16			
-Bilingual Education Specialist		10	-	-													
-Technical Assistance to develop Interim Paper for Primary Education Loan.	49	49	-	-													
-Harvard team in education policy	37	37	-	-													
-Technical assistance for project development	34	28	12	12	50	38	14	14	50	48	16	50	48	16			
-Other Costs	11	11	-	-													
TOTAL-																	
HC AND OTHER DONOR																	
TOTAL-																	

FOOTNOTES
0000056

FUNDING	PERSONNEL WORKYEARS (XX.X)			PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		
	FISCAL YEAR				FISCAL YEAR		
	1978	1979	1980		1978	1979	1980
PROGRAM ACCOUNT	3.3	1.1	1.1				
TOY (ADD- OPERATING EXPENSES)	.7	.5	.5				

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE RURAL RADIO EDUCATION		DECISION UNIT USAID/Paraguay		DECISION PACKAGE		BUDGET YEAR 1980	
PROJECT NUMBER 526-0502		APPROPRIATION EH		INITIAL OBLIGATION FY 76		FINAL OBLIGATION FY 78		TOTAL COST \$ 601	
DATE PP/REVISION 9/25/75		DATE LAST PAR June 78		DATE NEXT PAR July 79					

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 19 78		CY 19 79		CY 19 80		OBLI-GATION	PIPE-LINE	EXPEN-DITURE	PIPE-LINE	EXPEN-DITURE		
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR- TO)	PIPE-LINE	FUNDING PERIOD (FR- TO)	PIPE-LINE						FUNDING PERIOD (FR- TO)	PIPE-LINE
AIR-FINANCED	187	328	96	96	96	96							
TOTAL	187	328	96	96	96	96							
A. Technical Assistance													
Contract with AED	94	200	19	19	19	19							
B. Commodities	20	56	12	12	12	12							
Acquisition of equipment, materials and supplies needed for producing radio programs													
C. Other Costs	63	62	65	65	65	65							
International & local travel and per diem for Project Team members, preparation of courses for broadcasting, servicing & recording & salary supplements.													
D. Participant Training	10	10											
HO AND OTHER DONOR	117												
TOTAL	117												
GOP contribution: Personnel	80												
Other Costs	37												

PERSONNEL WORKYEARS (XX.X)	FISCAL YEAR				PERSONNEL INTENSITY	TYPE	LONG-TERM	SHORT-TERM	TYPE	LONG-TERM	SHORT-TERM
	19 78	19 79	19 80	19 81							
FUNDING											
PROGRAM ACCOUNT											
TOY (NON-)											
OPERATING EXPENSES	.6	.3									
TOTAL											

FOOTNOTES

LIFE OF PROJECT

277

95

182

0000058

TABLE IVABILINGUAL EDUCATION (526-0503)A. Activity Data

1. Purpose: To develop MOE capability to provide bilingual instruction for non-Spanish speaking children in grades 1 to 3.

2. Background: An estimated 90% of rural Paraguayan children entering school are monolingual speakers of Guarani, an indigenous Indian language. Almost all classroom instruction is given in Spanish. The difficulties rural children experience in learning Spanish contribute to the very high rates of dropouts and grade repeaters in rural schools. The Government of Paraguay recognizes that the rural poor who remain monolingual in Guarani do not achieve literacy and remain excluded from many social and economic opportunities. In an effort to increase the number of children who stay in school and advance to the next grade the MOE requested A.I.D. assistance for development of systematic instruction in Spanish as a second language, with Guarani being the primary language of instruction in the early school years.

Project Description: (New activity). The Ministry of Education with USAID grant assistance will carry out a pilot project in developing bilingual materials and instructional techniques, and in gaining sufficient experience over the life of the project to include bilingual education within the national elementary school curriculum.

3. Beneficiaries: Direct beneficiaries will be primary, mostly rural, students in first through third grades. Upon completion of the experimental phase, bilingual education will be extended throughout Paraguay to all primary schools receiving monolingual Guarani speaking children. This will make the annual cost roughly one dollar per family benefited.

4. Current Year Program: The sum of \$307,000 will be provided. This sum will be disbursed in the following amounts:

	<u>FY 1979</u>
<u>Contract Services</u>	\$ 151,000
Bilingual Education Specialists (12 TM)	
Linguist (12 TM)	
Short Term Consultant (3 TM)	
Evaluation (2 TM)	
<u>Participant Training</u>	100,000
<u>Commodities</u>	10,000
Equipment and Supplies	
Teaching Materials	

<u>Other Costs</u>		\$ 46,000
<u>Local Training</u>	10,000	
(Reproduction teachers training materials, local consultant, per diem)		
<u>Other Local Costs</u>	36,000	
(Printing of materials, local travel, artist, visual aids, office expenses, maintenance, gas, etc. of vehicles)		
 TOTAL		 307,000

5. Budget Year Program: FY 1980

- a. Teachers and Supervisors Trained in Bilingual Education
- | | |
|--|-----|
| (1) Classrooms using bilingual materials | 36 |
| (2) Pre-service trained teachers | 180 |
| (3) In-service trained teachers | 540 |
- b. Students receiving bilingual instruction as part of primary curriculum 1,080
- c. Semester and year end exam in bilingual and control schools in grades 1-3
- d. Trained staff for pre-service and in-service teacher training
- | | |
|---|--|
| (1) X instructors in methodology of Bilingual Education. | |
| (2) X Regional centers have instructors teaching classes on methodologies and principles of bilingual classroom. | |
| (3) X Rural normal schools have instructors teaching classroom principles and methodologies of bilingual education. | |

6. Major Outputs: By the end of the project 5,400 primary students and 100 teachers will have participated in the pilot schools program. 1,080 teachers will have been trained in pre-service courses and 3,500 teachers will have received in-service orientation courses. Teaching materials for grades 1 to 3 will have been developed and tested. The MOE will also have trained 30 personnel which will include teacher trainers in the normal schools, and MOE staff working on curriculum and project implementation and school supervisors working with in-service primary teachers.

TABLE IVAPRIMARY EDUCATION IMPROVEMENT I (526-0505)A. Activity Data

1. Purpose: To institutionalize selected improvements in the Paraguayan primary school system that will benefit the rural poor majority.

2. Background: The Government of Paraguay (GOP) through its Ministry of Education (MOE) is attempting to increase basic educational opportunities throughout the country. Government officials recognize that to achieve national development objectives of increased economic and social opportunities, the educational system must deliver a more efficient and relevant product. These objectives are consistent with the USAID/Paraguay development strategy to (1) identify the dynamic elements in Paraguayan development priorities, (2) develop projects with specific, identifiable low income groups which enable them to contribute to the dynamism of the process and to the achievement of the priority goals and thereby gain a permanent place in the evolving structure, and (3) to raise the productivity and thereby the real income of low-income groups.

Project Description: The current National Development Plan 1977-1981 identifies six areas within the education sector which require specific attention: (1) educational delivery, (2) cost and resources efficiency, (3) teaching force, (4) analysis, research and evaluation, (5) development of middle level technicians, and (6) development of high level technicians. Although all six of the objectives can be viewed as important only the first four will provide the most direct assistance to our target group. This project will address the above problems by (1) training pre-service and in-service primary school teachers and supervisors in the effective use of the new curricula and textbooks, (2) establish within the MOE a school rehabilitation and facilities improvement program, (3) complete the nation-wide coverage of the Regional Education Centers (RECs), (4) assist the RECs to become functioning community and area education resource centers, (5) provide appropriate primary school didactic materials and equipment to the RECs, Superior Institute of Education (SIE) and rural primary schools, and (6) improve long term educational planning analysis and evaluation.

3. Beneficiaries: An estimated total of 287,000 primary students, who are within the A.I.D. target group, will be the principal beneficiaries of this project. Assuming a student matriculating population of three per family, the average number of target group families benefited by project activities would be 95,667. Total project cost per family benefited is estimated to be \$124.42.

4. Current Year Program: See Table.

5. Budget Year Program: See Table.

6. Major Outputs: Pre-service and in-service primary school teachers and their supervisors will be trained in the effective use of the new curricula and textbooks developed under A.I.D. Loan 526-L-021. A school rehabilitation unit will be established within the MOE. An additional Regional Education Center will be constructed and appropriate primary school didactic materials will be distributed throughout the school system. More precise outputs will be determined during the intensive review.

	<u>FY-79</u>	<u>FY-80</u>
a. <u>Training</u>		
(1) MOE professionals trained to M.A. level	4	4
(2) Specialized teacher trainers serving in mobile training teams	15	15
(3) Teachers trained by mobile teams in the new curriculum	1,375	4,125
(4) TECs providing training in the new curriculum	2	2
b. <u>Rehabilitation and Facilities Improvement</u>		
(1) Department of maintenance established	X	-
(2) Completion of manuals and guide	X	-
(3) Special studies performed	8	-
(4) Support structures and systems organized	X	-
(5) MOE central office and regional staff trained	8	8
c. <u>Bilingual Education</u>		
(1) Trained MOE staff working in development and production of materials	4	4
(2) Tested bilingual materials and guides	X	X
(3) Trained staff for pre-service and in-service teacher training	X	X
(4) Teachers and supervisors trained in bilingual education	4	4
d. <u>Regional Centers</u>		
(1) Viable community education programs operating	6	12
(2) Trained community facilitators	7	7
(3) Trained staff for pre-service and in-service teacher training	X	X
(4) Media department established and fully equipped	4	3
(5) X Non-formal classes provided to adults	X	X
(6) Percentage of completion of REC at Pilar.	.40	.60

**TABLE IVB
ACTIVITY BUDGET
DATA**

ACTIVITY TITLE
Community Services for Women

PROJECT NUMBER
526-0506

APPROPRIATION
EH

DECISION UNIT
USAID/Paraguay

INITIAL OBLIGATION
FY 1977

DATE PP/REVISION
N/A

DECISION PACKAGE
FINAL OBLIGATION
FY 1978

DATE LAST PAR
October 1978

BUDGET YEAR
1980

TOTAL COST
\$ 120

DATE NEXT PAR
October 1978

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	CY: 19 78		CY: 19 79		CY: 19 80		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	OBLI-GATION	EXPEN-DITURE	OBLI-GATION	EXPEN-DITURE							
TOTAL-	70	50	70	70	70	70							
Locally hired personnel	24	17	30	30	30	30							
Local training	3	3	2	2	2	2							
Training in the U.S.	5	4	5	5	5	5							
Equipment to furnish shops	28	18	27	27	27	27							
Operating costs	1	1	0	0	0	0							
Construction cost	6	6	3	3	3	3							
Fuel, transportation, per diem	2	1	1	1	1	1							
Audit costs	1	-	2	2	2	2							
TOTAL-	84												
HC AND OTHER DONOR													
Locally hired personnel	36												
Local training	2												
Operating costs	42												
Construction	1												
Other													

FUNDING	PERSONNEL WORKYEARS (XX.X)			PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		FOOTNOTES
	19 78	19 79	19 80		TYPE A=NONCONTRACT B=CONTRACT	FISCAL YEAR	
PROGRAM ACCOUNT	1.2	1.2	1.2	HIGH	LONG-TERM	1978 1979 1980	
TODY (ADD)				MEDIUM	SHORT-TERM	2 2 -	
OPERATING EXPENSES	.8	.7	.1	LOW	LONG-TERM		
					SHORT-TERM		

0000065

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
VOCATIONAL INSTITUTE		USAID/Paraguay		FINAL OBLIGATION		FY 78		TOTAL COST	
PROJECT NUMBER 526-0507		APPROPRIATION EH		DATE PP/REVISION N/A		DATE LAST PAR N/A		DATE NEXT PAR November, 1978	
ESTIMATED U. S. DOLLAR COST (\$ 000)									

ACTIVITY INPUTS	PY 19 78		CY: 19 79		BY: 19		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE
	OBLI - GATION	EXPEN - DITURE	FUNDING PERIOD (FR-TO)	PIPE-LINE	EXPEN-DITURE	OBLI-GATION							
TOTAL-		83		13				13					
A. Commodities (importation costs)		15		-									
B. Construction costs		11		-									
1. Labor & supply purchase		57		13				13					
2. Construction cost expenditures													
TOTAL-													

HC AND OTHER DONOR	PERSONNEL WORKYEARS (XX, X)		PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		LIFE OF PROJECT
	FISCAL YEAR	BEYOND		TYPE A=NONCONTRACT B=CONTRACT	FISCAL YEAR	
Participant training	19 78	19 79	HIGH	A	19	259
Commodities			MEDIUM	B		1
Construction costs			LOW	A		225
Furnishing				B		26
						7

0000066

AID 1330-8 (3-78)

TABLE IV-ABASIC RURAL NON-FORMAL EDUCATION (526-0508)A. Activity Data

1. Purpose: To establish an increased institutional capacity within the National Apprenticeships Service (SNPP) to provide nonformal education (NFE) training to semi-literate rural groups in five departments in Paraguay.

2. Background: The Government of Paraguay (GOP) has been attempting to provide increased education and economic opportunities for disadvantaged rural and urban citizens. Beginning in 1976, the GOP, with AID collaboration, initiated a pilot nonformal education program Project No. 526-0501 to establish within the Ministry of Justice and Labor's National Apprenticeship Service (SNPP) a NFE basic skills training program oriented to rural illiterate and semiliterate adults. This effort is consistent with the 1977-81 GOP National Development Plan which states that a specific priority objective is "to develop plans, programs, and content for nonformal education in the rural areas to parallel and complement formal education efforts." Furthermore, the goals of the SNPP to augment qualitative and quantitative training programs and skills to guarantee better productivity levels and an improved life for workers and their families, are directly linked to the U.S. development strategy of helping the rural poor.

The NFE project developed and concentrated training in the following general areas: (1) livestock and poultry management, (2) home management, (3) basic agriculture, and (4) management and improvement of the small farm. The combination of demand and acceptance of the pilot NFE project by the rural target group, and the effective implementation by SNPP provide a strong indication that nonformal education activities can be expanded and replicated throughout Paraguay.

