PD-ACC-197

AGENCY FOR
INTERNATIONAL
DEVELOPMENT

# ANNUAL BUDGET SUBMISSION

# FY 1978

# PARAGUAY

DEPARTMENT
OF
STATE

JULY 1976

BEST AVAILABLE

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FY 1978 ANNUAL BUDGET SUBMISSION


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1. Mission Certification of the Continued Validity of the DAP

The DAP's strategy and analysis of the development situation continues to be valid and to provide an adequate rationale for framing new projects presented for FY 1978 initiation. Paraguay's poor majority is basically the small farmers who are the focus of virtually all of USAID/Paraguay's grant and loan projects. Goals and purposes for the new projects, described in PIDs attached to this ABS, all relate to benefitting this target group, with particular emphasis on increasing small farm income.

In the longer run the DAP will require revision in order to conform to the requirements contained in AIDTO A-286 of 5/20/76. We do not expect major change from the present strategy because we believe that the DAP's areas of concentration and priority development problems remain valid. This was borne out by the recently completed DAP II sector assessment. However, revision is required to better define the target group and to provide precise statements of 3 to 5 year goals for each field. A variety of information gathering activities are either underway or planned for FY 1977 to provide background for the DAP revision. The examples of core questions for selection of prime beneficiaries for AID programs contained in AIDTO A-286 serve as useful illustrations of the better information base the Mission should have by the end of FY 1977:

a. Income and Employment - The Mission is undertaking a major survey of small farmers to update the December 1975 small farmer subsector assessment. IA/DR has reviewed the survey questionnaire and has made recommendations for its modification, along with recommendations for survey and sampling techniques. A survey of 1,500-1,800 small farmers will be carried out during CY 1976; analysis of the survey will continue into CY 1977.

b. Land Holdings and Tenure - The study previously mentioned will provide additional information on land and income, and the ongoing cadastral survey funded under AID Loan 526-V-026 will, by the end of CY 1978, provide specific information on property locations over the area in which most small farmers live. To develop information on degree of land and tenure deprivation and strategies for legal redress, the Mission is preparing a project under "New Initiatives in Human Rights" which will be described in PID to be submitted soon.

c. Basic Services - The Ministry of Health and the Pan American Health Organization (PAHO) have drafted a five year health plan, but the final plan has not yet been released. USAID/Paraguay may request AID/W assistance for a review of this plan and any field work which might be required to provide background for the portion of the DAP

revision dealing with basic services, should we decide to investigate the health sector in the context of our DAP revision. Ongoing pilot projects in new education technologies will provide inputs to strategy decision in the education sector. In FY 1977, the Mission plans to fund a study of demography and family planning coverage under the ongoing population project.

d. Non-Economic Constraints - The Mission is funding a socio-anthropological analysis of three representative small farm communities. This analysis should be completed by October, 1976. We are planning a project to increase the involvement of women in development which will require some socio-economic studies in order to prepare the PP. We expect that these studies will also contribute to information on this core question.

e. Participation - All of the studies listed above should provide background to this question.

In summary, the ongoing small farmer socio-economic survey and the social analysis, combined with information gathering related to PP preparation for the proposed human rights and women in development projects, should provide substantial information inputs for the DAP's revision. At this time our only request for AID/W assistance is for review of the MOH/PAHO five year health plan needed to describe the Population Planning and Health sector. We expect preparation of the DAP revision to begin next year with submission to AID/W by November, 1977.

Country PARAGUAY

## Summary Table I

## Funding Levels for FY 1976, IQ, FY 1977, FY 1978

| | FY 1976 | Interim Quarter | FY 1977 | FY 1978 |
|---|---|---|---|---|
| Food/Nutrition | | | | |
| Grants | 1,113 | 804 | 659 | 1,380 |
| Loans | 2,500 | - | 4,400 | 8,100 |
| Population/Health | | | | |
| Grants | 340 | 80 | 300 | 250 |
| (Population) | | | | |
| (Grant) | (320) | (80) | (300) | (250) |
| (Health) | | | | |
| (Grant) | (20) | - | - | - |
| Education | | | | |
| Grants | 419 | 135 | 348 | 595 |
| Section 106 | | | | |
| Grants | 30 | 13 | 100 | 50 |
| Total Grants | 1,902 | 1,032 | 1,407 | 2,275 |
| Total Loans | 2,500 | - | 4,400 | 8,100 |
| Total Program | 4,402 | 1,032 | 5,807 | 10,375 |

AGENCY FOR INTERNATIONAL DEVELOPMENT

# ABS/CP SUMMARY

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

2. ABS/CP DOCUMENT CODE: 6

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NO.:

5. OPERATIONAL YEAR FY: 77

6. BUREAU/OFFICE: A. SYMBOL: LA; B. CODE: 05

7. GEOGRAPHIC CODE: 526

8. TYPE DATA: 1 (1 = ABS, 2 = ABS REVISION, 3 = CP, 4 = CP NOTIFICATION)

9. TYPE ASSISTANCE: 1 (1 = PROJECT, 2 = PROGRAM)

| 10. PROJECT SEQUENCE NO. | 11. PROJECT TITLE (40 CHARACTERS MAXIMUM) | 12. QTR. FOR OBLIG. | 13. EST. FY AUTH OBLIG FINAL | 14. APPROPRIATION | 15. PRIMARY PURPOSE CODE | 16. LOAN/GRANT INDICATOR | 17. BUDGETS (IN $000) AY | TQ | OY | BY | LOP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 72-11X1023 | | | | | | | | | | |
| New | | | | | | | | | | | |
| 0106 | Rural Credit and Services (1) | 1 | 80 | FN | 249 | GN | | | | 306 | 458 |
| 0108 | Cooperative Based Area Development (2) | 2 | 80 | FN | 243 | GN | | | | 375 | 800 |
| 0109 | Small Farmer Sector Program (3) | 1 | 80 | FN | 180 | GN | | | | 210 | 400 |
| | | 1 | 78 | FN | 180 | L | | | | 3,100 | 3,100 |
| 0110 | Agricultural Management Improvement (4) | 2 | 80 | FN | 183 | GN | | | | 225 | 400 |
| 0112 | Market Town Development (5) | 3 | 78 | FN | 280 | L | | | | 5,000 | 5,000 |
| Ongoing | | | | | | | | | | | |
| 0050 | Livestock Development | - | 76 | FN | 119 | GC | 325 | - | - | - | 617 |
| 0101 | Credit Unions | 2 | 77 | FN | 243 | GC | 301 | - | 320 | - | 1,301 |
| 0102 | Marketing/Services Cooperatives | - | IQ | FN | 133 | GC | 100 | 200 | - | - | 751 |
| 0103 | Small Farmer Livestock Production | 1 | 78 | FN | 124 | GC | - | 374 | - | 129 | 503 |
| 0104 | Agricultural Planning and Statistics | 1 | 77 | FN | 189 | GC | 111 | 20 | 135 | - | 377 |
| 0105 | Farm Management Services | - | IQ | FN | 229 | GC | 206 | 180 | - | - | 492 |
| 0100 | Technical Support | 1/1 | Cont | FN | 190 | GC | 70 | 30 | 204 | 135 | Cont |
| 0107 | Rural Enterprises | | 76 | FN | 220 | L | 2,500 | | | | 2,500 |
| 0111 | Rural Roads | 4 | 77 | FN | 133 | L | | | 4,400 | | 4,400 |
| | 72-11X1024 | | | | | | | | | | |
| Ongoing | | | | | | | | | | | |
| 0301 | Population | 2/2 | 78 | PH | 440 | GC | 320 | 80 | 300 | 250 | 2,824 |
| PVO | Health Education (PVO) | - | 76 | PH | 539 | GC | 20 | | | | 50 |

18. DATE DOCUMENT RECEIVED IN AID/W: MM DD YY

AID 1330-7 (3-76)

AGENCY FOR INTERNATIONAL DEVELOPMENT

# ABS/CP SUMMARY

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

2. ABS/CP — DOCUMENT CODE 6

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NO.:

5. OPERATIONAL YEAR FY: 77

6. BUREAU/OFFICE: A. SYMBOL LA; B. CODE 05

7. GEOGRAPHIC CODE: 526

8. TYPE DATA: 1 (1 = ABS, 2 = ABS REVISION, 3 = CP, 4 = CP NOTIFICATION)

9. TYPE ASSISTANCE: 1 (1 = PROJECT, 2 = PROGRAM)

| 10. PROJECT SEQUENCE NO. | 11. PROJECT TITLE (40 CHARACTERS MAXIMUM) | 12. QTR. FOR OBLIG. | 13. EST. FY AUTH OBLIG FINAL | 14. APPROPRIATION | 15. PRIMARY PURPOSE CODE | 16. LOAN/GRANT INDICATOR | 17. BUDGETS (IN $000) AY | TQ | OY | BY | LOP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 72-11X1025 | | | | | | | | | | |
| New | | | | | | | | | | | |
| 0503 | Bilingual Education (2) | .. | 80 | EH | 623 | GN | | | | 171 | 335 |
| 0504 | Agricultural Skills Training for Women (1) | .. | 79 | EH | 612 | GN | | | | 169 | 200 |
| Ongoing | | | | | | | | | | | |
| 0501 | Rural Non-Formal Education | 3 | 77 | EH | 611 | GC | 165 | 40 | 115 | | 520 |
| 0502 | Rural Radio Education | 3/3 | 78 | EH | 622 | GC | 203 | 45 | 173 | 180 | 601 |
| 0500 | Technical Support | 3/3 | Cont | EH | 690 | GC | 51 | 50 | 60 | 75 | Cont |
| | 72-11X1026 | | | | | | | | | | |
| New | | | | | | | | | | | |
| 0602 | Community Services for Women (PVO) | 2 | 77 | ST | 723 | GN | | | 50 | | 50 |
| Ongoing | | | | | | | | | | | |
| 0601 | Special Development Activities | 1/1 | Cont | ST | 799 | GC | 30 | 13 | 50 | 50 | Cont |

18. DATE DOCUMENT RECEIVED IN AID/W: MM DD YY

AID 1330-7 (3-76)

## ONGOING GRANT ACTIVITIES

With the exception of the four projects described below, all ongoing grant projects were evaluated during FY 1976 and are, therefore, not mentioned here. The PAR submission dates for those projects are shown in the fiscal tables which follow.

### FOOD/NUTRITION

Agricultural Planning and Statistics, 526-15-110-104: Deviation from schedule and minor upward revision in life of project funding.