Project Description: NFE instructional materials and methodology developed in the pilot GOP/USG project have proven to be an effective means of reaching rural groups of people with practical information. The proposed loan for Rural Nonformal Education will assist the SNPP to provide basic skills training to illiterate and semi-literate adults in a minimum of five departments (states).

The areas of training concentration will be: (1) livestock and poultry management, (2) home management, (3) basic agriculture, and (4) management and improvement of the small farm. Other training courses and instructional packages will be developed in health and nutrition, basic surveys and evaluations that will be carried out as an integral part of the SNPP program.

3. Beneficiaries: Project beneficiaries will be 21,000 low income rural families characterized by: (1) low income, (2) low productivity, (3) inadequate health and nutrition, and (4) low level of educational attainment. The project will also place priority emphasis on the needs of rural women who characteristically receive less education as well as fewer pecuniary rewards for their labor. Rural women have represented 68% of the participants of the training courses provided by SNPP during FYs 76-78. It is expected that this SNPP program will make significant contributions toward improving the income of this important sector of the population. Estimated project cost per family is \$210.25.

4. Current Year Program: Not applicable.

5. Budget Year Program:

FY 1980 Program

No. of training centers established and fully equipped	2
No. of instructors trained abroad	6
No. of materials production staff trained	3
No. of new training packages developed	8
No. of training sessions completed by campesinos	68
No. of training packages reproduced	68
No. of campesinos trained	3,060
No. of research and evaluation studies completed	1
No. of training courses for SNPP professional personnel completed	X
No. of PAE teams formed	6

6. Major Outputs

No. of training centers established and fully equipped	6
No. of instructors trained abroad	12
No. of materials production staff trained	9
No. of new training packages developed	56
No. of training sessions completed by campesinos	456
No. of training packages reproduced	476
No. of campesinos trained	21,420
No. of research and evaluation studies completed	7
No. of training courses for SNPP professional staff completed	X
No. of PAE teams formed	6

TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE BASIC RURAL NON-FORMAL EDUCATION	DECISION UNIT USAID/Paraguay	DECISION PACKAGE Minimum	BUDGET YEAR FY 1980
	PROJECT NUMBER 526-0508 (610)	APPROPRIATION EH	INITIAL OBLIGATION FY 1980	TOTAL COST \$3,131
		DATE PP/REVISION	DATE LAST PAR	DATE NEXT PAR

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY: 1978		CY: 1979		FY: 1980		PIPE-LINE	EXPEN-DITURE	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)			
TOTAL-									
Grant Funds:									
Long term advisors									
Short term advisors									
Loan Funds:									
Participants training									
Equipment and materials									
Vehicles									
Other costs									
Contingency									
TOTAL-									

HC AND OTHER DONOR	TOTAL-	PERSONNEL WORKYEARS (XX.X)		PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		LIFE OF PROJECT
		FISCAL YEAR	TYPE		FISCAL YEAR	FOOTNOTES	
		1978	1979	1980	1981	1982	
		1.5	1.3	1.3	1.2	1.2	
		1.5	1.5	1.5	1.2	1.2	
		0.6	1.5	1.5	1.2	1.2	

FUNDING	PROGRAM ACCOUNT (BY ADD-)	OPERATING EXPENSES

0000070

TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE	DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
	CADASTRAL SURVEY AND PROPERTY TAX IMPROVEMENT	USAID/Paraguay	Minimum	1980
	PROJECT NUMBER 526-0703	INITIAL OBLIGATION FY'74	FINAL OBLIGATION FY'74	TOTAL COST \$ 2,300
	APPROPRIATION EH	DATE PP/REVISION NA	DATE LAST PAR December 76	DATE NEXT PAR October 78

ACTIVITY INPUTS	ESTIMATED U. S. DOLLAR COST (\$ 000)										
	FY: 1978		CY: 1979		FY: 1980		BY: 1980				
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	
TOTAL-	-	512	708	-	-	93	-	-	-	93	0
Commodities (dollar)	-	236	222	-	-	0	-	-	-	-	0
Operating Expenses	-	276	486	-	-	93	-	-	-	93	0
HC AND OTHER DONOR	TOTAL-	418			418						
Salaries, facilities, and other		418			418						

FUNDING	PERSONNEL WORKYEARS (XX, X)					PARTICIPANTS PROGRAMMED			FOOTNOTES
	FISCAL YEAR					FISCAL YEAR			
	1978	1979	1980	1981	1982	A=NONCONTRACT	B=CONTRACT	19	
PROGRAM ACCOUNT	-	-	-	-	-				
TDY (ADD -)	-	.1	-	-	-				
OPERATING EXPENSES	.1	.2	.2	-	-				

PASA Advisor financed under 526-0600. I/AID Loan 526-V-026

LIFE OF PROJECT 1,749

TABLE IVB ACTIVITY BUDGET DATA	ACTIVITY TITLE		DECISION UNIT	DECISION PACKAGE	BUDGET YEAR
	PROJECT DEVELOPMENT AND SUPPORT		USAID/Paraguay	Minimum	1980
	PROJECT NUMBER	APPROPRIATION	INITIAL OBLIGATION	FINAL OBLIGATION	TOTAL COST
526-0600	SD	Fy 1978	Continuing	Continuing	DATE NEXT PAR
			DATE PP/REVISION	DATE LAST PAR	

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 19 79		FY: 19 80		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	EXPEN-DITURE	OBLI-GATION
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	EXPEN-DITURE	PIPE-LINE						
TOTAL-	93	63	30		40	55	15		30		40	5
-Long Term PASA Cadastral Advisor*	78	63	15		15		-					
-Technical Assistance for Project development	15	-	15		40	40	15		30		40	5

HC AND OTHER DONOR	TOTAL-		PERSONNEL INTENSITY	TYPE A=NONCONTRACT B=CONTRACT	LONG-TERM SHORT-TERM	FISCAL YEAR	LIFE OF PROJECT
	OBLI-GATION	EXPEN-DITURE					
						19 19	

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY	TYPE A=NONCONTRACT B=CONTRACT	LONG-TERM SHORT-TERM	FISCAL YEAR
	1978	1979	1980	1981				
PROGRAM ACCOUNT TOY (NON-ADV)	1.	.7	.7	.5	<input checked="" type="checkbox"/> HIGH			19 19
OPERATING EXPENSES	.2	.2	.2	.2	<input type="checkbox"/> MEDIUM			
					<input type="checkbox"/> LOW			

TABLE IV-ASPECIAL DEVELOPMENT ACTIVITIES (526-0601)

Purpose: To help implement small scale, high impact, self-help community development projects which are not assisted under regular Paraguayan Government or A. I. D. programs.

Background: The project addresses the needs of urban and rural communities to carry out small development projects with a constructive economic and social impact aimed principally at improving the general living conditions and providing essential services and facilities for the lower income groups. Beneficiaries contribute at least 50% of the total project cost whether in labor, cash and/or materials.

Progress to Date: Through the end of FY'78 some 243 projects would have been assisted benefitting approximately 422,000 people. It is estimated that 19 projects will be implemented in FY'78 with a total self-help contribution of \$ 220,000. Some 36,000 people (the great majority in rural and semi-urban areas) will benefit from the project during this period. Activities recently carried out include the purchase of U. S. equipment for: a health center serving 10,000 people in a colonization area ^{and} a school for deaf children coming from rural families; wells, latrines, chickencoops and cooking stoves will be provided through participation of Peace Corps volunteers; textbooks for a library providing services to market towns; repairing of a co-op building to provide for storage and office space; a 4-C Club for demonstrations by extensionists and for a medical dispensary; community building and water systems.

Beneficiaries: Low income and other disadvantaged people in rural and urban areas. USAID project cost amounts to an average of \$ 8 per family. (Average cost per project is \$ 2,441).

Current Year Program: Around 18 projects similar to those of prior years will be executed in FY'79.

Budget Year Program: Rural communities have manifested an increased interest in carrying out self-help activities to improve their productivity and general welfare. Part of this is due to the many successful activities already implemented in various areas of the country and to a developed consciousness about the importance of joint efforts. Thus, USAID/P anticipates receiving more applications for assistance and for larger

amounts of money. It is estimated that over 20 projects will be implemented during FY'80 and that \$75,000 will be necessary to provide adequate assistance.

<u>Major Outputs:</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>
Subprojects (per year)	19	18	20

TABLE IV-ASMALL MANUFACTURING INDUSTRY (526-0603)A. Activity Data

1. Purpose: To provide support for the small industry subsector (especially for agroindustries and for firms of less than 20 employees) through supportive economic policies and the development and dissemination of appropriate technology.

2. Background: The project emphasises employment, intensive technology and economic policy support to small firms whose growth will stimulate small farm output and employment among the rural poor; it centers on agroindustry which is one of the country's key development priorities; it is focused on the Mission's short-range program objective of supporting small farmers through various inter-related projects.

Project Description: The project will provide small scale industry experts to work with: (a) Ministry of Industry and Commerce (MIC) in establishing a small industry unit within the Ministry of Industry and Commerce to analyze the needs of small industry and to establish supportive economic policies, (b) the National Institute of Technology and Standards to devise and spread appropriate technology among small firms, (c) the Ministry of Industry and Commerce in coordinating industrial training programs for small industry employers and employees and in helping them obtain development loans. The project will constitute the first GOP program directed specifically to the small industry sector, it is being instituted at a time when industry for the first time is expected to become a lead sector in economic growth. It is a pilot project which in view of the Director of the Technical Cabinet of the Ministry of Industry and Commerce should lead to the eventual establishment of a Small Industry Development Corporation.

3. Beneficiaries: The target group comprises the employees of small industries and small farms who receive employment and/or higher income as a result of the project. Greater employment and higher income will be a direct benefit to industrial workers as a result of supportive economic policies and employment intensive technology; it will benefit small farmers by directly creating greater off-farm employment and indirectly by creating greater output and employment on farms. Assuming that 25% of small industries increase their employment by one employee, about 3400 rural families will benefit directly from the project at an average cost of \$121 per family. If an additional 2000 small farmers benefit through higher income and employment from a resultant expanded market for their output, the average cost per family would be reduced to \$76.

4. Current Year Program, FY 1979

The following results are expected during the current year
FY 1979:

- a) Small Industry Division established in MIC with 3 or 4 employees receiving training and assistance from AID technical advisor.
- b) A section which specializes in appropriate technology (NITN).
- c) Training programs carried out in the U.S. for three MIC and NITN employees.
- d) Two economic studies initiated and the results of the 1977 Industrial Survey reviewed with a view to determining project priorities.
- e) Seven designs made in NITN for the construction of machinery and equipment for small industry.
- f) Plans made to establish two institutional systems for providing training for employees of small industries and for contractual arrangements between small industries and small farmers.
- g) Three regional studies made to determine the appropriate location of industrial parks.

5. Budget Year Program, FY 1980

The following results are expected during the budget year FY 1980:

- a) One Small Industry Division established in MIC and functioning effectively.
- b) Three economic studies to determine industrial sector priorities and marketing potential completed and policy recommendations made to the Government.
- c) Seven prototypes of industrial machinery and equipment developed by NITN and used by industry.
- d) Three employees of MIC and NITN, trained in small industry economics and technology in the U.S., assisting small industries.
- e) One project prepared for the establishment of small industry parks and submitted to the Government.
- f) Assistance given to establish new industries in market towns being aided by the Instituto de Desarrollo Municipal.

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g) MIC adopts two policies to help small industry take advantage of Law 550 on private investments and to organize cooperatives.

h) Legislation prepared for the establishment of an Industrial Development Corporation and submitted to Congress.

6. Major Outputs

a) Small Industry Division established and functioning within MIC with staff of 3 or 4 professionals.

b) Five MIC and/or NITN employees trained in the U.S. and/or on the job in Paraguay.

c) Four technical studies and three surveys performed on needs of agroindustries.

d) Seven prototypes of new products and machinery developed and adopted by small firms.

e) Two institutional systems developed to handle the needs of small firms, including training and contracting with small farmers.

f) Two policies established and two existing laws more effectively administered in support of small firms.

g) Three economic studies performed to identify key areas of production and demonstrate linkages between small farmers and small industry.

i) One law prepared and submitted to Paraguayan Congress for the establishment of a small industry corporation.

ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR	
SMALL MANUFACTURING INDUSTRY DEVELOPMENT		USAID/Paraguay		Minimum		FY 1980	
ACTIVITY BUDGET DATA		INITIAL OBLIGATION		FINAL OBLIGATION		TOTAL COST AID	
PROJECT NUMBER 526-0603		FY 1979		FY 1980		\$410	
APPROPRIATION		DATE PP/REVISION		DATE LAST PAR		DATE NEXT PAR	
SD		-		-		6/80	

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 19		CY 19		FY 19		BY 19		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	EXPEN-DITURE	OBLI-GATION	PIPE-LINE
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)						
TOTAL-				10/78-9/79	211	204	7	10/79-9/80	199	201	199	201	199	5
Chief Technical Advisor					90	90	-		90	90	90	90	90	
Advisor					80	80	-		80	80	80	80	80	
Participant Training (3, 6 wk. courses)					6	6	-		6	6	6	6	6	
Production of prototypes, studies					17	10	7		17	19	17	19	17	5
Budget support					17	17	-		17	17	17	17	17	1
Project Evaluation					1	1	-		1	1	1	1	1	
TOTAL-														
HC AND OTHER DONOR														
1. Cost of official facilities					137									
2. Cost of training & studies					47									
3. Cost of salaries of employees (in MIC and NITN)					35									
4. Cost of design & produc. prototypes					30									
TOTAL-					137									

FUNDING	FISCAL YEAR			PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		FOOTNOTES
	1978	1979	1980		A=NONCONTRACT	B=CONTRACT	
PROGRAM ACCOUNT TOY (ADB)		2.0	2.0	HIGH			
OPERATING EXPENSES	0.3	0.3	0.3	MEDIUM			
TOTAL				LOW			

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DECISION UNIT OVERVIEW

1. Program Goals and Basic Strategy

Since 1970, the Paraguayan economy has demonstrated considerable dynamism and capacity for growth. The two most dynamic elements in this process are: 1) the huge externally financed investments in the development of hydroelectric power; and 2) a rapid expansion of exports, predominantly agricultural. The investments in hydroelectric power will continue into the 1980's, and anticipated world market conditions for the country's agricultural exports are expected to sustain a reasonable rate of export expansion. The result has been and is expected to be a sustained rise in domestic output, income, employment and foreign exchange earnings. Thus the growth process is reliably under way; the country has an increasing capacity to finance its development program from its own resources and an increasing potential to acquire external resources through the multilateral lending institutions.

The benefits of this recent progress have not, however, been widely shared by the Paraguayan people. Public sector investment, financed in large measure by the multilateral financial institutions, has been heavily concentrated on building the physical infrastructure which has been, and still is, seriously deficient in Paraguay. A transportation and communications system now links major urban centers but does not yet penetrate rural areas to any great extent. Investments in other public services such as potable water, schools, health facilities, sewerage and sanitation systems have been heavily concentrated in the capital city and other major urban centers but have not reached the rural populace. As has been characteristic of countries at this stage of development, Paraguay has been experiencing an increasing disparity between the income levels of the urban areas and those of the rural areas. However, the agricultural sector has not yet evidenced, to any marked degree, the dualism which is characterized by a modern efficient sub-sector holding most of the land and accounting for most of the production on the one hand, and a backward traditional sector of subsistence agriculture on the other. Paraguay is still a country of small farmers. As a group, farmers who have access to twenty hectares or less produce 60% of all agricultural products, 40% of agricultural exports, 36% of total exports, and represent 51% of the active labor force. There is growing recognition of their strategic importance to the development prospects of the nation and the government is paying increasing attention to their needs.

Under these circumstances, the Mission believes that conditions in Paraguay are highly favorable for a bilateral assistance program which, responding to the Congressional mandate, focuses on incorporating the

rural poor into the development process. By per capita income measures, Paraguay has achieved the status of a lower middle income country and thus has the domestic resource capacity to turn some of its attention to the needs of its own disadvantaged citizens. The main constraints on the government's ability to achieve this objective, as we see them, are: 1) the capacity to mobilize and allocate domestic resources to the country's most needy people; 2) the institutional and technical capacity to design and implement appropriate programs for this purpose; and 3) the ability to formulate the economic development policies best calculated to achieve a more equitable distribution of the benefits of growth.

In short, Paraguay's need, at the moment, is not for additional infusions of capital resources from A.I.D. but for substantial technical assistance of the type that A.I.D. is uniquely equipped to provide. The receptivity of the government to A.I.D. technical assistance is high. A.I.D. and predecessor agencies have been on the Paraguayan scene since the 40's. The Mission enjoys the confidence and respect of host country counterpart officials and institutions.

It must be emphasized, however, that we do not contemplate a shuttle service of technical experts between the U.S. and Paraguay. The Mission's, and indeed the Agency's, experience is that technical assistance is most effective in conjunction with the design, implementation, and evaluation of specific projects. We cannot make a frontal attack on the problems of resource allocation, institutional reform, and policy formulation with a team of technicians. What we can do, and what we propose to do, in the coming years is respond to initiatives which, while conforming to the Congressional mandate, also provide us with the greatest influence on the allocation of domestic resources, on institutional reform, and on appropriate economic policies.

Our basic objective, as indicated earlier, is to assist the government to achieve the incorporation of the lowest income groups into the mainstream of the development process through programs designed to improve their productivity and expand their employment alternatives. It will require expansion of public services and stimulation of private sector investments in the rural areas. Our strategy for achieving this was set forth in the DAP. We have subsequently dubbed it a "push-pull" strategy. It involves working directly with intended beneficiaries to create a demand for services of all kinds - agricultural research and extension, credit, sanitation and water systems, schools, educational programs, health services and facilities, etc. On the other side, it involves technical and financial assistance to public and private sector institutions to enable them to respond to those demands. We

see the strengthening of private and public local organizations as an essential component of the strategy not only to provide a vehicle for local participation but also as a force enhancing the demand for services at the local level. In the same vein, and to improve the capacity for response, we will encourage national ministries and institutions to decentralize the services they provide by establishing offices outside the capital city.

We have reason to be confident, on the basis of the Mission's experience, that we can identify and select projects which, while directly serving the needs of the target group, will affect the allocation of domestic resources; strengthen the institutional capability of the government and of private institutions to respond to those needs, and point up basic policy decisions that need to be faced. We have already found the government to be receptive to suggestions for decentralized administration of the property tax, improvement of rural roads, and deployment of agricultural extension services. We have gotten the National Housing Bank involved in a lower cost housing program and the private banks involved in production credit to small scale agro-industrial enterprises. We believe we have achieved considerable success in establishing a strong cooperative movement, strengthening municipal governments and in getting additional domestic resources committed to agricultural development, innovative educational programs and family planning activities.

In sum, the strategy has been tested and appears to be viable. If the hurdle posed by the problems of civil and political liberties in Paraguay can be overcome, the Mission firmly believes that the modest and judicious bilateral assistance program which we propose for Paraguay can make a significant contribution to a practical realization of the most basic of all human rights, namely the right to a health-and-decency standard of living for the majority of Paraguay's people. This outcome, we believe, would secure the cooperation of Paraguay in the U.S. efforts to fashion an order of peace and justice in this hemisphere and in the world.

2. Human Rights

The Mission is well aware of the fact that the approach and the proposed program set forth here are contingent on what the government of Paraguay chooses to do about its human rights practices. The task of designing and implementing a development assistance program in Paraguay has been complicated during the last year by U.S. concern over certain human rights issues. New projects for FY'78, though approved at the technical level, are, at this writing, being withheld for political reasons. It is the Embassy's view that the GOP will take significant steps to improve the human rights situation and that some

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of these projects can be initiated before the end of FY'78. Given the circumstances, the Mission has carefully addressed, in the FY'78 projects, the requirements of Sec. 116 of the FAA. Since we do not expect all the clouds to lift at once, we will continue to make sure that all new projects meet the 116 requirements although this may somewhat restrict our ability to address some of the institutional problems that we encounter in the process of designing our projects.

FY 1980 ANNUAL BUDGET SUBMISSION
(in \$000)

DECISION UNIT: USAID/Paraguay

DECISION PACKAGE: Minimum

ACTIVITY DESCRIPTION

This package contains largely carryover activities begun in prior years. The single new project to be funded is Basic Rural Non-Formal Education, which is a follow-on to the current pilot effort in that field.

RESOURCE REQUIREMENTS

	1980					CUMULATIVE TOTAL
	1978	1979	THIS PACKAGE	1982	1983	
Food and Nutrition						
Population	11,186	7,601	1,434			1,434
Health	100	550	500			500
Education	31	130	30			30
Selected Development Activities	559	7,957	3,261			3,261
	143	301	304			304
TOTAL PROGRAM	12,019	16,539	5,529			5,529
Housing Guaranties (non-add)	4,000					
Employment - Full-time Permanent						
U.S. Direct Hire	7.1	9.1	7.5			7.5
Foreign Nationals	14.4	14.7	12.4			12.4
TDY	1.9	3.9	2.1			2.1
TOTAL	23	27	22			22
<u>FIVE YEAR PROJECTIONS</u>						
Program	5,529	13,000	13,700	14,200	14,100	14,100
Personnel (in workyears):	7.5	9.0	9.0	9.0	9.0	9.0
Mission - U.S.	12.4	14.0	14.0	14.0	14.0	14.0
F.N.						

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FY 1980 ANNUAL BUDGET SUBMISSION
(in \$000)

DECISION UNIT: USAID/Paraguay

DECISION PACKAGE: Minimum

SHORT-TERM OBJECTIVES

The minimum package will permit the orderly conclusion of a variety of activities, all supporting the major objectives, and the initiation of a national effort to build a non-formal educational system based on the experience of the pilot project and fully supported by GOP at the project's conclusion.

IMPACT ON MAJOR OBJECTIVES

The Food and Nutrition projects should show during 1980 increased productivity and income for the small farmers affected, including gains resulting from improved technology. Population II and Health Education II are expected to show gains in availability of health and family planning services to the rural population. Small Manufacturing should during 1980 begin to produce measurable increases in rural employment. The Bilingual Education project is designed to begin producing measurable educational benefits in 1981.

OTHER INFORMATION

Failure to approve the minimum package would necessitate a sharp phase-down of personnel during 1980, and the redesign of the nine carryover projects to permit salvaging some benefits from the truncated, prior year funding which would be disbursed during 1980 and later. There would be a somewhat smaller reduction in Paraguayan personnel, several of whom would be needed to monitor the large implementation carryover.

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FY 1980 ANNUAL BUDGET SUBMISSION
(in \$000)

DECISION UNIT: USAID/Paraguay

DECISION PACKAGE: Mark

ACTIVITY DESCRIPTION

This package adds the Rural Land Rights Registration project, which permits USAID/P to begin major assistance to agrarian reform, which the Paraguayan Constitution calls one of the fundamental steps toward improving the economic and social condition of its rural population. Agrarian reform, closely related to basic legal rights in property, is a field in which GOP has been highly active and unusually successful.

RESOURCE REQUIREMENTS

	1980			
	1978	1979	THIS PACKAGE	CUMULATIVE TOTAL
Food and Nutrition				
Population	11,186	7,601	2,740	4,174
Health	100	550	-	500
Education	31	130	-	30
Selected Development Activities	559	7,957	-	3,261
	143	301	-	304
TOTAL PROGRAM	12,019	16,539	2,740	8,269
Housing Guaranties (non-add)	(4,000)			
Employment - Full-time Permanent				
U.S. Direct Hire	7.1	9.1	.7	8.2
Foreign Nationals	14.4	14.7	.8	13.2
TDY	1.9	3.9	.3	2.4
TOTAL	23	27	1.8	23.8
<u>FIVE YEAR PROJECTIONS</u>				
Program	8,269	13,000	14,200	14,100
Personnel (in workyears): Mission - U.S.	8.2	9.0	9.0	9.0
F.N.	13.2	14.0	14.0	14.0

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FY 1980 ANNUAL BUDGET SUBMISSION
(in \$000)

DECISION UNIT: USAID/Paraguay

DECISION PACKAGE: Mark

SHORT-TERM OBJECTIVES

In addition to the expected benefits to overall agricultural output and individual farm family income, the project provides an important opportunity to cooperate with GOP in securing vital rights to large numbers of rural Paraguayans.

IMPACT ON MAJOR OBJECTIVES

Paraguay's agrarian reform program has already demonstrated important benefits in greater agricultural output and increased employment of farm labor. This project will enhance those effects by encouraging greater agricultural investments by both new settlers and established farmers, and will lead directly to the increased public revenues believed so important to Paraguay's development. The project will benefit most the smallest and poorest farmers who are currently least able to obtain clear land titles. It will thus give a notable push toward more equitable income distribution.

OTHER INFORMATION

The current Cadastral Survey project will be physically completed about the beginning of FY 1980. The proposed project depends on data being developed in that project. To delay it beyond FY 1980 would risk loss of momentum and the keen interest shown by GOP in this project, in an area of paramount political importance to both governments.

0000086

FY 1980 ANNUAL BUDGET SUBMISSION
(in \$000)

DECISION UNIT: USAID/Paraguay

DECISION PACKAGE: Proposed

ACTIVITY DESCRIPTION

This package adds Rural Enterprises II and Land Financing to the Mark package. Both of these are continuations of current pilot activities, the land financing being part of the Small Farmer Development (CREDICOOP) project. In addition, this option will permit the addition of several new OPG projects.

RESOURCE REQUIREMENTS

	1980			
	1978	1979	THIS PACKAGE	CUMULATIVE TOTAL
Food and Nutrition	11,186	7,601	8,400	12,574
Population	100	550	-	500
Health	31	130	-	30
Education	559	7,957	-	3,261
Selected Development Activities	143	301	-	304
TOTAL PROGRAM	12,019	16,539	8,400	16,669

Housing Guaranties (non-add)

(4,000)

Employment - Full-time Permanent

U.S. Direct Hire
Foreign Nationals
TDY

U.S. Direct Hire	1.1	9.3
Foreign Nationals	1.6	14.8
TDY	-	2.4

TOTAL

TOTAL	23.4	27.7	2.7	26.5
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FIVE YEAR PROJECTIONS

	1980	1981	1982	1983	1984
Program	16,669	13,000	13,700	14,200	14,100
Personnel (in workyears): Mission - U.S.	9.3	9.0	9.0	9.0	9.0
F.N.	14.8	14.0	14.0	14.0	14.0

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FY 1980 ANNUAL BUDGET SUBMISSION
(in \$000)

DECISION UNIT: USAID/Paraguay

DECISION PACKAGE: Proposed

SHORT-TERM OBJECTIVES

Sufficient funding will be provided to demonstrate a variety of rural employment-generating activities under Rural Enterprises II, with the possible side benefit of inducing commercial banks to continue such financing solely from their own resources. Small Farm Land Financing will permit a significant increase in living standard for 2,500 of Paraguay's poorest farm families and further strengthen the cooperative credit movement.

IMPACT ON MAJOR OBJECTIVES

Both of the loan projects added in this package will complement other projects aimed at enhancing agricultural and industrial productivity (e.g. Small Farm Technology and Small Manufacturing Industry Development) and will demonstrate how significant benefits to the rural population can be obtained from concerted financial efforts by both public and private institutions.

OTHER INFORMATION

Because all the loan projects in the Mark and Proposed packages are follow-ons to current successful activities and because they will continue with the same institutions, project development will require less personnel time than for more novel activities. It will therefore not be necessary to increase USAID/P staffing in order to add the increments of the Mark and Proposed package.