The project is behind schedule as a result of the extreme delay in recruiting the project advisor. More than two years elapsed between the issuance of a PIO/T and the arrival at post of the advisor. During the interim, Mission direct hire staff, augmented by a TCN agricultural economist, completed the major output of the project, a small farmer sector assessment. Other outputs were, of necessity, postponed. The need to hire the additional consultant as an interim measure is the primary cause of the project cost exceeding by $36,000 the figure planned in the PROP. There has been progress on all planned outputs and it is likely that quantitative targets set in the PROP will be realized by the termination date of the project. EOPS targets have been more affected than the outputs by the non-availability of a project advisor. Updating the sector assessment will be done during CY 1977 based on a follow-on small farmer survey now in process. The identification of problems and opportunities for the Ministry of Agriculture should begin to be realized now that the advisor is on board. The Ministry's planning unit has already begun collaborating with various entities on the preparation of agricultural development programs and projects, but it has not yet involved itself in evaluation of such activities. Agricultural statistics progress continues on schedule. In short, project progress has been slow in starting, quantitative targets will probably be achieved, but accomplishments could well be, at project's end, qualitatively less than anticipated. Should this be the case, the proposed FY 1978 Small Farmer Sector Loan would help tie up any loose ends as well as involve the Ministry's planning unit in additional professional work which would, as a by-product, upgrade the quality of the unit's work.

### POPULATION/HEALTH

Population, 526-15-580-301: Project is on schedule.

EDUCATION/HUMAN RESOURCES

Rural Non-Formal Education, 526-15-699-501: Project is on schedule and possible change in level of financing.

The project received conditional approval for one year in June, 1975, and progress against four outputs was reviewed by the DAEC on May 19, 1976. Outputs included: 1) selection and training of a project team; 2) an inventory and analysis of ongoing nonformal education activities and techniques in Paraguay; 3) a survey of the target population (in Ita District) applying an assessment instrument developed by the project, and 4) planning and development of the experimental design for the implementation phase of the project. These tasks were accomplished but the DAEC determined that, based on the experience of the Guatemala Basic Village Education project, the experimentation planned under this project was too sophisticated and too expensive to be undertaken as proposed. After appropriate modification to focus on a more pragmatic institution building design, the project was approved for FY 1976 and 1977 funding. State 161679 of June 29 indicates an additional 18 technician months of technical assistance are to be added, which would involve an upward adjustment of life of project cost. However, no mention was made of additional cost. This question has not yet been resolved.

Rural Radio Education, 526-15-699-502: Deviation from schedule, no change in financing, outputs or purpose.

Because of funding constraints, AID/W requested that initiation of this project be deferred until the fourth quarter of FY 1976. When advice of allotment was received in May, 1976, a project agreement and PIO/T were signed and recruitment has been initiated for contract consultants. The PPT network scheduled these steps to take place in November, 1975. The only change in project design required at this time is to adjust the dates in the PPT by adding six additional months to each CPI.

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME CREDIT UNIONS
PROJECT NUMBER 526-15-110-101
APPROPRIATION FN

INITIAL OBLIGATION FY 1969
FINAL OBLIGATION FY 1977
TOTAL COST $1,301

DATE PROP/REVISION 7 June 76
DATE LAST PAR 30 June 76
DATE NEXT PAR Feb. 77

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 301 | 289 | 6/30/76 197 |
| Estimated Interim Qtr. | | 55 | 142 9/30/76 |
| Estimated FY 1977 | 320 | 272 | 190 9/30/77 |
| Proposed FY 1978 | | 190 | 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | 130 | | | | 130 | |
| Local & Ten Participants | 20 | | | | | | 20 | |
| Commodities | 15 | | | | | | 15 | |
| Other Costs | 155 | | | | | | 155 | |
| Total | 190 | | 130 | | | | 320 | |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations | Int. Qtr. Obligations | FY 1977 Obligations | FY 1978 Obligations |
|---|---|---|---|---|
| | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr |
| CUNA Inc. Period | 4/76- 3/77 | | 4/77- 3/78 | |
| Amount | $88 | | $130 | |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire PASA Contract Participants | 1 | 2 | 2 | |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

| | | | | | |
|---|---|---|---|---|---|
| PROJECT NAME | MARKETING SERVICES COOPERATIVES | INITIAL OBLIGATION | FY 1972 | DATE PROP/REVISION | 25 Nov 74 |
| PROJECT NUMBER | 526-15-110-102 | FINAL OBLIGATION | IQ | DATE LAST PAR | 15 June 76 |
| APPROPRIATION | FN | TOTAL COST | $751 | DATE NEXT PAR | March 77 |

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 100 | 189 | 6/30/76 61 |
| Estimated Interim Qtr. | 200 | 33 | 228 9/30/76 |
| Estimated FY 1977 | | 218 | 10 9/30/77 |
| Proposed FY 1978 | | 10 | 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | | | | | | |
| Local & Tcn | | | | | | | | |
| Participants | | | | | | | | |
| Commodities | | | | | | | | |
| Other Costs | | | | | | | | |
| Total | | | | | | | | |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations (from to mo/yr-mo/yr) | Int. Qtr. Obligations (from to mo/yr-mo/yr) | FY 1977 Obligations (from to mo/yr-mo/yr) | FY 1978 Obligations (from to mo/yr-mo/yr) |
|---|---|---|---|---|
| ACDI Period | 4/76- 9/76 | 10/76-9/77 | | |
| ACDI Amount | $26 | $52 | | |
| PSC Period | | 7/76 -9/77 | | |
| PSC Amount | | $33 | | |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire PASA Contract Participants | 1 | 2 | 2 | |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME AGRICULTURAL PLANNING AND STATISTICS
PROJECT NUMBER 526-15-110-104
APPROPRIATION FN

INITIAL OBLIGATION FY 1975
FINAL OBLIGATION FY 1977
TOTAL COST $377

DATE PROP/REVISION 20 Jan 75
DATE LAST PAR -
DATE NEXT PAR Nov 76

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 111 | 77 | 6/30/76 90 |
| Estimated Interim Qtr. | 20 | 59 | 52 9/30/76 |
| Estimated FY 1977 | 135 | 152 | 41 9/30/77 |
| Proposed FY 1978 | | 41 | 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | 72 | | 23 | | 95 | |
| Local & Tcn Participants | 15 | | | | | | 15 | |
| Commodities | 5 | | | | | | 5 | |
| Other Costs | 20 | | | | | | 20 | |
| Total | 40 | | 72 | | 23 | | 135 | |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations from to mo/yr-mo/yr | Int. Qtr. Obligations from to mo/yr-mo/yr | FY 1977 Obligations from to mo/yr-mo/yr | FY 1978 Obligations from to mo/yr-mo/yr |
|---|---|---|---|---|
| PSC Period Amount | 1/76 -3/77 $ 8 | | 4/77- 3/78 $50 | |
| PSC Amount | 9/75 -8/76 $35 | 9/76- 3/77 $17 | | |
| PSC Amount | 6/76 -9/76 $ 5 | | | |
| LADA Amount | 6/76 -8/76 $17 | | | |
| PSC Amount | | 10/76-11/76 $ 3 | | |
| PASA Amount | | | 11/76-8/77 $23 | |
| PSC Amount | | | 12/76-3/77 $22 | |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire | | | | |
| PASA | | | | |
| Contract | 2 | 2 | 1 | |
| Participants | | 1 | 2 | 1 |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME FARM MANAGEMENT SERVICES FOR SMALL FARMERS
PROJECT NUMBER 526-15-110-105
APPROPRIATION FN

INITIAL OBLIGATION FY 1975
FINAL OBLIGATION IQ
TOTAL COST $492

DATE PROP/REVISION 21 Oct 74
DATE LAST PAR 12 Apr 76
DATE NEXT PAR April 77

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 206 | 158 | 6/30/76 93 |
| Estimated Interim Qtr. | 180 | 38 | 235 9/30/76 |
| Estimated FY 1977 | | 202 | 33 9/30/77 |
| Proposed FY 1978 | | 33 | 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | | | | | | |
| Local & Tcn Participants | | | | | | | | |
| Commodities | | | | | | | | |
| Other Costs | | | | | | | | |
| Total | | | | | | | | |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations | Int. Qtr. Obligations | FY 1977 Obligations | FY 1978 Obligations |
|---|---|---|---|---|
| | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr |
| USDA/PASA Period Amount | 7/75- 6/76 $89 | 7/76-12/77 $80 | | |
| PSC Period Amount | 8/75- 3/77 $90 | | | |
| PSC Period Amount | 9/76-10/76 $ 3 | | | |
| PSC Period Amount | | 11/76- 5/77 $35 | | |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire | | | | |
| PASA | 1 | 1 | 1 | |
| Contract Participants | 1 | 2 | | |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

| | | | | | |
|---|---|---|---|---|---|
| PROJECT NAME | TECHNICAL SUPPORT | INITIAL OBLIGATION | FY 1976 | DATE PROP/REVISION | - |
| PROJECT NUMBER | 526-11-199-100 | FINAL OBLIGATION | Continuing | DATE LAST PAR | - |
| APPROPRIATION | FN | TOTAL COST | Continuing | DATE NEXT PAR | - |

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 70 | 61 | 6/30/76<br>9 |
| Estimated Interim Qtr. | 22 | 23 | 8<br>9/30/76 |
| Estimated FY 1977 | 204 | 172 | 40<br>9/30/77 |
| Proposed FY 1978 | 135 | 130 | 45<br>9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | 199 | 135 | 5 | | 204 | 135 |
| Local & Tcn | | | | | | | | |
| Participants | | | | | | | | |
| Commodities | | | | | | | | |
| Other Costs | | | | | | | | |
| Total | | | 199 | 135 | 5 | | 204 | 135 |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations (from to mo/yr-mo/yr) | Int. Qtr. Obligations (from to mo/yr-mo/yr) | FY 1977 Obligations (from to mo/yr-mo/yr) | FY 1978 Obligations (from to mo/yr-mo/yr) |
|---|---|---|---|---|
| GAMCO Inc. Period Amount | 10/75-3/76 $50 | | | |
| PSC Amount | 4/76 -9/76 $15 | | 10/76-11/76 $ 3 | |
| PSC Amount | 10/75-11/75 $ 5 | | | |
| PSC Amount | | | 4/77 -3/78 $40 | 4/78 -3/79 $40 |
| USDA/PASA Amount | | | 1/77 -2/77 $ 5 | |
| Unidentified Contractors Amount | | 9/76-11/76 $22 | 11/76-11/77 $156 | 11/76-12/78 $95 |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire<br>PASA<br>Contract<br>Participants | 1 | 1 | 4 | 3 |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME POPULATION
PROJECT NUMBER 526-15-580-301
APPROPRIATION PP&H