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TRANSACTION CODE: BUREAU CODE:
 DECISION UNIT NAME OF DECISION PACKAGE SET
 USAID/Paraguay

TABLE V - PROPOSED PROGRAM RANKING

RANK	DESCRIPTION	APPROPRIATE ACCT	PERSONNEL INTENS. CITY	MISSION	OPERATING EXPENSES	WORKYEARS FUNDED FROM (XX, X)	RESOURCE REQUIREMENTS		PROGRAM INCREMENT	CUMULATIVE
							TDY	ACCOUNT		
Decision Package - Minimum										
1	0305 Population II (GO)	PN	H	2.7	-	1.2	500	500	500	500
2	0118 Minifundia Crop Intensification (GO)	FN	H	.7	-	5.0	655	655	1.155	1.155
3	0109 Small Farm Techn. (GLO)	FN	M	1.3	1.0	6.3	-	-	1.468	1.468
4	0503 Bilingual Education (GO)	EH	H	1.3	-	2.8	313	313		
5	0111 Rural Roads (LO)	FN	M	1.2	-	1.2	-	-		
6	0505 Primary Education (LO)	EH	H	3.0	.6	3.0	199	199	1.667	1.667
7	0603 Small Manufacturing Industry Dev. (GO)	SD	M	.3	-	2.0	-	-		
8	0703 Cadastral Survey and Property Tax (LO)	EH	M	.2	-	-	-	-		
9	0107 Rural Enterprises (LO)	FN	L	.9	-	-	-	-		
10	0120 Indian Settlement-OPG (GO)	FN	M	.1	-	1.24	124	124	1.791	1.791
11	0306 Health Education II-OPG (GO)	HE	H	.3	-	30	30	30	1.821	1.821
12	0506 Community Service for Women-OPG (GO)	EH	M	.1	-	.5	70	70	1.891	1.891
13	0101 Credit Unions (GO)	FN	M	1.3	-	-	-	-		
14	0113 Small Farmer Development (LO)	FN	M	.6	-	2.0	200	200	2.091	2.091
15	0112 Market Town Development (GLO)	FN	M	1.2	-	-	-	-		
16	0119 Honey Production-OPG (GO)	FN	H	.1	-	75	75	75	2.166	2.166
17	0601 Special Development Activities (GO)	SD	H	1.0	-	2.898	2.898	2.898	5.064	5.064
18	0508 Basic Rural Non-Formal Education (GLN)	EH	H	1.5	.5	1.5	385	385	5.749	5.749
19	0100 Project Development and Support (GO)	FN	H	1.4	-	5.0	50	50	5.499	5.499
20	0500 Project Development and Support (GO)	EH	H	.5	-	1.3	30	30	5.529	5.529
21	0600 Project Development and Support (GO)	SD	H	.2	-	.7	-	-		
				(.9)	(1.6)	(12.0)	(593)	(593)		
				(6.3)	(.5)	(20.5)	(4.936)	(4.936)		
				(12.7)	(2.1)	(32.5)	(5.529)	(5.529)		
Summary by Personnel Intensity:				19.9	(2.1)	(32.5)	(5.529)	(5.529)		
Low (1 Project)										
Medium (9 Projects)										
High (11 Projects)										
Total										

TRANSACTION CODE:		BUREAU CODE:		NAME OF DECISION PACKAGE SET		
DECISION UNIT		USAID/Paraguay				
RANK	DECISION PACKAGES/PROGRAM ACTIVITY/SUPPORT ITEM	APPROPRIATE ACCT	PERSONNEL INTENSITY	RESOURCE REQUIREMENTS		PROGRAM FUNDING (\$ 000)
				WORKYEARS FUNDED FROM	PROGRAM ACCOUNT	
	DESCRIPTION		MISSION	OPERATING EXPENSES TOY	PROGRAM INCREMENT	CUMULATIVE
22	<u>Decision Package - Mark</u>					
22	0123 Rural Land Rights Registration (G1N)	FN	M	1.5	.3	1.0
	Summary by Personnel Intensity: Medium(1 Proj.)			(1.5)	(.3)	(1.3)
	Cummulative Total			(21.4)	(2.4)	(33.5)
23	<u>Decision Package - Proposed</u>					
24	Various Operational Program Grants - OPG (GN)	FN	M	.3	-	400
25	0122 Rural Enterprises II (LN)	FN	M	1.1	-	3.000
	0121 Small Farm Land Financing (LN)	FN	M	1.3	-	5.000
	Summary by Personnel Intensity: Medium (3 Proj.)			(2.7)	-	(8.400)
	Cummulative Total			(24.1)	(2.4)	(33.5)

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7. Workforce and Operating Expenses

Although all proposed projects in Paraguay are designed so that they "will directly benefit the needy people," following the language of FAA Sec. 116 (Human Rights), the Interagency Group on Human Rights and Foreign Assistance (the Christopher Group) has postponed, because of human rights consideration, approval of projects which have been cleared by DAEC Procedures. The Rural Roads project (\$5.2 million) and the Market Towns Project (\$5 million), both prepared for FY 1978 funding, are in this status. As a result, while this submission is being prepared more than half way through 1978, it is not known whether the final FY 78 program obligations will be \$2 million or \$12 million. This uncertainty presents unusual planning and budgeting problems not only for the current year, but also for FY 79 and FY 80. The assumptions made for this submission are (1) the two technically approved projects noted will be obligated during FY 78 along with the first year funding of \$170,000 for Bilingual Education, (2) Small Farm Technology (\$6 million), which AID/W asked USAID/Paraguay to prepare as an FY 78 shelf item, will be approved by the DAEC in May 1978 and funded early in FY 79, (3) all other elements of the proposed FY 79 program will be approved and funded during FY 79, and (4) USG's continuing appraisal of Paraguay's human rights stance and changes therein will permit a significant country program in FY 80 and beyond.

The strategy described in the Overview leads to relatively high personnel intensity for the dollar size of the project. With loan activity aimed at projects with important demonstration effects, it will be necessary to provide more advisory personnel than with more capital-intensive loans. GOP's performance has been relatively good at providing capable counterpart personnel and its commitment to the program proposed seems assured. It is thus reasonable to expect that the technical personnel proposed will have adequate counterpart personnel support.

Table III clearly shows that at all three funding levels a large part of the work of the USAID will be concerned with projects begun in prior years. We therefore calculate that no difference in staffing levels among the three decision packages is warranted for FY 1980. If the minimum package were to become the actual, it would, of course, imply changes for future years.

11. A. Research

Of the many problems likely to face Paraguay in the future, those involving environmental issues would seem to be among the more pressing. Already deforestation, particularly in the newly colonized areas, has brought about severe erosion which besides threatening the productivity of agricultural land poses the possibility of severe silting problems for the two hydroelectric dams presently under construction. One of these dams, at Itaipu, when completed will be the largest producer of hydroelectric power in the world. Extensive inundation of rural and even urban land present problems which have not yet been defined, much less addressed. Further, the construction of these two dams at least raises the possibility of irrigated agriculture which should receive careful attention.

11. B. Energy

Paraguay's energy prospects may be unique among developing countries. Although it still has to import all the petroleum it requires, because of its strong international financial position it has no problem financing those imports from current foreign exchange earnings. But more important, by virtue of its ownership of half the energy to be produced by two large hydroelectric power projects - Itaipú (12,600 MW) starting in 1983 and Yacyretá (over 5,000 MW) starting in the late 1980s - Paraguay can look forward to a supply of inexpensive electric power that will exceed its consumption capacity for many years to come. A study by UNDP experts has been made to determine the country's energy requirements for energy intensive manufacturing industries. Although electric energy is not available in most rural areas, the Government is planning to extend its main distribution system to the northeastern part of the country. A program of rural electrification could be introduced most appropriately after such an extension and after a much needed agricultural census has been taken. Such a time should approximately coincide with the availability of electric energy from Itaipú in 1983. Consequently, a study of energy requirements for rural electrification should be made in 1981 or 1982.

11. C. Environment

Paraguay's primary environmental concern is probably deforestation. The UNDP has a relatively extensive project for training and research in forestry management. The World Bank is including intensive environmental reviews in its area development activities and the Japanese Government is negotiating with GOP for a project to develop a tree nursery. Paraguayan law is believed adequate to provide reasonable protection to forest resources, but the country lacks sufficient means of enforcement.

The consensus among donors is that GOP is aware of the seriousness of its deforestation problem but not yet sufficiently committed to remedial action. Under the circumstances, there does not seem to be a current role for A.I.D. presently in forestry activities.

11. D. Private Voluntary Organizations

During FY 1978 USAID/Paraguay was able to begin channeling significant resources to Paraguayan private voluntary organizations (PVOs). In many cases such organizations are uniquely able to conduct development projects involving isolated rural groups who could not economically be reached by bilateral projects. The Mission's experience to date indicates that assistance with design and monitoring of these projects is personnel intensive but may yield important development results.

MISSION OPERATING EXPENSE FUNDED PERSONNEL REQUIREMENTS
(In work years xx.x)

DECISION UNIT: 526 PARAGUAY

MISSION SPECIFIC PERSONNEL	FY 78		FY 79		FY 80		FY 80		FY 80	
	Estimated Actual		Estimated		Mark		Minimum		Proposed	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
Directly Related to Activities*	7.1	14.4	9.1	14.7	8.2	13.2	7.5	12.4	9.3	14.8
Policy, Direction & Management	4.8	6.8	6.3	6.2	8.0	6.8	8.7	7.6	6.9	5.2
Financial Management	1.0	11.0	1.0	11.0	1.0	11.0	1.0	11.0	1.0	11.0
Mission Support										
IDI's	2.5		0.9		2.0		2.0		2.0	
OTHER (Specify)										
TOTAL	15.4	32.2	17.3	31.9	19.2	31.0	19.2	31.0	19.2	31.0
	15	33	17	31	17	31	17	31	17	31
	Total = 48		Total = 48		Total = 48		Total = 48		Total = 48	

END OF YEAR CEILING

NON-MISSION SPECIFIC PERSONNEL

Auditor General & IIS										
Other (Specify): JAO	2.0		1.0		1.0				1.0	
Regional Engineer	1.0									
TOTAL	3.0		1.3		1.0				1.0	
	3		1		1				1	
	Total = 3		Total = 1							

END OF YEAR CEILING

*From Table V. 5/12/78

EXPENSE CATEGORY	LINE NO.	OBJECT CLASS	EXPENSE RELATED TO	FY 1978		FY 1979		FY 1980		MARK \$	UNITS	MINIMUM \$	UNITS	PROPOSED \$
				UNITS	\$	UNITS	\$	UNITS	\$					
PERSONNEL	01			1,210.1		1,218.9		1,291.0		1,291.0		1,291.0		1,291.0
U.S. Direct Hire	02		USDII Workyears	15.4	834.6	17.3	806.7	19.2	837.8	837.8	19.2	837.8	19.2	837.8
U.S. Citizens Basic Pay	03	110	USDII Workyears	12.9	520.4	16.4	580.2	17.2	618.5	618.5	17.2	618.5		
Part-time, Temp. U.S. Basic Pay	04	112	USDII Workyears											
Differential Pay	05	116	USDII Workyears	10.9	36.9	14.4	47.5	15.2	48.5	48.5	15.2	48.5		
Living Allowances	06	118	USDII Workyears	15.4	14.0	17.3	12.9	19.2	13.4	13.4	19.2	13.4		
Other Pay	07	119	-		0.8		1.1		1.1	1.1		1.1		
Education Allowances	08	126	No. of Dependents	42	47.2	30	44.5	27	43.7	43.7	27	43.7		
Retirement	09	120	USDII Workyears	12.9	35.9	16.4	40.6	17.2	41.2	41.2	17.2	41.2		
Transportation/Travel	10													
Post Assignment - Travel	11	212	No. of Movements	9	14.7	1	2.5	1	2.5	2.5	1	2.5		
Home Leave	12	212	No. of Movements	10	41.5	6	15.4	6	17.3	17.3	6	17.3		
Post Assignment/Home Leave Freight	13	22			87.2		24.0		22.3	22.3		22.3		
R & R	14	215	No. of Movements	11	13.7	10	14.7	6	7.1	7.1	6	7.1		
Education Travel	15	215	No. of Movements	3	3.1	3	3.7	3	3.7	3.7	3	3.7		
Medical Travel	16	215			3.2		3.0		3.0	3.0		3.0		
Other Travel	17	215			2.2		2.2		2.2	2.2		2.2		
Other Personnel Benefits	18	129			13.8		14.4		13.3	13.3		13.3		
Local Employees	19		FNDII Workyears	32.2	375.5	31.9	412.2	31.0	453.2	453.2	31.0	453.2		453.2
Basic Pay	20	114	FNDII Workyears	32.2	345.3	31.9	385.3	31.0	423.8	423.8	31.0	423.8		
Overtime, Holiday Pay	21	115	FNDII Workyears	0.2	1.9	0.2	2.0	0.2	2.0	2.0	0.2	2.0		
Other Pay	22	119												
Personnel Benefits	23	129	FNDII Workyears	31.0	22.3	31.0	24.9	31.0	27.4	27.4	31.0	27.4		
Benefits for Former Personnel	24	13			6.0									
Contract Personnel	25		Workyears											
PASA Technicians	26	258	Workyears											
Other Reimbursable Details	27	111	Workyears											
Experts and Consultants	28	113	Workyears											
Other Technicians	29	255	Workyears											
HOUSING	30				216.4		295.0		236.9	236.9		236.9		286.8
Acquisition of Land and Structures	31	320	No. of Residential Units											