INITIAL OBLIGATION FY 1969
FINAL OBLIGATION FY 1978
TOTAL COST $2,824

DATE PROP/REVISION 1 Apr 76
DATE LAST PAR 6 May 75
DATE NEXT PAR July 76

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 320 | 471 | 6/30/76 173 |
| Estimated Interim Qtr. | 80 | 129 | 124 9/30/76 |
| Estimated FY 1977 | 300 | 320 | 104 9/30/77 |
| Proposed FY 1978 | 250 | 230 | 124 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | | | | | | |
| Local & Tcn | | | | | | | | |
| Participants | | | | | | | | |
| Commodities | 30 | | | | | | 30 | |
| Other Costs | 270 | 250 | | | | | 270 | 250 |
| Total | 300 | 250 | | | | | 300 | 250 |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations from to mo/yr-mo/yr | Int. Qtr. Obligations from to mo/yr-mo/yr | FY 1977 Obligations from to mo/yr-mo/yr | FY 1978 Obligations from to mo/yr-mo/yr |
|---|---|---|---|---|
| | | | | |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire | | | | |
| PASA | | | | |
| Contract | | | | |
| Participants | | | | |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME RURAL NON-FORMAL EDUCATION
PROJECT NUMBER 526-15-699-501
APPROPRIATION E&HR

INITIAL OBLIGATION FY 1975 (June)
FINAL OBLIGATION FY 1977
TOTAL COST $520

DATE PROP/REVISION 15 June 76
DATE LAST PAR -
DATE NEXT PAR August 76

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 165 | 72 | 6/30/76 293 |
| Estimated Interim Qtr. | 40 | 65 | 268 9/30/76 |
| Estimated FY 1977 | 115 | 239 | 144 9/30/77 |
| Proposed FY 1978 | | 144 | 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | 60 | | | | 60 | |
| Local & Tcn | | | | | | | | |
| Participants | | | | | | | | |
| Commodities | | | | | | | | |
| Other Costs | 55 | | | | | | | 55 |
| Total | 55 | | 60 | | | | | 115 |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations from to mo/yr-mo/yr | Int. Qtr. Obligations from to mo/yr-mo/yr | FY 1977 Obligations from to mo/yr-mo/yr | FY 1978 Obligations from to mo/yr-mo/yr |
|---|---|---|---|---|
| PSC | | | | |
| Period | 9/76- 8/77 | | 9/77- 8/78 | |
| Amount | $30 | | $30 | |
| Unidentified Institution | | | | |
| Period | 9/76- 8/77 | 9/76-12/76 | 1/77- 8/77 | |
| Amount | $50 | $15 | $30 | |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire PASA Contract Participants | 1 | 1 | 1 | |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

($000)

PROJECT NAME RURAL RADIO EDUCATION
PROJECT NUMBER 526-15-699-502
APPROPRIATION E&HR

INITIAL OBLIGATION FY 1976 (May)
FINAL OBLIGATION FY 1978
TOTAL COST $601

DATE PROP/REVISION 22 Sept 75
DATE LAST PAR -
DATE NEXT PAR June 77

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 203 | | 6/30/76<br>203 |
| Estimated Interim Qtr. | 45 | 30 | 218<br>9/30/76 |
| Estimated FY 1977 | 173 | 210 | 181<br>9/30/77 |
| Proposed FY 1978 | 180 | 190 | 171<br>9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | 100 | 75 | | | 100 | 75 |
| Local & Tcn Participants | | 10 | | | | | | 10 |
| Commodities | 30 | 15 | | | | | 30 | 15 |
| Other Costs | 43 | 80 | | | | | 43 | 80 |
| Total | 73 | 105 | 100 | 75 | | | 173 | 180 |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations | Int. Qtr. Obligations | FY 1977 Obligations | FY 1978 Obligations |
|---|---|---|---|---|
| | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr |
| Unidentified Institution | | | | |
| Period | 8/76- 7/77 | | 8/77- 7/78 | 8/78- 7/79 |
| Amount | $105 | | $100 | $75 |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire | | | | |
| PASA | | | | |
| Contract Participants | | 1 | 2 | 1 |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME TECHNICAL SUPPORT
PROJECT NUMBER 526-11-699-500
APPROPRIATION E&HR

INITIAL OBLIGATION FY 1975
FINAL OBLIGATION Continuing
TOTAL COST Continuing

DATE PROP/REVISION -
DATE LAST PAR -
DATE NEXT PAR -

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 51 | 65 | 6/30/76 17 |
| Estimated Interim Qtr. | 50 | 12 | 55 9/30/76 |
| Estimated FY 1977 | 60 | 110 | 5 9/30/77 |
| Proposed FY 1978 | 75 | 76 | 4 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | 45 | 20 | 15 | 43 | 60 | 63 |
| Local & Ten Participants | | | | | | | | |
| Commodities | | | | | | | | |
| Other Costs | | 12 | | | | | | 12 |
| Total | | 12 | 45 | 20 | 15 | 43 | 60 | 75 |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations | Int. Qtr. Obligations | FY 1977 Obligations | FY 1978 Obligations |
|---|---|---|---|---|
| | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr | from to mo/yr-mo/yr |
| Inter-American Geodetic Survey(IAGS) Period Amount | 7/75-6/76 $46 | 7/76-6/77 $50 | 7/77-9/77 $15 | 10/77-6/78 $43 |
| Unidentified Contractors Period Amount | | | 11/76-5/77 $45 | 12/77-3/78 $20 |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire | | | | |
| PASA | 1 | 1 | 1 | |
| Contract Participants | | | | |

Country/Program PARAGUAY

FORMAT FOR FISCAL DATA

ONGOING GRANT PROJECTS FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME SPECIAL DEVELOPMENT ACTIVITIES
PROJECT NUMBER 526-11-998-601
APPROPRIATION SDP

INITIAL OBLIGATION FY 1964
FINAL OBLIGATION Continuing
TOTAL COST Continuing

DATE PROP/REVISION -
DATE LAST PAR -
DATE NEXT PAR -

U.S. DOLLAR COST (IN THOUSANDS)

| | FY Obligations | FY Expenditures | Unliquidated as of: |
|---|---|---|---|
| Actual FY 1976 | 30 | 31 | 6/30/76 2 |
| Estimated Interim Qtr. | 13 | 12 | 3 9/30/76 |
| Estimated FY 1977 | 50 | 51 | 2 9/30/77 |
| Proposed FY 1978 | 50 | 50 | 2 9/30/78 |

FY 1977 and FY 1978 Obligations by Cost Component/MOI

| Cost Component | Direct Aid 77 | Direct Aid 78 | Contract 77 | Contract 78 | PASA 77 | PASA 78 | Total 77 | Total 78 |
|---|---|---|---|---|---|---|---|---|
| U.S. Tech. | | | | | | | | |
| Local & Tcn Participants | | | | | | | | |
| Commodities | 5 | 5 | | | | | 5 | 5 |
| Other Costs | 45 | 45 | | | | | 45 | 45 |
| Total | 50 | 50 | | | | | 50 | 50 |

Contract/PASA Funding Periods

| Name of Contractor | FY 1976 Obligations from to mo/yr-mo/yr | Int. Qtr. Obligations from to mo/yr-mo/yr | FY 1977 Obligations from to mo/yr-mo/yr | FY 1978 Obligations from to mo/yr-mo/yr |
|---|---|---|---|---|
| | | | | |

On Board Personnel

| | 6/30 1976 | 9/30 1976 | 9/30 1977 | 9/30 1978 |
|---|---|---|---|---|
| Direct Hire | | | | |
| PASA | | | | |
| Contract | | | | |
| Participants | | | | |

Country PARAGUAY

PROPOSED NEW PROJECTS - FY 1978 ALTERNATIVE FUNDING LEVELS
($000)

| Project | Full Funding Level | | Forward Funding According to A-368 | Mission Alternative if Grant Resources Curtailed | |
|---|---|---|---|---|---|
| | Dollars | Months from Date of Obligation | Dollars | Dollars | Months from Date of Obligation |
| FOOD AND NUTRITION | | | | | |
| Rural Credit and Services | 458 | 36 | 306 | 222 | 12 |
| Cooperative Based Area Development | 800 | 36 | 375 | 270 | 12 |
| Small Farmer Sector Program | 400 | 36 | 210 | 120 | 12 |
| Agricultural Management Improvement | 400 | 36 | 225 | 130 | 12 |
| EDUCATION AND HUMAN RESOURCES | | | | | |
| Agricultural Skills Training for Women | 200 | 24 | 169 | 119 | 12 |
| Bilingual Education | 335 | 36 | 171 | 100 | 12 |

## LONG-RANGE PROGRAM PLAN

USAID/Paraguay's long-range program planning for the period 1978-1982 is based on the following assumptions:

A. Economic

1. World market prices for major Paraguayan exports (meat, wood and soybeans) will not suffer sustained declines and in all likelihood will gradually rise over a period.

2. The Paraguayan balance of payments will not suffer significant deterioration and probably will continue to improve due to:

a. Improving world market prices for Paraguayan export products;

b. Increasing capital flows and increased invisible expenditures in Paraguay as a result of the effect of major hydroelectric construction.

3. Government revenues will continue to increase gradually with some acceleration likely in the latter part of the period as a result of full implementation of a property tax system.

4. The present conservative fiscal policy will be maintained and investment in ITAIPU project will not bring about an inflationary situation that will require implementing special contractionary monetary measures.

5. The GOP will put gradually increasing priority on agricultural development as a vehicle for overall development, in part due to elements noted below in "political".

B. Political

1. The present government party will remain in power.

2. No major political upheavals will occur but there may be gradually increasing unrest, particularly in rural areas.

C. Institutional

1. The GOP will put increasing priority on rural area development as it recognizes the political need to improve the quality of rural life. Other ministries, particularly Health and Education, will also put greater emphasis on rural areas motivated by the same political concerns but the major efforts will be implemented by the Ministry of Agriculture.

2. GOP capacity and willingness to plan centrally will gradually improve under pressure of felt political needs and pressure from AID and IFI's.

In general, the economic situation will permit a somewhat increased capacity by the Government to absorb an increased level of economic assistance, and the debt servicing capability will, therefore, not serve to put any serious upper limit on new loan levels. In this connection it should be noted the major hydroelectric projects now under construction or contemplated are self-financing and the capital costs involved for Paraguay will be repaid by Brazilian and Argentine purchase of electric power output from these projects.

Perhaps the most significant assumption above is that gradually increasing unrest in the rural areas will cause the GOP to shift somewhat orders of priority in the utilization of budgetary funds, resulting in relative strengthening of the Ministries of Agriculture, Health and Education. In the past, the Ministry of Agriculture particularly has been accorded very low priority in the annual budget cycle, but we have already seen some improvement in this regard and expect that this improvement will be accelerated. This should result in the Ministry's ability to provide greater support not only for specific development projects, but also for a more general effort aimed at a series of innovations in the small farmer sector. The first testing of these waters will be through a FY 1978 project which, for want of a better name, we will call a small farmer sector loan.

For the period 1979 through 1982, we have tentatively planned pilot projects in rural development dealing with minifundia area crop intensification and with the introduction of modern crop technology, such as rice and corn. Should the pilot activities prove successful, they would be followed up with loan projects to expand their impact. Potential for capital projects is also seen in the fields of cooperative based area development, local level marketing infrastructure, and agricultural research. Finally, additional needs are foreseen for small farmer credit and farm-to-market roads.

The effect of increasing pressure from the rural areas, while perhaps not felt as strongly in the Ministries of Health and Education, should result in increased interest in new means of attacking broad health and education problems. Thus, we foresee opportunities to first test, and then expand modern concepts of delivery systems for health and education services.

Country PARAGUAY

Long Range Program Plan
(Whole $ millions)

| | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|
| Food/Nutrition | | | | | |
| Grants | 1,380 | 1,050 | 800 | 500 | 300 |
| Loans | 8,100 | 6,500 | 10,000 | 10,500 | 5,000 |
| Population/Health | | | | | |
| Grants | 250 | 200 | 300 | 250 | 200 |
| Loans | - | - | - | - | 3,000 |
| (Population) | | | | | |
| (Grants) | (250) | (200) | (100) | (50) | - |
| (Loans) | - | - | - | - | - |
| (Health) | | | | | |
| (Grants) | - | - | (200) | (200) | (200) |
| (Loans) | - | - | - | - | (3,000) |
| Education | | | | | |
| Grants | 595 | 200 | 300 | 300 | 300 |
| Loans | - | - | 2,000 | - | - |
| Section 106 | | | | | |
| Grants | 50 | 50 | 50 | 50 | 50 |
| Loans | - | - | - | - | - |
| Total | | | | | |
| Grants | 2,275 | 1,500 | 1,450 | 1,100 | 850 |
| Loans | 8,100 | 6,500 | 12,000 | 10,500 | 8,000 |

Country: PARAGUAY

Period Covered: October 1, 1976 through September 30, 1978 Date: June 30, 1976

## MISSION EVALUATION SCHEDULE FOR FY 1977 and FY 1978

| Project Title & Number/Subject | Last Evaluation Submission Date | Number of Last PAR | Date of Submission Next Evaluation FY 77 | FY 78 | Period Covered Next Evaluation | Remarks |
|---|---|---|---|---|---|---|
| **FOOD AND NUTRITION** | | | | | | |
| **Grant** | | | | | | |
| Livestock Development (110-050) | 6/8/76 | 76-7 1/ | | | | |
| Credit Unions (110-101) | 6/30/76 | 76-10 2/ | 2/77 | 2/78 | 12 mo. | |
| Marketing/Services Coop. (110-102) | 6/15/76 | 76-8 3/ | 3/77 | 3/78 | 12 mo. | |
| Small Farmer Livestock Prod. (110-103) | - | - | 5/77 | 5/78 | 12 mo. | |
| Agr. Planning & Statistics (110-104) | - | - | 11/76 | 11/77 | 15 mo. | |
| Farm Management Services (110-105) | 4/12/76 | 76-5 | 4/77 | 4/78 | 12 mo. | |
| **Loan** | | | | | | |
| Small Farmer Development (110-108) | - | - | 2/77 | 2/78 | 6 mo. | |
| Rural Enterprises (526-107) | - | - | 10/77 | 4/78 | 6 mo. | |
| Rural Roads (526-111) | - | - | - | 8/78 | 6 mo. | |
| **POPULATION PLANNING AND HEALTH** | | | | | | |
| Population (580-301) | 5/6/75 | 75-9 4/ | 7/77 | 7/78 | 12 mo. | |
| Health Education (540-106) | - | - 5/ | 8/77 | - | 12 mo. | |
| **EDUCATION AND HUMAN RESOURCES** | | | | | | |
| **Grant** | | | | | | |
| Elem. & Second. Education (699-095.1) | 2/10/75 | 75-5 6/ | - | - | - | |
| Rural Non-Formal Education (699-501) | - | - 7/ | 8/77 | 8/78 | 12 mo. | |
| Rural Radio Education (699-502) | - | - | 6/77 | 6/78 | 12 mo. | |
| Labor Development (410-098) | 1/23/76 | 76-3 | 1/77 | 1/78 | 12 mo. | |

| Project Title & Number/Subject | Last Evaluation Submission Date | Number of Last PAR | Date of Submission Next Evaluation FY 77 | FY 78 | Period Covered Next Evaluation | Remarks |
|---|---|---|---|---|---|---|
| **EDUCATION AND HUMAN RESOURCES** (Cont'd) | | | | | | |
| **Loan** | | | | | | |
| Education Development (51-699-095) | 2/10/75 | 75-5 8/ | - | - | | |
| Cadastral Survey (21-780-105) | 11/24/75 | 76-2 | 11/76 | 11/77 | 12 mo. | |
| **SELECTED DEVELOPMENT PROBLEMS** | | | | | | |
| **Loans** | | | | | | |
| Municipal Development (22-810-092) | 5/19/76 | 76-6 | 5/77 | 12/77 | 12 mo. | |
| Private Development Bank (COMDESA) (24-920-063) | 3/5/76 | 76-4 | 3/77 | 10/77 | 12 mo. | |
| Savings & Loan System (24-950-051) | 6/28/76 | 76-9 | - | - | - | |
| Brazil Road (22-310-060) | 9/4/75 | 75-14 9/ | - | - | - | |

1/ Project terminates with FY 76 funding.
2/ Outside evaluation substituting for regular PAR scheduled for September 1976 as per Asunción 2129 dated 5/24/76.
3/ Outside evaluation. Regular PAR not practical (see Asuncion 2129 dated 5/24/76).
4/ FY 76 PAR will be submitted July 1976.
5/ IQ. PAR will be submitted August 1976.
6/ Final PAR will be submitted July 1976.
7/ FY 76 PAR will be submitted August 1976.
8/ Final PAR will be submitted July 1976.
9/ Evaluation not practical. (See Asunción 2129 dated 5/24/76).

Country: PARAGUAY

## ASSISTANCE TO PVOs AND COOPERATIVES
($000)

| | FY 1977 | FY 1978 | Functional Account |
|---|---|---|---|
| **ONGOING** | | | |
| A. Ongoing OPGs | | | |
| None | | | |
| B. Non-OPGs | | | |
| Credit Unions | 320 | - | FN |
| Subtotal of which technical assistance to cooperatives (non-add) | (320) | - | |
| **NEW** | | | |
| A. OPGs | | | |
| Community Services for Women | 50 | - | ST |
| Subtotal of which technical assistance to cooperatives (non-add) | (0) | - | |
| B. Non-OPGs | | | |
| Rural Credit and Services | - | 306 | FN |
| Cooperative Based Area Development | - | 375 | FN |
| Subtotal of which technical assistance to cooperatives (non-add) | - | (681) | |
| **LOANS** | | | |
| None | | | |

Table 1

Program Analysis for Orals and Condoms to Achieve Replacement Level of Population Growth
(000s)

| | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|---|
| A. "Full Supply" Analysis | | | | | | |
| 1. Women (15 - 49) - (See Annex A) | 565 | 580 | 594 | 609 | 624 | 640 |
| 2. 65% of line A1 (Contracepting women required to achieve replacement level) | 367 | 377 | 386 | 396 | 406 | 416 |
| 3. 50% of line A1 (Contracepting women utilizing orals and condoms) | 282 | 290 | 297 | 305 | 312 | 320 |
| 4. Annual stock requirements for "full cupply" | | | | | | |
| a. Orals - 1/2 of line A3 x 13 monthly cycles | 2,749 | 2,827 | 2,895 | 2,973 | 3,042 | 3,120 |
| b. Condoms - 1/2 of line A3 x 100 units | 7,050 | 7,250 | 7,425 | 7,625 | 7,800 | 8,000 |
| B. Annual New Supply From Non-AID Bilateral Sources | | | | | | |
| 1. Private Commercial Sector | | | | | | |
| a. Orals | 677 | 770 | 508 | 517 | 579 | 648 |
| b. Condoms | 1,635 | 1,858 | 1,226 | 1,247 | 1,397 | 1,565 |
| 2. Other Donors | | | | | | |
| a. Orals | 182 | 204 | 228 | 255 | 286 | 320 |
| b. Condoms | 60 | 68 | 76 | 85 | 95 | 107 |
| 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 Stock | | | | | | |
| a. Orals | 859 | 974 | 736 | 772 | 865 | 968 |
| b. Condoms | 1,695 | 1,926 | 1,302 | 1,332 | 1,492 | 1,672 |
| C. Gap to be Filled to Achieve "Full Supply" | | | | | | |
| 1. Orals (line A4a less line B4a) | 1,890 | 1,853 | 2,159 | 2,201 | 2,177 | 2,152 |
| 2. Condoms (line A4b less line B4b) | 5,355 | 5,324 | 6,123 | 6,293 | 6,308 | 6,328 |
| D. AID Bilateral Supply Objectives | | | | | | |
| 1. Orals | 260 | 315 | 207 | 420 | 792 | 792 |
| 2. Condoms | 94 | 340 | 397 | 3,045 | 3,045 | 3,045 |
| E. Total New Supply | | | | | | |
| 1. Orals (line B4a plus line D1) | 1,119 | 1,289 | 943 | 1,192 | 1,657 | 1,760 |
| 2. Condoms (line B4b plus line D2) | 1,789 | 2,266 | 1,699 | 4,377 | 4,537 | 4,717 |
| F. Remaining Supply Gap | | | | | | |
| 1. Orals (line A4a less line E1) | 1,630 | 1,538 | 1,952 | 1,781 | 1,385 | 1,360 |
| 2. Condoms (line A4b less line E2) | 5,261 | 4,984 | 5,726 | 3,248 | 3,263 | 3,283 |
| G. People Gap | | | | | | |
| 1. Orals (line F1 divided by 13) | 124 | 116 | 148 | 135 | 105 | 103 |
| 2. Condoms (line F2 divided by 100) | 53 | 50 | 57 | 32 | 33 | 33 |
| 3. Total (line G1 plus line G2) | 177 | 166 | 205 | 167 | 138 | 136 |