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OPERATING EXPENSE BUDGET

DECISION UNIT: 526 PARAGUAY

EXPENSE CATEGORY	LINE NO.	OBJECT CLASS	EXPENSE RELATED TO	FY 1978		FY 1979		FY 1980		MARK	UNITS	PROPOSED UNITS
				UNITS	\$	UNITS	\$	UNITS	MINIMUM			
HOUSING Continued												
Rent	32	235	Nb. of Residential Units									
Utilities	33	235	Nb. of Residential Units									
Renovation	34	259	Nb. of Residential Units									
Maintenance	35	259	Total Square Feet	14,247	1.2	14,247	1.2	14,247	1.2			
Residential Furnishings and Equipment	36											
Additions to Inventory	37	311	Nb. of Residential Units									
Replacement	38	311			21.7		49.4			24.4		
Transportation	39	22			21.7		49.4			24.4		
Quarters Allowance	40	127	Nb. of Residential Units	14	136.1	17	164.5	17	156.4			
Mission Director	41											
Rent	42	235			9.0		9.0		9.0			
Utilities	43	235			7.0		7.0		7.0			
Renovation of Residence	44	259										
Maintenance of Residence	45	259			10.1		10.1		10.1			
Supplies and Materials	46	26										
Furniture Procurement	47	311										
Official Residence Allowance	48	254			2.5		2.5		2.5			
Representation Allowance	49	252			1.5		1.5		1.5			
Vehicles	50											
Acquisition	51	312			5.2		5.2					
Operation/Maintenance	52	259			0.4		0.4		0.4			
Portion of Lines 31-52 for Program Funded People	53											
OFFICE OPERATIONS	54				391.5		422.3		424.4			454.6
Acquisition of Land and Structures	55	320										
Rent	56	234			29.3		29.3		29.3			
Utilities	57	234			22.8		22.8		22.8			
Renovations	58	259										
Building Maintenance	59	259			12.3		12.3		12.3			
Office Furnishings and Equipment	60											
Additions to Inventory	61	310										
Replacement	62	310			5.3		13.4		3.8			

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OPERATING EXPENSE BUDGET

DECISION UNIT: 526 PARAGUAY

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EXPENSE CATEGORY	LINE NO.	OBJECT CLASS	EXPENSE RELATED TO	FY 1978		FY 1979		FY 1980		PROPOSED	
				UNITS	\$	UNITS	\$	UNITS	\$	UNITS	\$
<u>OFFICE OPERATIONS Continued</u>											
Other Equipment	63	319									
Transportation (Freight)	64	22									
Communications	65	230		21.8	18.2	13.0	13.0		8.1		
Security (Guard Services)	66	259									
Printing and Reproduction	67	24									
Operational Travel	68			0.7	0.7				0.7		
International	69	210									
Domestic	70	210		38.1	37.4				36.3		
Charter/Contract Transportation Vehicles	71	259		4.8	4.4				4.7		
Addition	72										
Replacement	73	312	No. of Vehicles								
Maintenance	74	312	No. of Vehicles								
Automotive Supplies and Materials	75	259	No. of Vehicles	3	19.0	3	20.3	2	12.9		
Other Supplies and Materials	76	26	No. of Vehicles	2	0.8	2	0.8	2	0.8		
FAAS	77	26	No. of Vehicles	3	10.0	3	10.0	3	10.0		
Other U.S. Government Reimbursements	78	257		10.2	10.2				10.2		
Other	79	258		174.0	200.1				230.1		
Portion of Lines 55-80 for Program Funded People	80	259		29.4	29.4				29.4		
	81										

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EXPENSE CATEGORY	LINE NO.	FY 1978	FY 1979	MARK	FY 1980	
					MINIMUM	PROPOSED
TOTAL OPERATING EXPENSE BUDGET	82	1,818.0	1,936.2	1,952.3	1,952.3	2,032.4
Reconciliation						
Deduct from item 82 items not funded from Mission's allotment:						
Object Class 11	83	557.3	628.0	667.3		
Object Class 12	84	47.5	54.8	54.3		
Object Class 13	85					
Net FAAS (From line 78)	86	174.0	200.1	230.1		
Other - Explain on Attachment	87					
Net Allotment Recirements	88	1,039.2	1,053.3	1,000.6		
Operational Year Allotment Requirement by Quarter						
First Quarter	89		201.3			
Second Quarter	90		345.4			
Third Quarter	91		224.8			
Fourth Quarter	92		281.8			

ADDITIONAL SCHEDULES AND ANALYSES	Attached	
	Yes	No
Use of Trust Funds		
ADP Equipment		
Budget Line 31 Detail		
Budget Line 55 Detail		
Budget Line 80 Detail	X	

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DECISION UNIT: 526 PARAGUAYATTACHMENT TO MISSION OPERATING EXPENSE BUDGETSELECTED OBJECT CLASS DETAIL

<u>Object Class</u>	<u>Description</u>	<u>FY 1978 Amount</u>	<u>FY 1979 Amount</u>	<u>FY 1980 Amount</u>
259	TOTAL	<u>29,428</u>	<u>29,428</u>	<u>29,428</u>
	Medical Costs	20,731	20,731	20,731
	Office Equipment - Services and Repairs	5,171	5,171	5,171
	Other Services	3,526	3,526	3,526
	a) Language Training	(69)	(69)	(69)
	b) Legal Advice	(1,311)	(1,311)	(1,311)
	c) Miscellaneous	(2,146)	(2,146)	(2,146)

TABLE VI - FUNDING FOR SPECIAL CONCERNS

PROJECT NUMBER AND TITLE	APPROP CODE	SPECIAL CONCERN CODE	DECISION UNIT					
			USAID/PARAGUAY OBLIGATIONS (\$ 000)					
			PY: 78 PROJECT TOTAL	SPECIAL CONCERN	CY: 79 PROJECT TOTAL	BY: 80 PROJECT TOTAL	SPECIAL CONCERN	
0109 Small Farm Technology	FN	ATNL	306	104	6,000	3,000	70	9
0101 Credit Unions	FN	COUS	306	306	249	136	70	70
0101 Credit Unions	FN	CODC	194	25	249	249	124	25
0120 Indian Settlement	FN	CODC			142	25		
0121 Small Farmer Land Financing	FN	CODC						
0109 Small Farm Technology	FN	IFRG			6,000	55		25
0118 Minifundia Crop Intensification	FN	IFRG			445	15		
0508 Basic Rural Non Formal Education	FN	IFRG						2,898
0505 Primary Education Improvement	EH	IFRG			7,600	390		350
0503 Bilingual Education	EH	LTRG	171	171	307	307	313	313
0506 Community Services for Women	EH	PVOL	70	70				
0119 Honey Production	FN	PVOL	26	26				
0120 Indian Settlement	FN	PVOL	194	194	142	142	124	124
0306 Health Education II	HE	PVOL	31	31	30	30	30	30
- Various OPGs		PVOL						400
0109 Small Farm Technology	FN	RESA			6,000	160		
0109 Small Farm Technology	FN	RESD			6,000	800		
0100 Project Support and Development	FN	XIIR			465	100		
0508 Basic Non Formal Education	EH	XIIS						
0506 Community Services for Women	EH	WID	70	70			2,898	77

DECISION UNIT: USAID/Paraguay

PERIOD COVERED: October 1, 1978, to September 30, 1980

DATE: May 17, 1978

Mission Evaluation Schedule for Operational Year and Budget Year

(1) Project Title and Number/Subject	(2) Number and Date of last PAR/FES Submitted	(3) Proposed Date of next FES	(4) Period to be Covered	(5) Identification Special Evaluations and purpose for them	(6) Remarks
<u>FOOD AND NUTRITION</u>					
Grant					
Credit Unions (526-0101)	1/	June 79	Jan. 78 - Dec. 78.		
Small Farmer Tech. (526-0109)	-	May 80	Apr. 79 - Mar. 80		
Market Town Dev. (526-0112)	-	Dec. 79	Nov. 78 - Oct. 79		
Minifundia Crop Intensif. (526-0118)	-	Nov. 79	Oct. 78 - Sept. 79		
Honey Production (526-0119) PRO	-	March 79	Apr. 78 - Mar. 79		
Indian Settlement (526-0120) ORG	-	May 79	Apr. 78 - May 79		
Loan					
Rural Enterp. (526-0107)	2/	June 79	May 78 - Apr. 79		
Small Farmer Dev. (526-0113)	1/	June 79	Jan. 78 - Dec. 78		
Small Farmer Tech. (526-0104)	-	May 80	Apr. 79 - Mar. 80		
Market Town Dev. (526-0112)	-	Dec. 79	Nov. 78 - Oct. 79		
Prod. Credit Guar. Pr. (526-0114)	-	May 79	Apr. 78 - Mar. 79		
Rural Roads (526-0111)	-	Oct. 79	Jul. 78 - Aug. 8		
Population and Health					
Population (526-0085)	3/	-	-		
Population II (526-0305)	-	July 80	Jul. 79 - June 80		
Health Educ. II (526-0306) ORG	-	April 79	Apr. 78 - Mar. 79		
Education & Human Res. Dev.					
Rural Non-Formal Ed. (526-0501)	Feb. 78	Feb. 79	Oct. 77 - Dec. 78		
Rural Radio Ed. (526-0502)	4/	July 79	June 78 - May 79		
Bilingu. Ed. (526-0503)	-	Nov. 79	Oct. 78 - Sept. 79		
Com. Serv. for Women (526-0506) ORG	-	Oct. 78	Oct. 77 - Sept. 78		
Vocational Inst. (526-0507) ORG	-	Nov. 78	Oct. 77 - Sept. 78		
Cadastral Surv. (526-0703)	Dec. 76	Oct. 78	Oct. 76 - Sept. 78		
Primary Edu. (526-0505)	-	Sept. 80	Jul. 79 - Aug. 80		

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DECISION UNIT: USAID/Paraguay

PERIOD COVERED: October 1, 1978, to September 30, 1980

DATE: May 17, 1978

Mission Evaluation Schedule for Operational Year and Budget Year

(1) Project Title and Number/Subject	(2) Number and Date of last PAR/PES Submitted	(3) Proposed Date of next PES	(4) Period to be Covered	(5) Identification Special Evaluations and purpose for them	(6) Remark.
Selected Development Prob. <u>Small Manuf. Ind. Dev.</u> (526-0603)	-	June 80	Aug. 79 - Apr. 80		
Labor Devel.	5/	May 79	Apr. 78 - Mar. 79		

- 1/ FY 1978 Evaluation Report is in its final edition.
- 2/ FY 1978 Evaluation is in process. PES will be submitted in June 1978.
- 3/ Final Evaluation scheduled for May 1978. PES will be submitted in July 1978.
- 4/ FY 1978 Evaluation will be submitted June 1978.
- 5/ FY 1978 Evaluation is in process. PES will be submitted in June 1978.

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MISSION EVALUATION ACTIVITIES

1. The Mission is currently performing an in-depth evaluation of the recently started Rural Enterprises Project (525-0107) with special emphasis in determining the potential benefit of the various sub-projects on the target group. Preliminary findings indicate a rather low impact and the question has been raised as to whether this type of project, as currently designed, is making a significant contribution towards the generally established goal of increasing small farmer income. We believe that a bureau-wide evaluation would provide important information for policy-making decisions and therefore suggest that AID/W consider such possibility.
2. USAID/Paraguay has not had extensive experience with contract services evaluation. Only one contract has been entered into in FY 1978 for performing a technical independent review of the Farm Management Project, however, was found extremely helpful as it pointed out important results which were incorporated in the design of the proposed Small Farmer Technology project. The Mission plans to rely more heavily upon such contracts in the future. We expect that a number of the ex post evaluations could be better performed with the assistance of contractors or AID/W since expertise may no longer be available within the Mission. Information on the projects to be evaluated and the type of assistance required will be transmitted in a separate message.
3. USAID/Paraguay has started utilizing the interim PES evaluation reporting format and considers this document to be an important improvement over the previous PAR and encourages AID/W to adopt this format on a definitive basis.

We believe that the design/evaluation system is effective and not excessively demanding. However, during the past eight months, time devoted to design efforts in the preparation of four loan and five grant projects (including ORGs) plus the preparation of six FIDs has been responsible for delay in regular evaluation work. Nevertheless, we expect to complete all pending evaluations as scheduled, with the exception of the Cadaster Survey Project (526-0703) the evaluation of which was postponed for inclusion in the FY 1979 plan.

4. There has been no change in the internal Mission administrative arrangements for evaluation and the information transmitted in TOAID A-46 dated November 11, 1977, is still current.

Table 1

Program Analysis for the Oral and Condom Supplies Needed to Achieve Full Availability

	1977	1978	1979	1980	1981	1982
A, "Full Supply" Analysis						
1. Married women of reproductive age - (See Annex A)	422	435	448	462	477	492
2. 65% of line A.1. (Contracepting women required to achieve replacement fertility)	274	283	291	300	310	320
3. 50% of line A.1. (Contracepting women utilizing orals and condoms)	211	217	224	231	238	246
4. Annual stock requirements for "full availability"						
a. Orals - 3/4 of line A.3. x 13 monthly cycles (75%)	2,056	2,115	2,184	2,251	2,320	2,399
b. Condoms - 1/4 of line A.3. x 100 units (25%)	5,275	5,425	5,600	5,775	5,950	6,150
B, Annual New Supply From Non-AID Bilateral Sources						
1. Private Commercial Sector						
a. Orals	358	375	394	414	434	450
b. Condoms	437	437	437	437	437	437
2. Other Donors						
a. Orals	158	255	286	320	355	390
b. Condoms	269	85	95	107	115	120
3. Host Country Government Procurement						
a. Orals	0	0	0	0	0	0
b. Condoms	0	0	0	0	0	0
4. Total In-Country New Supply						
a. Orals	516	630	680	734	789	840
b. Condoms	706	522	532	544	552	557

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Table 1 - Page 2
 Program Analysis for the Oral and Condom Supplies Needed to Achieve Full Availability

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
C. Gap to be Filled to Achieve "Full Availability"						
1. Orals (line A.4.a. less line B.4.a.)	1,540	1,485	1,504	1,517	1,531	1,559
2. Condoms (line A.4.b. less line B.4.b.)	4,569	4,903	5,068	5,231	5,398	5,593
D. AID Bilateral Supply Objectives						
1. Orals	260	320	420	500	550	600
2. Condoms	115	381	1,440	1,152	864	1,152
E. Total New Supply						
1. Orals (line B.4.a. plus line D.1.)	776	950	1,100	1,234	1,339	1,440
2. Condoms (line B.4.b. plus line D.2.)	821	903	1,972	1,696	1,416	1,709
F. Remaining Supply Gap						
1. Orals (line A.4.a. less line E.1.)	1,280	1,165	1,084	1,017	981	959
2. Condoms (line A.4.b. less line E.2.)	4,454	4,522	3,628	4,079	4,534	4,441
G. People Gap						
1. Orals (line F.1. divided by 13)	98	90	83	78	75	74
2. Condoms (line F.2. divided by 100)	45	45	36	41	45	44
3. Total (line G.1. plus G.2.)	143	135	119	119	120	118