Table 2

AID Bilateral Logistic and Financial Analysis of Orals

| A. AID Inventory Analysis (000s) | Calendar Year | | | | |
|---|---|---|---|---|---|
| | 1976 | 1977 | 1978 | 1979 | 1980 |
| 1. Beginning of year stock | 326 | 366 | 264 | 318 | 792 |
| 2. Add: Scheduled deliveries (See Annex B) | 315 | 207 | 420 | 907 | 499 |
| 3. Less: Expected use | 275 | 309 | 366 | 433 | 499 |
| 4. End of year stock | 366 | 264 | 318 | 792 | 792 |

Table 3

AID Bilateral Logistic and Financial Analysis of Condoms

| A. AID Inventory Analysis (000s) | Calendar Year | | | | |
|---|---|---|---|---|---|
| | 1976 | 1977 | 1978 | 1979 | 1980 |
| 1. Beginning of year stock | 20 | 195 | 107 | 3,045 | 3,045 |
| 2. Add: Scheduled deliveries (See Annex B) | 340 | 397 | 4,338 | 2,520 | 3,600 |
| 3. Less: Expected use | 165 | 485 | 1,400 | 2,520 | 3,600 |
| 4. End of year stock | 195 | 107 | 3,045 | 3,045 | 3,045 |

AGENCY FOR INTERNATIONAL DEVELOPMENT

# PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

PID

2. DOCUMENT CODE: 1

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): 526-0106

6. BUREAU/OFFICE: A. SYMBOL: IA; B. CODE: 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): RURAL CREDIT AND SERVICES

8. PROPOSED NEXT DOCUMENT: A. 2 (2 = PRP, 3 = PP); B. DATE MM YY: 10 76

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: a. INITIAL FY 78; b. FINAL FY 80

10. ESTIMATED COSTS ($000 OR EQUIVALENT, $1 = ₲126)

| FUNDING SOURCE | | LIFE OF PROJECT |
|---|---|---|
| A. AID APPROPRIATED | | 458 |
| B. OTHER U.S. | 1. | |
| | 2. | |
| C. HOST COUNTRY | | 664 |
| D. OTHER DONOR(S) | | |
| TOTAL | | 1,122 |

11. PROPOSED BUDGET AID APPROPRIATED FUNDS ($000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE C. GRANT | PRIMARY TECH. CODE D. LOAN | E. FIRST FY 78 F. GRANT | E. FIRST FY 78 G. LOAN | LIFE OF PROJECT H. GRANT | LIFE OF PROJECT I. LOAN |
|---|---|---|---|---|---|---|---|
| (1) FN | 249 | 031 | | 306 | | 458 | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| | | | TOTAL | 306 | | 458 | |

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

012 | 140 | 043

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH): BR | BS | COOP | PART | INTR

14. SECONDARY PURPOSE CODE: 220

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To increase small farm income.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

1. To assist CREDICOOP to become financially self-sufficient;
2. To train and upgrade CREDICOOP's staff, and
3. To assist CREDICOOP's member cooperatives to serve the small farmer.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

2 week TDY by IA/DR technician.
2 week TDY by marketing specialist to be funded by a terminating project.

18. ORIGINATING OFFICE CLEARANCE

Signature

Title

Date Signed: MM DD YY

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

AID 1330-2 (3-76)

## I. Summary of the Problems to be Addressed and the Proposed Response

In the FY 1975 Development Assistance Program, the Mission identified the following areas of concentration and related priority development problems upon which to focus our assistance:

Area of Concentration: Increased Small Farm Income

Priority Development Problems:

1. Insufficient and inefficient use of credit by small farmers;

2. Inadequate marketing arrangements and facilities for the products of small farmers;

3. Insufficient technical assistance from research and extension available to small farmers.

According to an AID funded study of small farmers, there are approximately 140,000 small farm families living in eastern Paraguay on farms of 20 hectares or less. Family incomes including the value of all crops and animal products produced for home consumption range from $700 or less up to $1,140 per year. Such families constitute the poor majority of Paraguay, and are the target of USAID/Paraguay's program of assistance. While the traditional agricultural practices used by small farmers generally provide an adequate diet for the farm family, the farmer's cash income is limited and his contribution to the national economy is far short of potential production.

A solution to some of the problems the small farmer focus lies in a system or organization which could provide credit, advice on its use, and assistance in marketing to insure that the farmer receives fair prices for his production. Because of the large number of farmers in the target group and the small size of each farm operation, assistance can best be provided to organized groups of farmers, rather than to individuals. The first step then is to organize small farmers into cooperatives which can provide credit, from individual savings and loans, for sublending to individuals. The cooperative can hire experts to provide technical assistance or petition the government for such services, and can also assist the farmer to obtain higher prices for his production by organizing products into truck load lots and by contacting as many buyers as possible to determine the best price being offered. The second step is to organize these small farmer cooperatives into a central cooperative to provide management, advice, and

coordination services which are too costly for individual cooperatives to afford. In order to be effective, the central organization (CREDICOOP) must be financially self-sufficient so that it can extend its services to member cooperatives on a continuing basis at reasonable cost, and its staff must be qualified to provide expert advice on organization, management, and operations. Therefore, the purposes of the project are:

1. To assist CREDICOOP to become financially self-sufficient

2. To train and upgrade CREDICOOP's staff; and

3. To assist CREDICOOP's member cooperatives to serve the small farmer.

Achievement of the project's purposes will impact upon the goal, increased small farm income.

In FY's 1978-1980, CREDICOOP will move into two new areas. The first is the disbursement of the AID loan of $3,000,000 authorized in June, 1975. Implementation has been complicated by the collapse of a companion marketing project which was to share in the total loan project. Much time has been spent in amending the loan so that it is acceptable to the GOP and the Paraguayan Congress, and by the time its conditions precedent are met the major planting season of 1976 will have passed. Major disbursements under the loan will not begin until the September-December planting season of 1977, and CREDICOOP will not receive much income from interest and commissions until 1978. According to all financial projections, CREDICOOP should reach financial self-sufficiency in the third year of loan implementation which will be in 1980. CREDICOOP will need technical assistance through FY 1980 in order to implement the loan, and budget support until income generated through loan related activities is adequate to cover CREDICOOP's staff and operating expenses.

The second new area is greater involvement in the marketing process for members of its cooperatives. Beginning in CY 1975 with a few pilot operations and expanding in CY 1976, CREDICOOP has been able to demonstrate to its member credit unions that assistance in marketing is a necessary and effective way to insure repayment of loans, and also to increase the small farmers' net earnings. From FY 1978 through FY 1980 CREDICOOP will, in addition to continuing to use marketing as a loan recuperation tool, place greater emphasis on marketing to increase the small farmer's income. CREDICOOP's entry into marketing has been approved by the MAG and CREDICOOP's charter is being amended to add marketing and related activities. By expanding cooperative marketing operations and reducing the number of

middlemen and brokers in the farm gate to domestic or export market process, farmers should be able to receive higher prices. CREDICOOP may become involved in some or all of the following practices: use of futures markets; direct purchase of small farm crops with assumption of both gain and risk, and direct export.

To carry out this project, we estimate that 52 technician months of services will be required; 30 participant months of training in third countries; office supplies and equipment for the central office and member cooperatives, and budget support to CREDICOOP until the organization becomes self sufficient. From these inputs should come the following outputs:

1. Trained counterpart staff members working in loans and collections, training, extension, and marketing.

2. Improved systems developed for the extension and administration of loans to small farmers.

3. Systems developed for guarantee of prices existing at planting time through the use of hedging.

4. Procedures developed to permit the direct export of small farm crops by CREDICOOP.

Major assumptions which bear on project success include:

1. That the GOP will continue a positive, or at least neutral, position toward the credit union movement.

2. That world market prices for agricultural products will fluctuate sharply over the short run but will increase over the longer term.

3. That natural disasters and violent political changes do not take place.

This project is a follow-on to a project scheduled for termination with FY 1977 funding, Credit Unions # 526-15-110-101. The Credit Unions project focused on the organization of credit unions, the creation of CREDICOOP, and staff training. According to the project's design and assumptions, marketing/services would be provided by a companion marketing project, and disbursement of the FY 1975 AID loan would be promptly initiated so that CREDICOOP would reach a break even point by CY 1978. This design and related assumptions have been overtaken by a series of unfortunate events which have been discussed and reviewed in detail by all interested parties; discussion will not be reopened in this PID. Delay in loan implementation has required

increased financial support from AID as was justified in a PP revision dated June 7, 1976.

On the positive side, CREDICOOP readjusted quickly from the loss of assistance expected from the marketing/services project, began pilot marketing activities in CY 1975, and has successfully expanded them in CY 1976. GOP and community participation in the Credit Unions project has been good and augurs well for the proposed project. The GOP has provided technical assistance from its directorate of cooperatives and its agricultural extension service, and provides loan funds to member credit unions from the National Development Bank. Community participation is in the form of savings and share capital, and volunteer time for staff, promotional, and operational functions.

However, the terminating Credit Unions project did not complete all of the needed training tasks, could not achieve loan implementation in time to bring CREDICOOP to financial self-sufficiency, and lacked the time and resources to undertake marketing assistance which became necessary with the demise of the marketing/services project. For these reasons, this new project is proposed to complete the work of the Credit Unions and Marketing/Services projects, to provide assistance during the implementation phase of the loan, and to broaden CREDICOOP's functions with particular emphasis on marketing.

The alternative to not undertaking the proposed project is to leave CREDICOOP without technical assistance during a crucial period in its development. With assistance its self-sufficiency is likely by 1980; without assistance it would have to reduce its staff at a time when the work load is increasing and years would be added to the time needed to reach a solid financial position.