Table 2

AID Bilateral Logistic and Financial Analysis of Orals

A. AID Inventory Analysis	Calendar Year				
	1978	1979	1980	1981	1982
1. Beginning of year stock	201	281	381	491	541
2. Add: Scheduled deliveries (See Annex B)	320	420	500	550	600
3. Less: Expected use	240	320	390	500	550
4. End of Year Stock	281	381	491	541	591

To be completed by AID/Washington

B. Financial Analysis (FY '78)

1. CY 1979 deliveries (Line A.2. above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY '78 (to be determined by AID/W)

C. Financial Analysis (FY '79)

1. CY 1980 deliveries (Line A.2. above)
2. Estimated cost per unit in FY of purchase (to be determined by AID/W)
3. Estimated total cost for FY 1979 (to be determined by AID/W)

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Table 3

AID Bilateral Logistic and Financial Analysis of Condoms

A. AID Inventory Analysis	Calendar Year				
	1978	1979	1980	1981	1982
1. Beginning of year stock	200	181	921	1,273	1,237
2. Add: Scheduled deliveries (See Annex B)	381	1,440	1,152	864	1,152
3. Less: Expected Use	400	700	800	900	1,000
4. End of year stock	181	921	1,273	1,237	1,389

To be completed by AID/Washington

B. Financial Analysis (FY '78)

1. CY 1978 deliveries (Line A.2. above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY '78 (to be determined by AID/W)

C. Financial Analysis (FY '79)

1. CY 1979 deliveries (line A.2. above)
2. Estimated cost per unit in FY of purchase (to be determined by AID/W)
3. Estimated total cost for FY 1979 (to be determined by AID/W)

COMMITMENT AND PROGRESS TOWARD MEETING BASIC HUMAN NEEDSI. Historical Perspective

Paraguay's development program as outlined in the five-year national Plan for Social and Economic Development, 1977-1981, which was composed in 1976, is a classic example of the type of plan considered to be sound for small developing countries during the 1950s and 1960s. High investment levels are posited as the key to rapid growth; emphasis is given to agriculture, agroindustrial exports and to investment in economic infrastructure (roads, communications, electric energy) as the prerequisites for long-term stable growth. Less emphasis, although relatively greater than before the Plan, is given to social infrastructure and the goal of a more equitable distribution of income probably on the grounds that, important as those goals may be, it would be wise to wait for the day when real national income was high enough to justify giving them a high priority. While it is difficult to say when a developing country has achieved such a level of income, it is very doubtful that Paraguay had done so during the first half of the 1970s. It might be fair to say that Paraguay, with a competitive, private enterprise economy subject to little interference in the form of direct, restrictive government controls and regulations, but aided by considerable support from government investment in infrastructure, has been depending on high profits and entrepreneurial initiative to provide the principal driving force for its rapid economic expansion of the past decade. In this respect, the Paraguayan economy today may mirror in many ways the type of economic organization that typified the U.S. economy of the late 19th century.

The belief that in the past developing countries had over-emphasized high profits, high investments and economic growth without giving adequate attention to income distribution is a relatively recent phenomenon and has received general recognition only since about 1973. Professional thought on the subject has still not elucidated the possible trade-off between growth and income distribution or the state of a country's development where expenditures in health, public housing and education should be given priority over additional investments in physical infrastructure. Nor is it clear what the proper mix should be at any given

stage of a country's development. It is well to remember that the United States did not have a personal income tax until World War I, and that heavy social service expenditures of the more developed countries of the western world are a relatively recent occurrence, starting for most in the 1930s and becoming important for many only during the past decade or two.

In short, one must judge the Paraguayan economy and its orientation to income redistribution and provisions of public services in this historical context if we are to be fair and reasonable. We do not know enough about the present income distribution of the country to know whether it is more or less skewed than is typical of countries at its present stage of economic development. We do know from observation that there is less evidence of dire poverty in Paraguay than that appearing to prevail in other countries with similar or higher per capita income. The important consideration therefore is not how far Paraguay has gone in the direction of establishing a more egalitarian economic system oriented towards basic human needs, but whether it is moving in that direction. We must assume that for Paraguay, as for any country at its present stage of economic development, a considerable period of time will elapse before the basic needs for health, education and housing have been adequately met for the majority of its population. Our problem is to assess the degree to which the Paraguayan Government is responsive to those needs.

II. Extent of Participation in Economic Development by the Poor

Paraguay had a per capita GDP in 1976 of \$624 which placed it among the poorer of the middle income, developing countries. Lacking comprehensive income data for the country, it is difficult to say what portion of the population would fall within the target group of the poor, classified as those with incomes of less than \$150 in 1969 (\$300 in 1976). A study by a Paraguayan economist in 1973 revealed that in that year 29.5% of the population had less than \$200 per capita).^{1/} A per capita income of \$150 in 1969 was equivalent to \$215 in 1973 after adjusting for the increase in GDP prices. Thus, we may assume that as a result of an increase in real income since 1973, perhaps 25% of the population still receive an income of less than the target level.

But data other than estimates of per capita income also point to the fact that Paraguay is still a long way from satisfying the basic needs of a large segment of its population.

According to the Servicio Nacional De Saneamiento Ambiental (SENASA),^{2/} in 1972 52% of the houses in the country consisted of one room; 80% of the houses had dirt floors in rural areas and 59% had dirt floors in

^{1/} Agustin Oscar Flecha, Distribution de Ingresos y Desarrollo, Instituto de Desarrollo Integral y Armonico, Asuncion 1975, p.63

^{2/} Information obtained from the Census of Population and Housing 1972:

urban areas. Moreover, 85% of the houses in rural areas and 43% in urban areas were dependent on outside public latrines for sanitary facilities. An Inter-American Development Bank loan paper of October 1977 noted that the percentage of Paraguay's population with access to an organized water supply is the smallest of any South American country. Obviously, the majority of the population is still without adequate housing and sanitation.

The ability of Paraguay to satisfy the basic needs of its poorest citizens depends in large measure on increasing its tax revenue at a more rapid rate than changes in real national income. The elasticity of taxes with respect to changes in real national income has been less than one, with the result that tax revenue has fallen, as a percent of GDP, from 11.4% in 1969 to 8.5% in 1975.^{1/} Under the recent five-year national development plan, the government proposes to raise the percentage from 8.5% in 1975 to 10.2% in 1981. In addition, it proposes to raise the share of direct taxes from 31.9% of total tax revenue to 37.7% in 1981.^{2/} According to the Plan, this is to be accomplished by: converting the present income tax (a tax on business net income) into a "global and personal" income tax; with the aid of the Cadastral Survey to increase returns from the property tax by increasing the number of properties taxed and by assigning realistic values to all taxable properties in Eastern Paraguay; rationalizing the present tax structure.^{3/} These changes will serve to increase the progressivity of the tax system.

The property tax begins to be progressive for properties above 100 hectares in size and becomes increasingly progressive for those above 5,000 hectares.^{4/} With the help of the A.I.D.-assisted Cadastral Survey which will be largely completed next year, a proper evaluation of properties will be possible which in itself will make the tax more progressive. Since it is generally accepted that a tax on business net income cannot be shifted, the income tax is largely paid by those who are relatively well to do. Rates of import duties and excise taxes are much higher on luxury goods than on essentials. In addition, it should be pointed out that electricity rates are so structured that the wealthy, or relatively large consumers, pay considerably more per unit of energy consumed than the poor people.

The present savings and loan system, instituted by the Government with A.I.D. assistance in the early 1970s, has served both greatly to augment financial savings and to preserve the real value of savings, including those of the relatively poor or small savers, through an indexing system

1/ Plan Nacional de Desarrollo Economico y Social 1977-1981, Presidencia de la Republica, Tomo I, p. 135.

2/ Ibid. Plan, Tomo II, pp 147-148.

3/ Ibid. Plan, pp. 140-141.

4/ Law 418 provides for percentage increases to be applied to the basic tax of 5% for properties of 100-300 hectares with increases up to 30% for those of more than 100,000 hectares.

which increases the interest paid on savings deposits in accordance with the rise in the cost of living. In this policy which helps meet basic economic needs of the population, Paraguay is in advance of many developed countries, including the United States.

The other measure of the extent to which basic needs of the population are being met is the allocation of budget funds to meet those needs. The following table shows in absolute and percentage terms the estimated share of the consolidated public sector budget* allocated to agriculture, education and health, the sectors which are of greatest interest for A.I.D. programming.

(\$s. millions)

Category	FY 1975 ^{1/}	FY 1976 ^{2/}	FY 1977 ^{3/}
Total Expenditures ^{3/}	33,713	34,456	40,085
Percent of GDP	17.7	16.1	15.2
Total for Agriculture	5,199	6,144	6,489
Percent of Total Expenditures	15.4	17.8	16.2
Percent of GDP	2.7	2.9	2.5
Total for Education	3,072	3,779	4,729
Percent of Total Expenditures	9.1	11.0	11.8
Percent of GDP	1.6	1.8	1.8
Total for Health	1,534	1,448	3,073
Percent of Total Expenditures	4.6	4.2	7.7
Percent of GDP	0.8	0.7	1.2
Agriculture, Education, Health as Percent of Total	29.1	33.0	35.7
As Percent of GDP	5.1	5.4	5.5

Sources: a) Informe Financiero 1975, 1976, Min. of Finance b) GOP Budget, 1975, 1976, 1977; c) Plan de Desarrollo Economico y Social, 1977-1981.

^{1/} Actual disbursements from consolidated budget.

^{2/} Actual current disbursements from Central Government Budget plus planned public investments.

^{3/} Allocations for current expenditure to Central Government Budget plus planned public investments. Percent of GDP data based on Central Bank estimate of GDP.

* The consolidated public sector budget includes expenditures from: the Central Government Budget, the government enterprises, the autonomous agencies and the municipalities; it reflects the impact of total government spending on economic development.

The growth in the percentage share of expenditures to these key sectors is impressive and accords with the intended emphasis given to these sectors in the national development plan. There it is shown that public investments in agriculture, education, health and housing are to increase from 36.3% of total public investments realized in 1975 to a planned 43.8% in 1981.^{1/}

In conclusion, the present tax system is probably as progressive as most tax structures among developing countries, and government plans and policies indicate that one can expect it to become increasingly progressive in the future. Government expenditures are heavily concentrated in sectors where the majority of the poor may be expected to benefit directly.

III. Extent to Which Government Policies Contribute to Stable Growth

There is no question that the Paraguayan economy has enjoyed an extended period of stable and rapid growth during the past seven years and that the growth has resulted in large part because of the economic policies of the Government. GDP increased at an average annual rate of 6.1% from 1970 to 1975, by 7.5% in 1976 and by 8.2% in 1977. On the side of effective demand, this growth was supported by the sharp rise in agricultural prices in world markets and, since 1974, by the demand from the power projects, Itaipu and Yacyreta, for exports of goods and services from Paraguay.

Commodity exports (F.O.B.) to foreign countries rose from \$65 million in 1970 to \$279 million in 1977. While strong foreign demand and high prices were incentives, government policies to extend and improve road transportation and to encourage extensive agriculture through a successful land settlement program made it possible for Paraguayan farmers to expand the volume of their exports. Also important to the successful response to greater demand was the presence of a competitive market and the absence of irrational price setting to the disadvantage of producers (such as occurred in Argentina under Peron). Also important to rapid supply response was the absence of serious domestic inflation, despite inflationary influences from abroad. Sound monetary and fiscal policies kept prices relatively stable (under 10% a year for most years) so that an inflated domestic market did not hinder export expansion.

The Itaipu power project has been under construction since May of 1974, but no important foreign exchange earnings accrued to Paraguay as a result of participation in its construction until 1975 when exports to the project in the form of commodities and services of workers amounted to \$42.5 million. During 1976 experts were predicting that such foreign exchange earnings might peak at about \$100 million in 1979 or 1980. Then in 1977 export earnings to the Itaipu project amounted to \$142 million and earnings from exports to Yacyreta to \$5.6 million, these earnings being in addition to normal commodity exports of \$279 million. Again, the Paraguayan economy demonstrated its elasticity, its competitiveness and its ability to take advantage of a growth in market demand.

^{1/} Ibid. Plan, p. 153

Finally, one should consider Paraguay's ability to raise its investments as a percent of GDP, since it is principally through public investments in physical and social infrastructure and through private investments in increased production capacity that significant and sustained economic growth is possible for a developing country. The record on this score is very good. Paraguay's gross investment in fixed capital rose from an average of 13.5% ^{of GDP} during 1970-72 to 20.5% in 1975 and 24.8% in 1976.^{1/} Moreover, both the public and private investments shared in the rapid growth, both increasing at an annual average rate of about 16%.^{2/}

Public investments have been financed principally with the assistance of external loans, but also with an increasing surplus in the current account of the budget of the Central Government. This surplus increased from an average of about \$1 billion (\$7.9 million) in 1971-1972 to within the range of \$2.6 billion (\$20.6 million) to \$7.9 billion (\$62.8 million) from 1975 to 1977. As mentioned earlier, the principal investments have been in economic infrastructure. Thus, in 1975, for example, 20% of public investments were in agriculture, 20% in transportation and communications and 19.5% in energy.^{3/}

Private investments in Paraguay, both Paraguayan and foreign, have been stimulated since 1970 by Law No. 216, the Law of Investments for Social and Economic Development, which liberated eligible industries from the payment of various import duties and foreign exchange taxes applicable to the importation of capital and capital goods and which reduced the income tax for the firm by 50% for a period of five years. Law 550 of 1975 was for the same purpose but is generally considered broader in coverage and even more liberal in its treatment of investors. These laws stimulated private investments in sectors considered to be important to the country's development, such as the export sector and agroindustries.