The only other donor presently active in supervised credit for small farmers is the InterAmerican Development Bank, which is working with the GOP's Crédito Agrícola de Habilitación (CAH). The IDB is not presently in a position to assume assistance to CREDICOOP, nor can any other donor provide the assistance proposed in this PID.

## II. Financial Requirements and Plans

The current best estimate of total project costs is $1,122,000, of which the AID share would be $458,000. The host country share would be $664,000 to be paid directly by CREDICOOP for salaries and operating expenses. In addition, the GOP will continue to provide substantial support to the overall goal of raising small farmer income by providing exemption from export and import taxes. The value of these exemptions is estimated at $300,000 during the three years of the project.

AID's expenses are estimated as follows:

| | FY 1978 | | FY 1979 | | FY 1980 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | $ | TM | $ | TM | $ | TM | $ | TM |
| Personnel | 115 | 24 | 69 | 14 | 69 | 14 | 253 | 52 |
| Participants | 12 | | 12 | | 6 | | 30 | |
| Commodities | 35 | | 25 | | 10 | | 70 | |
| Other Costs | 60 | | 30 | | 15 | | 105 | |
| TOTAL | 222 | | 136 | | 100 | | 458 | |

## III. Development of the Project

The Mission and CREDICOOP have sufficient information and experience to develop the PRP. The information base presently available includes field studies performed by U.S. and Paraguayan consultant firms, the small farmer subsector assessment, and special studies performed by AID/W funded TDY consultants. We will submit the PRP by the end of October, 1976.

The need for consultant services to prepare the PP will depend on issues raised during the AID/W review of the PRP. We presently estimate that a two week TDY by a marketing expert who will be contracted under the terminating project, and a two week TDY by a LA/DR technician will be sufficient to develop the PP which will be submitted in FY 1977.

## IV. Issues of a Policy or Programmatic Nature

Is justification sufficient to indicate that this is a new project, or is this really the continuation of a project which started in FY 1969?

AGENCY FOR INTERNATIONAL DEVELOPMENT

# PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

PID

2. DOCUMENT CODE: 1

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): 526-0108

6. BUREAU/OFFICE: A. SYMBOL: LA; B. CODE: 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): COOPERATIVE-BASED AREA DEVELOPMENT

8. PROPOSED NEXT DOCUMENT

A. 2 (2 = PRP, 3 = PP)

B. DATE (MM YY): 10 76

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION

a. INITIAL FY 78

b. FINAL FY 80

10. ESTIMATED COSTS ($000 OR EQUIVALENT, $1 = ₲126)

| FUNDING SOURCE | LIFE OF PROJECT |
|---|---|
| A. AID APPROPRIATED | 800 |
| B. OTHER U.S. 1. | |
| B. OTHER U.S. 2. | |
| C. HOST COUNTRY | 200 |
| D. OTHER DONOR(S) | |
| TOTAL | 1,000 |

11. PROPOSED BUDGET AID APPROPRIATED FUNDS ($000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE C. GRANT | PRIMARY TECH. CODE D. LOAN | E. FIRST FY 78 F. GRANT | E. FIRST FY 78 G. LOAN | LIFE OF PROJECT H. GRANT | LIFE OF PROJECT I. LOAN |
|---|---|---|---|---|---|---|---|
| (1) FN | 243 | 210 | | 375 | | 800 | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| | | | TOTAL | 375 | | 800 | |

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

210 | 220 | 241 | 251

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)

BF | COOP | DEL | INTR | PART | TECH

14. SECONDARY PURPOSE CODE: 143

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To increase the income and employment of small scale farmers in Paraguay.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To develop a replicable approach to agricultural development at the community level using cooperatives as the institutional base.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

AID/W: Ag Economist 7 weeks; AID/W or external source: Ag Engineer 6 weeks, Ag Economist (marketing, distribution, transportation) 4 weeks; External Source: Ag Engineer (grain, storage, drying, handling) 3 TW. Total est. cost $20,000 in tech. support funds.

18. ORIGINATING OFFICE CLEARANCE

Signature

Title

Date Signed (MM DD YY)

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION (MM DD YY)

AID 1330-2 (3-76)

## I. Problem and Proposed Solution

The Foreign Assistance Act requires that AID projects be directed toward reaching the poor majority, implying the need for sound rural development approaches since the rural poor make up the largest portion of that target group. USAID/Paraguay, in its DAP, has identified four priority problems which must be addressed by whatever rural development approaches might be designed to increase the incomes of Paraguay's small farmers:

1. Insufficient and inefficient use of credit by small farmers;

2. Inadequate marketing arrangements and facilities for the products of small farmers;

3. Non-availability and ineffective use of production inputs; and,

4. Insufficient technical assistance from research and extension available to small farmers.

These and other constraints, individually and collectively, inhibit Paraguay's 141,000 small farmers (defined as those managing 21 hectares or less) from increasing their productivity and, hence, their incomes. Further, because these constraints interact with each other, real progress would appear to come only by mounting some form of "integrated rural development" effort--that is, through the implementation of a well synchronized, closely related rural development "package". Yet there is presently considerable disillusionment with the idea of integrated rural development. It must be attacked, in addition to the apparent lack of success of various large scale integrated rural development schemes, for its oversimplification of the problem. Most such programs seem to have been focused largely on institutional schemes of one form or another, which were intended to coordinate the activities of various entities in delivering a set of services (such as credit, technical assistance, marketing, road building and public health) to rural communities. Too little attention may have been given to assuring that the services provided were directed at the real problems of the community, that the recipient communities were sufficiently well organized to interact effectively with the agencies delivering services and to mobilize the local resources necessary to implement suggested changes and that the technical assistance efforts furnished new technology which was clearly superior to the

farmer's present practices. In short, the task of implementing rural development at the community level is far more complex than originally bargained for, and much more needs to be learned before a settled and reliable body of knowledge and doctrine of rural development can be established. To quote one expert, "Rural development can be described, perhaps not too inaccurately, as an ideology in search of a methodology or a technology."

A second approach to the problem of rural development has been through the creation of cooperatives. This approach is also not without its difficulties. Most observations of cooperative programs suggest that the successful experiences are related to one or more of such factors as a clear definition of the problem the cooperative will address, strong leadership, or an adequate scale of operations so that capitalization can occur at an acceptable rate. The failures seem to be related to cooperative projects which have focused too much on the theory of cooperativism, addressed an inadequately understood set of problems, have not functioned in a business-like manner (ignoring costs, pricing services to members too low to capitalize themselves, depending too much on donations and subsidies), and have been too small to capitalize themselves sufficiently to overcome short-term economic set-backs. Again, to the best of our information, a firm body of knowledge and concepts to guide cooperative development is still to be developed.

While such generalized bodies of knowledge are being developed, there is a definite need to develop a workable approach to implement rural development at the community level in Paraguay. Within our target group, there are essentially three types of communities, minifundia zone (with a high percentage of farms of five hectares or less), small farm zone (farms of varying sizes under 20 hectares in traditional agricultural areas), and colony or "frontier" zones. In this project the focus will be upon an area which is considered a frontier zone. (There are plans to work with the Planning Office of the Ministry of Agriculture to develop a similar type of project for the minifundia zone for early submission of an FY 1979 PID.) The intent is to combine the avaialble knowledge of rural development and cooperative development and, through a pilot project, attempt to develop an approach to area development using small farmer cooperatives as the institutional base which could be replicated in other frontier zones. The choice of the cooperative as the institutional base in the frontier zone is based on our observations that there is typically a lack of infrastructure and services in the colony areas, that foreign immigrant groups have had considerable success with using cooperatives to provide such services to their communities, and that cooperatives are a flexible institutional mechanism which can mobilize resources to address a variety of identified developmental needs.

The intended project differs from typical cooperative projects, first, in its objective. The purpose of this pilot project is to develop a replicable approach to area development using agricultural cooperatives as the basic institutional building block. Thus the objective is not simply to develop cooperatives, but to develop an area through agricultural cooperatives. A second difference is that considerable attention will be given to the introduction of appropriate new production and marketing technologies. The basic contention is that growth in agricultural productivity has rarely occurred without the introduction of technological innovations capable of generating substantial new income flows in response to economic opportunities. More simply stated, the project will attempt to facilitate the introduction of practices which reduce the costs per unit of production (or product marketed) and increase the productivity per worker. Still another difference is related to the problems encountered in cooperatives that are not of functional size. To increase the scale of operations, take advantage of the limited number of good managers, and improve services, the project anticipates developing some form of amalgamating the small agricultural cooperatives that exist in the project area and extending services to additional potential members through the creation of branches of the existing cooperatives designed to provide specific services in their immediate localities.

An additional conceptual difference in the approach is that in contrast to the paternalistic nature of many cooperative projects (which attempt to serve all the needs of the clients), this project will seek out means of collaborating with other institutions (the extension service, the development bank, CREDICOOP and affiliated Credit Unions, the Marketing Department of the Ministry of Agriculture, the Agricultural Research Station) and facilitate their work by attempting to organize the community to take full advantage of available services. Thus, the cooperative will seek to assure that needed services are available by directly providing some of these services and assisting other institutions to provide other services. Likewise, the project will draw upon other AID sponsored programs to assist in the agricultural development of the area. The Rural Enterprises Loan can be utilized as a source of credit for marketing and processing facilities projects and also for projects designed to supply needed inputs and services; it is directed at providing funding for rural enterprises of the type which are anticipated by this project and can finance cooperatives which submit acceptable project proposals. The proposed Productive Credit Guarantee Program is another source of credit that can be utilized for small scale projects, such as marketing and mechanization projects which might be undertaken by the branches of the cooperatives planned under this area development project. This project would assist

the local community to organize and plan projects to provide needed services and then assist them in obtaining financing from the Rural Enterprises and PCGP sources.

Finally, the decision has been made that with the exception of technical assistance and the costs of experimentation with new practices (which would have direct applicability outside of the area) and feasibility studies, project contributions which might be construed as subsidies to the cooperatives will be minimized. It is not the intention of the project to provide major equipment, office furniture, and operational capital on a grant basis. Instead, a revolving fund will be established for lending to the cooperatives for needs which can not be served by existing lines of credit or where these lines of credit are not sufficiently flexible to meet these needs in a reasonable time frame.

For this project the center of cooperative activity would be developed from the present cooperative located at Villa del Rosario, near the river port of Puerto Rosario on the Paraguay River. The other small farm cooperatives located in five towns in the project area are presently in an earlier stage of development. These locations are Gral. Aquino, Itacurubí del Rosario, San José, Lima, and San Pedro. These cooperatives would be developed eventually into a regional network of horizontally integrated, agricultural production/marketing cooperatives of small farmers in the pilot project area.