Also of considerable importance to private investment in housing and for savings has been the establishment of a savings and loan system since 1973 with assistance from A.I.D. Savings in these institutions have been stimulated by an indexing system under which interest rates for both savings deposits and loan are adjusted upward in accordance with increases in the cost of living to preserve the net value of capital. As a result, financial savings in the form of savings and loan deposits have increased from \$305 millions (\$2.4 million) in 1973 to \$7,286 million (\$57.8 million) at the end of 1977, an increase of \$6,981 million (\$55.4 million). During the same period total time and savings deposits in all financial institutions increased from \$11,111 million to \$25,173, an increase of \$14,062 million. Thus, savings and loan institutions

^{1/} Banco Nacional del Paraguay, Cuentas Nacionales, 1970/76, p 22.

^{2/} Paraguay, Informe Presentado al CEPICIES, Ministerio de Hacienda, Asuncion, Nov. 1977, p. 15

^{3/} Op cit Plan, Tomo II, p.153

were responsible for 50% of the increase in saving deposits; they constituted not only an important source of private investment, but they helped curb inflation during a period when external inflationary pressures were severe. Certainly A.I.D.'s initiative in establishing the system and the Government's willingness to do so have had important consequences for stable and sustained economic growth.

Investments in rural infrastructure, particularly heavy investments in highways and rural roads, played a vital part in agricultural growth by making it possible to get output from the farm to market places, thereby making possible the rapid growth of agricultural and agroindustrial exports (which account for over 90% of the total). The other factor of great importance was the continual expansion of the area under cultivation which has been the principal source of the high 6.5% annual increase in output of the agricultural crop sector from 1970 to 1976. Extensive agriculture has been made possible by land settlement and colonization schemes which, according to government reports, resulted in the settlement of 160,000 rural families (approximately 800,000 people or about half the present rural population) between 1960 and 1977.^{1/} There is little doubt that these two factors, land settlement and road transportation have been of fundamental importance to the growth of output and to the effective and rapid marketing of output in world markets to take advantage of high international prices that have prevailed since 1973. Agricultural exports at high prices has led to greatly improved incomes among farmers, a factor that has been evident to concerns selling to farmers in 1977. Since most agricultural exports are produced in part by the relatively small and poor farmers, they, too, have benefited. In this way, sensible policies at the macro-level have contributed to the improved income of the country's poor.

Finally, one must concede that Paraguay has an admirable record in preserving price stability, not only in comparison with countries of South America where serious inflation is generally rife, but also in comparison with almost any developing country in the world. During 1970-1977, when double digit inflation was common among many countries, Paraguay had an average annual increase in consumer prices of 9%. The average increase during the past 3 years of the period was 6.9%. This is no mean achievement for an open economy, where foreign trade (both official and extra official and including imports and exports) is equivalent to 58% of GDP, and is subject to the full impact of worldwide inflation. This has resulted from the use of conservative monetary and fiscal policies, avoiding deficit financing of the budget by the Central Bank, restraining the expansion of bank credit by high minimum cash reserve requirements, and maintaining realistic interest rates that approximate the opportunity cost of money. By way of example, in order to curb the inflationary effects of an excessive expansion of the money supply during

^{1/} President's Message to Congress, ABC (newspaper), April 2, 1977, p.10

1977 that was brought about largely as a result of the rapid accumulation of foreign exchange reserves, the Central Bank in February 1978 increased cash reserve requirements against official deposits in private banks to 100% thereby effectively sterilizing about \$4 billion of money in circulation.

Government policy to prevent serious inflation should be considered as one of the important measures whereby distortions and inequities in income distribution, the inevitable accompaniment of such inflation, are avoided. The very poor are always among those least able to defend themselves against the corrosive effect on real income of serious inflation. Thus, the Government of Paraguay is to be complimented on its ability to avoid serious inflation and thereby avoid the regressive effects of such inflation on income distribution.

IV. Extent to which Government Policies Increase the Productivity and Utilization of Labor

The liberal economic policies of the government, characterized by the promotion of agricultural exports and the free flow of imports, has generally promoted the more rapid growth and the fuller utilization of the country's resources. Likewise, the high level of investment attained and the avoidance of serious inflation, factors discussed previously, have led to the more rapid economic growth as well as the more productive and fuller utilization of the labor force. A government does more for promoting the full and productive use of its labor force through the pursuit of sound, general economic policies than by any other means. This has been true in the case of Paraguay.

Monetary and credit policies have been directed both to containing inflation by preventing an excessively rapid expansion of the money supply and to maximizing output by directing a large share of credit to productive sectors, also a means of preserving price stability. The Central Bank has been following a selective credit policy since 1972 whereby 50% of total credits were reserved for what are classified as priority sectors of production, principally transportation and industry. The objective is to prevent an excessive amount of credit being channeled to foreign trade, domestic commerce and private construction (areas attractive to commercial bankers because of limited risk) to the detriment of what are considered priority sectors of production. The policy is considered by the Central Bank to have been successful and it probably has significantly stimulated domestic income and employment.

There has been a positive correlation between the rate of growth of GDP and the rate of growth of employment. Thus, GDP grew by 4.3% per annum from 1962 to 1972 and employment increased at an annual average rate of 2.8%. This resulted in an annual increase of employment of 17.3 thousand persons.^{1/} Population increased at an annual rate of 2.7% during the period. Since 1972 GDP has been increasing at 7% per annum and is projected in the Five Year Plan to increase at 7.6% per annum from 1977

^{1/} Op cit. Plan, Tomo I, p. 154

to 1981. The Plan projects an annual increase in employment of 151,000 or an average annual compound rate of growth of 3.3%.^{1/} If the projected rate of economic growth is attained, the expected rate of increase in employment does not appear to be unreasonable in view of historical data. This projection covers net additions to the labor force, so there will be no increase in unemployment.

In addition to macroeconomic policies designed to sustain rapid economic growth, Paraguay has taken a number of specific measures to raise employment and productivity. One of the most important of these has been the previously mentioned policy of Agrarian Reform and land settlement. Under this plan, subsistence farmers are able to move away from minifundia areas and obtain larger land holdings in colonization areas. The increased size of the land holdings makes possible both higher productivity per farm worker and greater employment for the farm family. Underemployment in agriculture has been found to be heaviest among the small farmers with less than 5 hectares of land. Another program of importance has been the Servicio Nacional de Promocion Profesional, an institution financed with tax revenues, which in 1977 trained 3403 skilled workers in 47 specialties, making a total of 12,122 trained under the program.^{2/} The Plan Nacional de Recursos Humanos y Empleo, 1977-1981 points out the need to develop an employment intensive technology to absorb the unemployed and underemployed, and a National Institute of Technology and Standards has as one of its principal functions the creation and dissemination of appropriate technology. With the assistance of IDB, the government is providing development loans to small and medium sized industries and farms. Two A.I.D. projects under development aim at increasing employment and income of the rural poor. One, Small Farmer Technology, will aim at increasing output per hectare and the area under cultivation through the use of appropriate technology. It has the support of the Ministry of Agriculture. The other, Small Manufacturing Industry Development, is a pilot project, designed to develop and disseminate appropriate, labor-intensive technology among small agroindustries and to provide supporting economic policies, so that the resultant expansion of industrial output will provide off-farm employment and strengthen the market for the primary products sold by small farmers. It is supported by the Ministry of Industry and Commerce. The two projects are complementary in their support of the country's key development objective - the expansion of the output and export of agricultural and agroindustrial products. Finally, it should be mentioned that with the assistance of the Harvard Advisory Group, the Government is carrying out a national manpower and human resources survey which will be indispensable to planning the future training and utilization of the country's human resources.

V. Appropriateness of Policies to Increase Small Farm Productivity and Output

The previously cited government policies to improve road transportation;

^{1/} Op cit, Plan, Tomo II, p. 194

^{2/} Op cit, President's Message to Congress

to encourage the settlement of new land areas, and to provide medium-term development credit are all supportive of small farm productivity. The Government, with A.I.D. assistance, has developed an agricultural extension service and is enthusiastically endorsing a new A.I.D. project proposal (Small Farmer Technology mentioned above) to strengthen greatly that service. The project will require the Ministry of Agriculture to implement a substantial decentralization of its activities to make them more accessible to the majority of Paraguay's small farmers. The Government has supported a free price system under which farmers have been able to take full advantage of the rise in agricultural prices in world markets. Intense competition in marketing channels is believed to result in reasonable dealer's margins over farm gate prices. In general, government policies are believed to be supportive of agricultural growth and productivity.

Data cited previously show that agriculture is receiving 15% to 18% of total expenditures and 21% to 27% of investment expenditures from the consolidated public sector budget. Since agriculture accounts for 30% of GDP and 48% of employment, these figures for agriculture's share in budget expenditures are not high. These are not, however, unreasonably low.

Under the Agrarian Reform, 160,000 farm families were settled on new lands which is convincing evidence of the opportunities open to the rural population to acquire new lands. The increase in the area under cultivation has been the principal source of agricultural growth in the past decade. Increasing amounts of development credit are being made available to farmers through the cooperative system and through the Banco Nacional de Fomento, although the needs of small farmers are far from being satisfied. Electricity is not yet available in most rural areas, although the Government is now seeking a sizeable loan to extend its main distribution system for electricity into the northeastern part of the country. When this main line is complete, it will provide a basis for more extensive rural electrification. Moreover, the future availability of virtually unlimited electric energy from Itaipu would make extensive rural electrification possible in the 1980s. The Paraguayan Congress recently approved a contract between IDB and CORPOSANA, under which CORPOSANA receives a \$6.2 million loan to construct water supply and sewage systems in the towns of Villarrica and Coronel Oviedo.

Tax revenues from agricultural property amounted to \$428 million in 1977, or only 1.8% of total ordinary tax revenue; by way of contrast, it accounted for \$271 million or 2.5% of total tax revenue in 1973. The administration of the tax is seriously hampered by lack of a cadastral survey and property registration records. The A.I.D.-sponsored cadastral survey is providing the basis for more effective administration and greater revenues from the property tax in both urban and rural areas. According to the OAS tax adviser, no assistance in the administration of the general property tax beyond data collection is now being provided. The GOP is now considering making a request for such assistance from the OAS under the OAS tax program. If an effective property tax can be instituted as planned with the aid of the Cadastral Survey, farmers with idle land holdings will be forced to sell their land or make their land productive in order to meet realistic tax assessments. The result will be to

increase agricultural production and employment. While no information is available concerning the extent to which productive land is not utilized and will not be available until a land utilization and capability study is carried out. It is interesting to note that the percentage of land in the hands of proprietors has increased from 4% in 1936 to 70% in 1976.^{1/}

Conclusion:

There are two principal ways that a government can attend to the basic needs of the poorer parts of its population: a) by pursuing macroeconomic policies that assure rapid and stable economic growth, stable growth implying the absence of serious inflation, b) by seeking in its taxation and public expenditure policies a more equitable distribution of the country's real income. During recent years, Paraguay has been notably successful in achieving the first criterion; while it still has a long road to travel to achieve the second, there is substantial evidence that it is making progress in that direction.

Rapid growth has enabled the increase in the labor force to find gainful employment, while the maintenance of relative price stability has prevented the inequities in income distribution that inevitably accompany serious inflation. There are important progressive elements in the present tax system and the structure of electric utility rates. The five-year national development plan proposes the adoption of a global personal income tax and a more effective property tax. Tax authorities advise us that they expect to adopt realistic property evaluations on the basis of the current A.I.D.-funded cadastral survey, a measure which in itself will enhance the progressivity of the tax structure. While total public expenditures for education and health are still low, they are estimated to have increased significantly during the past three years.^{2/} The GOP maintains that it is in direct need of technical assistance along with aid in the adoption of technology, and it is endorsing A.I.D. project proposals to raise the productivity and technical competence of poorer elements of the population.

We believe that further progress in meeting basic human needs in Paraguay will to a significant degree depend on the continued presence of an A.I.D. program; a program which emphasizes the greater allocation of public resources to satisfy those needs, policies to make more equitable the distribution of the tax burden, policies to assure maximum job opportunities

^{1/} Juan Manuel Freitas De La Reforma Agraria al Bienestar Rural
Instituto de Bienestar Rural, Asuncion, pp. 128-129.

^{2/} See attachments A and B

for the poor and to provide assistance for raising the quality of the country's human resources through education, manpower programs and training in the use of appropriate technology. The sustained, long-term growth of the economy and the equitable distribution of future increases in national income will largely depend on what Paraguay does to raise the productive efficiency of its population during coming decades.

The rapid expansion of the country's exports and the consequent increase in its foreign exchange reserves has facilitated borrowing abroad on commercial terms. The country has achieved very high rates of investment as a percent of GDP during recent years based increasingly on domestic savings. As a consequence, the country today has less need than before for official loans on concessional terms to finance capital development projects.

It continues to have a pressing need for adequate technical assistance, however, which cannot be easily or effectively acquired without official assistance. It is in the area of technical assistance for the development of the country's human resources that A.I.D. can play its principal role in the years to come.

-ATTACHMENT A

The Extent to Which Health Services and Policies Encourage
Low-Cost, Accessible Delivery

(1) Infant Mortality Rate - 84.2 (1973)

(2) Expenditures on total health services and (where data available) on preventive medicine, potable water, maternal-child health, paramedics, and other low-cost services, by the Ministry of Public Health and Social Welfare.

	<u>Budgeted 1976</u>	<u>Expended 1976</u>
TOTALS	<u>₹763,804,099</u>	<u>₹759,671,000</u>
PO4 Maternal-Child Health	13,980,000	13,980,000
PO3 Potable Water	21,255,180	19,502,272
PO6 Preventive Medicine	155,880,000	154,650,277
PO7 Environmental Sanitation	18,996,400	18,918,618
Other Health	744,807,699	552,620,597
	<u>Budget 1977</u>	<u>Budget 1978</u>
TOTALS	<u>₹852,826,220</u>	<u>₹1,080,457,117</u>
PO4 Maternal-Child Health	14,700,000	17,952,000
PO3 Potable Water	26,399,580	31,410,000
PO6 Preventive Medicine	156,814,800	178,273,800
PO7 Environmental Sanitation	22,907,600	28,489,400
Other Health	632,004,240	824,331,917

(3) According to the National Health Plan for 1976-80, the three general objectives of the national health policy are as follows:

- (a) Increase life expectancy at birth.
- (b) Extension of health service coverage to all the population of the country.
- (c) Contribution to economic growth, social harmony and integration of the country, incorporating the health plan into general development plans.