This area has some unique features which may make it somewhat atypical of colony zones, but at the same time seem to make it ideally suited for a pilot project. First, production is a mixture of farms raising traditional small farm crops and farms focusing on soybeans and wheat production. It is a mixture of some long-term residents and colonists. Two prosperous immigrant Mennonite colonies, with very strong cooperatives, are also located in the area, and have had an influence on the surrounding communities. (The near proximity of immigrant colonies is not uncommon in colony areas.) The Mennonites have introduced the area to horse technology (oxen are the most common source of power among small farmers in Paraguay), and a project sponsored by the German assistance agency has provided some of the area's small farmers with custom tractor and combine services. There is more marketing and credit infrastructure than might be found in very recently colonized zones, and there are existing cooperatives as well. This wide range of existing technology and institutional arrangements provides an excellent laboratory, which may not exist elsewhere, in which to examine alternative production practices and compare alternative means of providing services to small farmers. Assuming that there will be the capacity to analyze the various alternatives presented, the

development of a workable approach to rural development should be enhanced. The fact that there are existing cooperatives, obviating the need to create cooperatives before the project can go forward, should also speed its progress toward reaching the stated objectives.

The project will attempt to do the following in the pilot area, and, in the course of these actions, move toward the stated purpose of developing a replicable approach to area development:

1. Provide technical assistance to cooperatives themselves to strengthen their management and improve their organization. This will involve some of the following types of activities:

a. Assist in the analysis of business and project alternatives.

b. Improve planning, budgeting, and accounting.

c. Assist in efforts to organize a horizontally integrated system of area cooperatives and branches of these cooperatives.

2. Develop credit arrangements which assure that member farmers, and to the extent possible small farmers in general, in the area of influence of the project have access to production credit suited to their needs. Several alternatives may be pursued, such as the following:

a. Provide opportunities for training area farmers in the proper use of credit to improve their farm enterprises. (This might be done in conjunction with USAID's Farm Management project.)

b. Organize farmers into credit groups to make the provision of small farmer credit through existing credit agencies more efficient per loan.

c. Associate with local credit unions or open a credit department associated with CREDICOOP. Alternatively, arrangements might be made with the Development Bank to provide credit through the cooperative to its members.

d. Develop a fund within the cooperatives, paid into by the members during good years, to offset bad crop years.

3. Design and develop a systematic marketing program specifically directed toward solving the marketing problems of the area's small farmers. This might include one or more of the following activities:

a. Installation of community storage/drying facilities for grains. (This approach is already being tested on a pilot basis in the General Aquino branch of the Villa del Rosario cooperative and will be evaluated in the course of the project.)

b. Improve the capacity of the present cooperatives to process and finance the marketing of members' production.

c. Examine the feasibility of establishing area port facilities for direct export of members' products by river and assist the area in the planning and financing of such facilities if they are deemed economically feasible.

d. Examine the feasibility of installing agro-industrial processing facilities and participate managerially and financially in their development. The new Rural Enterprises Loan through the Central Bank could be the source of financing for such projects.

e. Arrange for the contracting of small farmer production with processors and exporters and for other modifications in the marketing channel which might reduce price uncertainty, decrease unit marketing costs and expand the demand for products produced in the area (such as local cleaning and drying to provide a higher quality product to the purchaser).

4. Introduce appropriate technologies to the area. This would represent an effort through the cooperatives to improve the capacity of the community to take advantage of technological advances presently employed elsewhere, developed at the research stations, or adaptations of local innovations to suit the needs of a larger number of the area's small farmers. These efforts might take the following forms:

a. Study the problems of the area (including the advantages and disadvantages of mechanized versus horse-drawn implements) to determine the type of technology best suited to the area. This will be accomplished, in part, in coordination with the Farm Management Project prior to the initiation of this project and would be related to the Small Farmer Research Institute and agricultural mechanization subprojects planned in the agriculture sector loan.

b. Cooperate with the extension service and the research station in introducing new technologies in the area. This effort could include:

(1) Facilitating local adaptive research and field demonstrations of new practices.

(2) Organizing farmers in various localities to cooperate in field trials of new practices.

(3) Organize individual communities to implement new practices.

c. Provide the inputs and services required to assure that the new technologies can be implemented by area farmers. This might involve securing seed, fertilizer, agricultural chemicals and small machinery for resale to small farmers (cooperative members could share in the dividends earned from these sales and non-members would benefit from the local availability of such products) and assure that indicated machinery services and repair facilities are available locally.

The project will provide mostly technical services in the form of permanent personnel to work with the cooperatives in the area and personnel contracted for feasibility studies and experimental projects. It will also develop a capital revolving fund to provide flexible financing for the cooperatives until regular lines of credit have been developed.

Other donors activities in the general project area consist mainly of one German agriculture advisor working directly with a cooperative in Villa del Rosario (membership 150) and another German agricultural advisor working with a private organization providing agricultural machinery services to farmers in the area of Itacurubí del Rosario. Both organizations were originally sponsored by a German church group whose main input to the projects was heavy farm equipment - tractors and combines - to provide custom service to organization members. Mission personnel have very good relationships with the advisors in these programs (who are presently somewhat disenchanted with the results of their mechanization efforts and are seeking new approaches to the development of the area). It is our intention to develop collaborative arrangements with them.

The major assumption is that some general principles underlying a workable approach to rural development in Paraguay's frontier zones can be discerned from a concentration of efforts in the selected project site. We are cognizant of the point that pilot projects tend to be successful because of the large amount of high level technical assistance lavished upon them, while large scale programs developed from them tend to fail because the high level of human resources cannot be sustained and administrative convenience is often substituted for the flexibility found in pilot scale efforts. The project will attempt to keep this fact in mind, assuring to the maximum extent possible that the approaches developed are not dependent for their effectiveness upon the availability of excessive amounts of high level human resources.

Alternatively, a pilot rural development effort might focus upon a specific package of technologies as its basis, concentrating on the development of the institutional infrastructure to deliver these innovations. No such set of practices appears to be available at this time, implying that its development must, in part, be internalized in the project. Another alternative might focus first upon a minifundia area instead of a frontier zone. Since small farmers in the frontier zones are also poor and are unable to take full advantage of the land they have available, there is reasonable justification for a project directed at this type of area. Further, colonists appear to be subdividing their parcels because they cannot, with present technology and infrastructure, farm larger areas than many of their minifundia counterparts. There is a definite need to assist such communities to avoid simply transplanting minifundia to new regions. Finally, a project directed at the minifundia zone is being considered for presentation as a FY 1979 PID.

Even though the objective is to develop a workable approach to rural development in a frontier zone, it is clearly expected that area farmers will benefit directly from the project's efforts in cooperative organization, credit, dissemination of new technologies, local availability of critical inputs and the improvement of marketing. Hopefully, the principles and experience gained from this project can be transferred to other areas in follow-on projects.

## II. Financial Requirements and Plans

Over the three year period of the project estimated grant funds will be required of $420,000 for personnel costs, $110,000 for administrative and field cost support for these technicians, $110,000 for special experimental subprojects and feasibility studies, and $160,000 for a capital revolving fund. The need for these funds by fiscal year is expected to be as follows:

| | ($000) | | | |
|---|---|---|---|---|
| | FY 1978 | FY 1979 | FY 1980 | Total |
| 1. Personnel | 150 | 140 | 130 | 420 |
| 2. Support Costs | 30 | 40 | 40 | 110 |
| 3. Special projects and feasibility studies | 35 | 35 | 40 | 110 |
| 4. Capital revolving fund | 160 | - | - | 160 |
| | | | | 800 |

Counterpart will come from the cooperatives themselves.

## III. Development of the Project

A series of studies and analyses funded by the Mission have already been completed, or are in progress at this time, which will contribute to the development of this project.

1. An Agricultural Sub-Sector Assessment of the Small Farmer in Paraguay was completed in December 1975.

2. A Small Farmer Survey is now in progress to determine the additional economic and financial factors relating to the small farmer in Paraguay.

3. An anthropological study is currently underway which will provide data on the functioning of the Paraguayan social system at the community level. This will enable the Mission to identify possible constraints to project success as well as assess its potential impact on the target area's population.

4. Included in a current Marketing/Services Cooperatives project, which will terminate in FY 1977, are four cooperatives located in the proposed project area. The data being gathered in the course of the project and the experience of the two U.S. and two Paraguayan contract technicians affiliated with it will figure importantly in preparing the PRP and PP. The area development project will build upon and enhance accomplishments under the previous project.

The Mission has the staff to prepare much of the PRP and PP documentation, but AID/W will need to provide additional help. $20,000 are initially required for other specialized consultants, if this expertise is not also available from AID/W staff and contract resources. Details are as follows:

| Consultants | Nature of Services | Work Weeks | Source | Est. Cost * |
|---|---|---|---|---|
| 1. Ag. Economist | General project/concept Analysis. Analyze constraints/problems. | 3 wks. | AID/W | - |
| 2. Ag. Engineer Grain storage-drying-handling specialist | Analyze specific physical requirements for each coop facilities, equipment, machinery. | 3 wks. | Kansas State Univ. | $ 6,000 |
| 3. Ag. Engineer/ Agro-Industrial Dev. Analysis | Pre-feasibility studies of Agro-industrial project possibilities. | 6 wks. | AID/W or External source Kansas State Univ. | $ 8,000 |
| 4. Ag. Economist-Marketing/ distribution/ transportation | Analyze marketing-distrib.-transportation opportunities/requirements/costs/benefits. | 4 wks. | AID/W or Consultant Services | $ 6,000 |
| 5. Ag. Economist | Assist in writing document. | 4 wks. | AID/W | |
| | | 20 work weeks | | $20,000 |

Present plans call for submitting the PRP in October 1976 followed by the Project Paper early in the first quarter of FY 1978.