USAID has no quarrel with the above goals, but feels that the Ministry of Public Health and Social Welfare (MSPyBS) does not receive adequate budgetary allocations to achieve those objectives. Although the amount budgeted for the MSPyBS has doubled between 1974 and 1978, it still amounts to only about \$3 per capita for health services. The budget is largely devoted to salaries and there is little money for basic medical equipment, vaccines, or medicines. In 1974, the MSPyBS had the capability of reaching only 56% of the population.

Although GOP policies emphasize extension of coverage of health services to the rural colonization areas of the Eje Norte and Eje Este, the MSPyBS is giving highest priority to construction of new health facilities. The Ministry's existing health network is under-utilized largely because the quality of services is so poor. There is a shortage of medical personnel in rural areas because GOP policies do not require physicians, nurses, and dentists to serve in rural areas and there is no financial incentive for them to do so. The MSPyBS health centers are generally understaffed, under-equipped, and undersupplied. They are located only in the major cities and towns of the country. In 1974, Asuncion, which contained only 16.5% of the Paraguayan population, had 77.2% of the doctors, 79.6% of the dentists, and 89.2% of the nurses. Pharmacies are largely concentrated in Asuncion and other urban centers. The rural health posts are staffed by auxiliaries with little equipment or health supplies. The auxiliaries can provide first aid or emergency assistance and act as referral agents to health centers.

Paraguay's low population density of six people per square kilometer and poor road system hamper the MSPyBS's efforts to provide low-cost services to rural communities. There is little clinic outreach, little budget for preventive health campaigns, and little impact on the health problems of the rural poor. The MSPyBS is starting to plan for the creation of more health posts and formation of a cadre of community health volunteers to provide greater outreach. Existing training institutions are not adequate to train the numbers of auxiliaries and volunteers envisioned. Unless the MSPyBS is able to greatly increase its budget or secure increased outside assistance for training, equipment, medicines, and environmental sanitation activities, it will be left with a network of decaying buildings which are largely ignored by the rural poor.

(4) Average Life Expectancies

1965 - 1970	Men	58.63
	Women	61.71
	Both Sexes	60 13
1970 - 1975	Both Sexes	61.82

(5) Child Mortality, Neo-natal Mortality and Crude Death Rates.

The data are from 1973 and are based on information received by the MSPyBS on the 56% of the population it serves.*

Child (under 5) Mortality: 17 per 1,000 children under 5
 Neo-Natal Mortality : 40 per 1,000 live births
 Crude Death : 9.2 per 1,000 population

(6) Nutritional Intake data (e.g., calorie and protein availabilities relative to requirements).

	<u>Per Capita Consumption</u>	
	<u>Calories</u>	<u>Protein</u>
1965	2354	63.4 gr
1976	3098	87.1 gr

Sources: 1965: Nutrition Survey
 1976: National Nutrition Survey

Criterion F

(1) Rates of Demographic Change.

(a) Crude Birth Rate : 39 per 1,000 population
 (b) Crude Death Rate : 9 per 1,000 population
 (c) Rate of Natural Increase : 30 per 1,000 population
 (d) Population Growth Rate : 3% per annum

Crude Birth Rate varies from 22 per 1,000 population in Asuncion to 43 per 1,000 population in the rural areas.

(2) Percentages for population activities in total government expenditures.

The Ministry of Public Health and Social Welfare (MSPyBS) gets 3% of the general budget of the GOP. The Ministry has the responsibility for providing family planning information, education, and services through its Department of Family Protection. In the 1978 GOP budget there is only one item identifiable as a population activity. The budget lists the Family Protection Program as sub-program 12 under Integrated Health Services.

Family Protection: 1977: \$1,000,800
 1978: \$1,584,000

* Populations not served by MSPyBS include military personnel, beneficiaries of the Social Security System, recipients of services from missionary and other private groups, and all those who choose to buy services privately. It is not known whether the Ministry's population is comparable to the total population.

In 1978 DEPROFA will get \$12,000 out of a Ministry budget of \$8.2 million. Actual MSPyBS contributions will probably total \$89,000 in 1978 when one considers monies expended in support of DEPROFA activities from other Ministry accounts. All contraceptives provided to Ministry clients are donated by foreign agencies. The Ministry probably spends approximately 1% of its revenues on family planning.

(3) In general, Paraguayan institutions, laws, and policies neither encourage nor discourage smaller family size. Contraceptives are freely distributed through the health facilities of public and private organizations. However, family planning services are provided as a health service and not as a service to reduce the population growth rate. There is no official population policy, and even family planning officials are quick to point out that their programs have no demographic goals. Paraguayan laws allow the importation of contraceptives and commercial distribution through pharmacies.

Paraguayan traditions favor large families, and campesinos perceive that large numbers of children offer security in old age in the absence of old-age support systems. Rural women often marry in their early teens. GOP policies offer no incentives or subsidies for small families. Women legally have the same opportunities for education or employment as men, but rural women do not find much opportunity for education or employment outside the home. In Asuncion where economic and education participation of women is highest, the fertility rates are lowest.

(4) Contraceptive usage data.

According to the Paraguay Contraceptive Prevalence Survey of March/April 1977, 15.5% of all women between 15-44 years of age and 23.7% of ever-married women* between 15-44 years of age were using effective contraceptive methods. There is a significant rural/urban difference in use of contraceptives. 44.1% of ever-married women in Asuncion and 42.2% of ever-married women in other urban areas were using effective contraceptive methods. Only 17.1% of ever-married women in rural areas were doing so.

* Ever-married status includes both legal and consensual unions.

ATTACHMENT B

Access to Education for Basic Life Skills(1) Literacy RatesA. For the country as a whole: 81.40%B. By sex and urban/rural areas

Table I

Age	Area	Both Sexes			Men			Women		
		Total	Literate No.	%	Total	Literate No.	%	Total	Literate No.	%
10+	Total Parag.	1,629,978	1,308,922	80.5	798,896	671,316	84.2	831,082	637,606	76.9
10+	Urban	661,893	586,288	88.8	305,497	280,116	91.9	356,396	306,172	86.1
10+	Rural	968,085	722,634	74.8	493,339	391,200	79.4	474,686	331,434	70.0

Source: 1972 Census(2) Public Expenditures for All Education and for Primary, Rural and Nonformal EducationA. The National Effort^{1/}

By most traditional standards of comparison, Paraguay's public financial effort in primary and secondary education is a modest one. Furthermore, the relative effort appears to be decreasing rather than increasing. Table II shows that the Ministry of Education budget, as a percentage of GNP, declined from 1.85% in 1970 to 1.42% in 1975. On the other hand, the MOE budget as a percentage of the total government budget has remained relatively constant over time, at about 15%.

^{1/} Academy for Education Development, Paraguay - Education Sector Assessment, May 1977, Asuncion, Paraguay, Washington, D.C., Chap.XII, pp. 171-185

Table III

MINISTRY OF EDUCATION BUDGET AS A PERCENTAGE OF TOTAL GOVERNMENT
BUDGET AND GROSS NATIONAL PRODUCT

Year	In millions of guaraníes			(3/1)%	(3/2)%
	(1) Gross National Product	(2) Government Budget	(3) Ministry of Education		
1976		23,125.8	3,457.5		15.0
1975	190,438.5	18,403.5	2,709.9	1.42	14.7
1974	168,017.6	14,549.6	2,409.0	1.43	16.6
1973	125,437.0	13,335.2	2,191.8	1.75	16.4
1972	96,898.8	13,019.4	2,033.7	2.10	15.6
1971	83,735.9	10,522.2	1,477.1	1.76	14.0
1970	74,921.9	10,441.8	1,388.4	1.85	13.3

Source: Central Bank of Paraguay, Cuentas Nacionales, 1962-1975, and Ministry of Education, Anuario 1975.

While data on proportion of GNP devoted to education are not easily found, most indicators suggest that the GOP contribution is comparatively moderate. The proportion of the government budget devoted to education is also low. That percentage for some other Latin American countries is: Guatemala, 18.8 percent; Honduras, 19.4 percent; Colombia, 20.9 percent; and El Salvador, 27.5 percent.^{1/}

The Ministry of Education budget is, however, a poor indicator of national effort, for it includes programs of little educational content (for example, funding of religious institutions in Paraguay) and excludes private educational expenditures. Using data from the Educational Cost Study, more precise estimates of national effort are derived and presented in Table III.^{2/}

^{1/} H.M. Phillips, Basic Education: A World Challenge, John Wiley & Sons, 1975.

^{2/} Cf. MOE, Investigación Sobre los Costos de la Educación Primaria y Media (D.R. Winkler, Educational Cost Study), 1976.

THE NATIONAL FINANCIAL EFFORT IN EDUCATION, 1975

Table III

Categories	Dollars	Percent GNP
(1) Gross National Product	1,523,510.0	100.00
(2) Ministry of Education Budget	21,679.0	1.42
(3) School Expenditures	29,902.4	1.96
Primary Level	20,839.8	
Secondary Level	9,062.6	
(4) Family Expenditures	19,547.9	1.28
Primary Level	12,343.9	
Secondary Level	7,204.0	
(5) Total Educational Expenditures	49,450.3	3.24%

Source: Computed from published data in the Educational Cost Study and the Anuario 1975.

While central government expenditures are only 1.42 percent of GNP, all school expenditures, inclusive of private sector spending, are 1.96 percent of GNP. And if school-related family expenditures are also included, the total educational effort in primary and secondary education is estimated at 3.24 percent of GNP.

B. EDUCATIONAL FINANCE

Most schools in Paraguay receive their funding from a mixture of government and user sources ^{1/}. On the one hand, the government may pay the salaries of some personnel in a private school; on the other hand, families may pay substantial tuition and fees in a public school, in addition to school-related expenditures.

1. Primary Schools

At the primary school level, the data given in Table IV indicate that government finance of current expenditures ranges between 45.5 percent in rural private schools and 94.9 percent in urban public schools. While the percentage that government finances is considerably lower in private than public schools, the zone or location of the school appears to make little difference within either sector.

PERCENT OF CURRENT PRIMARY EDUCATION EXPENDITURES FINANCED BY THE GOVERNMENT, BY SECTOR AND LOCATION

Table IV

Location	Public	Private
Rural	93.8%	45.5%
Urban	94.9%	54.1%
Asunción	94.6%	58.8%

Source: Educational Cost Study, 1976.

^{1/} Government, as used here, includes the municipal and central governments. The municipal government contribution to education, however, is very small and is usually used to provide maintenance and repairs. The family, either directly or indirectly via the Comisión Cooperadora, contributes almost all the private funding for education. Businesses, private foreign groups, and religious institutions in general make only minor contributions to education.

2. Nonformal Education - Financing

Nonformal Education (NFE) in Paraguay is financed by local government funds, international agencies, private donations, and tuition and other resources generated by the sponsoring organizations. In 1977 the Education Sector Assessment* investigated Nonformal Education activities in Paraguay, and of 31 programs inventoried, the sources of funding were as indicated below in Table V 1/

Table V

Source	No.	%
Government of Paraguay only	4	12.9
Private donations only	2	6.4
International sources only	6	19.4
Government and private donations	2	6.4
Government & international sources	11	35.3
Private donations & int'l. sources	6	19.4
	<u>31</u>	<u>100.0</u>

The table shows the primary source of support

* Paraguay - Education Sector Assessment, May 1977, pp. 153-167.

1/ Ibid, p. 163.

(3) Access by Children and Adults of Low Income and Rural Families, Especially Women, to Education and Training Oriented at Improving Health, Nutrition, and Productive Skills.

Article 84 of the Paraguayan Constitution states that primary education is free and compulsory for all children from 7 to 14 years of age. Primary education is considered the entry point to an educational system whose philosophy is to provide maximum growth and development opportunities on a non-discriminatory basis to all Paraguayan children.

Participation rates are relatively high. In urban areas, the rates range from 79.5% at age 14, to 95.6% at age 11. The rates in rural areas range from 70.3% at age 7, to 87.4% at age 11. 1/ Participation rates vary considerably when examined by age and sex of individuals. Table VIII illustrates, for example, that females show consistently lower participation than males. Participation rates decline radically for both sexes, however, after age 9.

Table VIII

PARTICIPATION RATES IN PRIMARY SCHOOLS BY AGE AND SEX, 1975

Age	Population		Enrollments		Percentages ^{2/}	
	Male	Female	Male	Female	Male	Female
7	40,195	39,183	64,163	57,573	160	147
8	38,984	38,042	52,724	46,415	135	122
9	37,793	36,917	42,598	39,291	112	106
10	36,610	33,799	33,534	30,229	92	89
11	35,420	34,675	25,324	22,959	71	66
12	34,326	33,636	19,447	17,992	56	53

Source: Paraguay Education Project Sector Memorandum, International Bank for Reconstruction and Development, 1975.

Unpublished MOE data indicate that participation rates continue to decline after age 12, and that the decline is much higher for rural youths. For instance, while 41% of all urban children (and 44% of those in Asunción) aged 15 to 19 are enrolled in school, the corresponding figure for rural children is only 13%.

1/ Ministerio de Educación y Culto, Anuario 1975, Asunción, Paraguay.

2/ In common with most educational statistics, the participation rates surpass the 100% mark. This statistical aberration is best interpreted here as full participation.

By most definitions, there is not equality of educational opportunity in Paraguay. The advantaged groups are children in urban areas, private schools, and, from high-income families. The disadvantaged groups without complete access to education are children in rural areas, public schools, and from low-income families.

At present rural and low-income families and adults, especially women, in Paraguay have only a minimum of opportunities for health, nutrition, and productive skills training. Institutions such as SEAG (Agricultural Extension Service), PAEN (Food and Nutrition Program), SENASA (Environmental Sanitation Service), IBR (Institute for Agrarian Reform), SNPP (National Apprenticeship Service), CONEB (National Council of Social Welfare Institutions), and CAH (Agricultural Credit Program), etc. have training programs that are rural oriented, but they reach relatively small numbers of people.