* At $1,200/week salary, per diem, misc.
$1,000 transportation (US-Paraguay-US)

## SMALL FARMS IN THE DEPARTMENT OF SAN PEDRO

(Department in which the project will be developed)

TABLE I 1/ - Farms by Size

| | 1972 Has. |
|---|---|
| 0 - Land use only | 390 |
| 0 - 1 | 696 |
| 1 - 5 | 2,931 |
| 5 - 10 | 2,522 |
| 10 - 21 | 6,364 |
| | 13,379 |

TABLE II 1/- Percentage distribution of Small Farms

| Has. | 1972 % |
|---|---|
| 0 - 1 | 6.29 |
| 1 - 5 | 35.07 |
| 5 - 10 | 19.34 |
| 10 - 21 | 25.49 |
| | 86.19% |

1/ Source: Encuesta Agropecuaria por Muestreo, 1972, MAG

AGENCY FOR INTERNATIONAL DEVELOPMENT

# PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete)

PID

2. DOCUMENT CODE: 1

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): 526-0109

6. BUREAU/OFFICE: A. SYMBOL: IA; B. CODE: 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): SMALL FARMER SECTOR PROGRAM

8. PROPOSED NEXT DOCUMENT: A. 2 (2 = PRP, 3 = PP); B. DATE: MM 10, YY 76

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: a. INITIAL FY 78; b. FINAL FY 80

10. ESTIMATED COSTS ($000 OR EQUIVALENT, $1 = ₲126)

| FUNDING SOURCE | LIFE OF PROJECT |
|---|---|
| A. AID APPROPRIATED | 3,500 |
| B. OTHER U.S. 1. | |
| B. OTHER U.S. 2. | |
| C. HOST COUNTRY | 2,000 |
| D. OTHER DONOR(S) | |
| TOTAL | 5,500 |

11. PROPOSED BUDGET AID APPROPRIATED FUNDS ($000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE C. GRANT | PRIMARY TECH. CODE D. LOAN | E. FIRST FY F. GRANT | E. FIRST FY G. LOAN | LIFE OF PROJECT H. GRANT | LIFE OF PROJECT I. LOAN |
|---|---|---|---|---|---|---|---|
| (1) FN | 180 | 050 | | 210 | 3,100 | 400 | 3,100 |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| | | | TOTAL | 210 | 3,100 | 400 | 3,100 |

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

011 | 012 | 080 | 019 | 053

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)

BF | R/AG | DEL | PART | TECH | INTR

14. SECONDARY PURPOSE CODE

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To increase the income and employment of small scale farmers in Paraguay.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To enable the Ministry of Agriculture to address the principal constraints-inadequate research, extension, intermediate technology and marketing services-which inhibit the small farmer from increasing his income and employment.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

14 weeks of specialized assistance from AID/W; 38 weeks of contract assistance. Total cost of $56,550, to be funded by technical support.

18. ORIGINATING OFFICE CLEARANCE

Signature

Title

Date Signed: MM DD YY

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

AID 1330-2 (3-76)

## I. Problem and Proposed Solution

The Small Farmer Subsector Assessment suggests a number of opportunities for projects directly addressing the constraints faced by small farmers. Many of these efforts--such as projects in the areas of research, extension, development of intermediate technology (small machinery) and marketing services--should be undertaken by public sector entities. Yet, despite the importance of agriculture in the Paraguayan economy, the Ministry of Agriculture appears to be so inadequately financed as to cast doubt upon its capability to implement new program initiatives without a major increase in its budget level. Preliminary evidence, in fact, suggests that present programs suffer from insufficient funds and that the Ministry has difficulty meeting the increasing demands placed upon it.

The 1976 MINAG budget was set at the equivalent of $6.4 million* or 3.4% of the national budget. This figure represents a 17.6% increase in current guaranies over the 1975 budget, but is still less than the 1972 budget and only 6.2% above the 1973 budget--both of which were heavily influenced by PL 480 and IDB funding. Viewing the historical trend in the MINAG budget in real, rather than monetary, terms suggests that recent increases have been rather minimal. Using the wholesale price index as a deflator, the 1975 budget was almost identical to the 1971 budget in real terms. If, instead, calculations are based upon the consumer price index the 1975 figure is some 20% higher than for 1971. Still, this is a rather modest expansion over a five year period relative to the needs of the agricultural sector.

If inadequate financing of the Ministry of Agriculture is indeed a major problem limiting the potential for development of initiatives directed at the needs of the small farmers, as is presently believed, AID loans must take this into consideration. One approach would be to seek out other government or private institutions, where there would be greater assurances of adequate counterpart funds and personnel, and develop projects with these entities. The alternative, which is suggested here, is to structure a loan in such a way as to implement certain new programs and at the same time assist the government to substantially expand the Ministry budget. Such an approach would involve financing various projects within the Ministry, with AID financing a sharply declining share over the period of the loan. The government would, in turn, have to commit itself to off-setting the

* Converted at the official rate of ₲126 to the U.S. dollar. This somewhat overstates the budget as the free exchange rate is usually larger than this figure. As an example, based upon the free exchange rate for June 30, 1976, the MINAG budget would be $5.9 million.

reductions in AID financing such that at the termination of the loan the cost of the programs would be incorporated into the regular Ministry of Agriculture budget. A preliminary review of the MINAG budget indicates that there is a precedent for this approach. The GOP has in recent years increased the national contribution to compensate (though not completely) for funds provided earlier under PL 480 and IDB programs. This suggests that a loan of this type could be used to encourage the GOP to allocate additional funds to the agricultural sector in the future.

The loan, as presently conceived, would consist first of major inputs directed toward developing appropriate new technology for small farmers and introducing small-scale mechanization. Smaller amounts would be devoted to expanding the capability of the Ministry to provide services to cooperatives and private firms engaged in agricultural marketing and establishing within the MINAG budget a fund for training personnel in accordance with projected manpower needs. Finally a limited amount of funds would be destined for expanded efforts in planning and agricultural statistics.

New Technology Development: Small Farmer Research Institute

A major conclusion to be drawn from the Small Farmer Subsector Assessment is the need to create and extend technology suited to the needs of small farmers. The inadequacy of presently available technology is indicated by the following findings. Most important is the low level of labor productivity per worker employed in the agricultural sector. Since family labor is the major input that small farmers can bring to the production process, increasing the value of labor is critical to improving the welfare of the rural poor. Secondly, it has been determined that recent increases in production have arisen largely from bringing new land under cultivation. This expansion of area in production does not appear to be a major contribution to increased small farmer incomes. The Subsector Assessment finding that the percentage of land area cultivated decreases rapidly with increased farm size indicates that small farmers are generally unable, given present technologies, to increase their incomes by more extensive use of land resources (where they are available). Finally, yield comparisons indicate that present Paraguayan productivity per hectare does not compare favorably with current U.S. levels, or even with U.S. yields in 1960. In short, all available indicators suggest that the creation of new technology aimed directly at small producers is of very high priority among development programs in Paraguay.

In Paraguay there appear to be three types of small farms toward which the development of new technology should be directed. First, farms of less than five hectares which are not fully utilizing available family labor resources. These farms, largely in the central zone,

require technology which permits them to produce more labor-intensive, higher valued products. This group of farmers probably requires a combination of technological alternatives and improved marketing to allow them to change from traditional crops, such as cotton and tobacco, to fruits and vegetables and perhaps livestock such as poultry and swine. Alternatively, efforts toward the development of multiple cropping programs could make an important contribution toward intensification of production.

A second group is the small farmers located in the traditional farming areas who are presently not utilizing all of their available land resources. They could benefit both from yield-increasing technologies and labor-saving technologies which permit the farm family to manage larger areas with its own labor resources. The types of technologies which might be employed to gain better utilization of family labor are mechanization, reducing the labor input required by utilizing such practices as no-tillage farming and chemical weed control, and improved cropping combinations which could be derived from farm management research.

The final group is colonists, who also appear to be unable to take full advantage of the land resources available to them. They have an additional problem of having to find a way to clear additional land and to incorporate this new land into their cropping program, while farming their presently cleared acreage. The lack of capacity among colonists both to farm present cleared area and to clear additional land once they have reached four to five hectares appears to be reinforced by preliminary findings that colonists are subdividing their plots through extra-legal sales or inviting relatives to establish farms on the unutilized portion. If this is indeed the trend in colonization areas, the advantage of the larger land resources available to the colonist will be eroded and new minifundia areas created in the colonization zones.

Considerable new thinking has developed with respect to the approach required to create new technology which is directly applicable to small farmers. In essence, it will be argued here that new technology for small farmers must begin by understanding what practices are presently being used and why. From this point the researcher identifies the technological needs of small farmers and determines what kind of technology must be created to serve these needs. Eliminating formal consideration of these two points can imply, in the least generous terms, that the researcher will work on what interests him without concern as to its priority among research projects and its potential applicability to small farms. In short, these steps serve to orient the researcher and discipline his efforts to assure that his results will be meaningful to small farmers. The next step involves drawing on existing research and

the stock of knowledge available to synthesize a technology applicable to the problems identified. Once the new technology has been generated, at the experiment station level, it must be tested under real small farm conditions to assure that it is indeed superior to existing practices given the resource base and economic environment confronted by the small farmer. It may be found that certain adjustments are required when the technology is transferred from the controlled situation of the experiment station to the actual situation within which it must function. Next the new technology must be incorporated into the delivery systems for inputs and services required by small farmers (e.g. seed must be made available for a new higher yielding variety, credit for its purchase, additional inputs such as fertilizer provided as complementary inputs, and adjustments in marketing made to accommodate additional output). Finally, the idea of the new technology and how to apply it can be diffused to small farmers.

The diffusion of new technologies would be enhanced if extension agents could assume a more active role in establishing new technologies in their areas. In addition to relying upon meetings, bulletins, and demonstrations to introduce farmers to new practices, the extension agent could give attention to assuring that the services required by a new technology (seeds supplies, the correct herbicides, credit, etc.) are available in their community and organize area farmers in such ways that they can meaningfully utilize the recommended technology. A practical example of this approach is to follow training of small farmers in improving the genetic quality of their swine by developing a program to secure a quality boar (perhaps on credit) and organizing them to utilize the services of this boar on a number of farms. This might involve a new dimension to the extension agent's work as he would then become the designer and implementer of small-scale development projects based upon the new technologies available.

The problem of creating new technology specifically directed at small farmers in Paraguay appears to have two parts: first, improving how the system works in line with the suggestions proposed above and, second, securing human resources capable of contributing to the functioning of a new system. There is talent that could be drawn on to create new technology for small farmers, but it appears to be divided among various institutions (IAN, PRONIEGA, FCV, FIA, etc.) Further, there appears to be a need for a mechanism to direct the use of that talent toward the specific needs of small farmers. Assuming also that it would be difficult to redirect the efforts of individual institutions toward small farmer research and extension activities, a reasonable approach would be the establishment of a Small Farmer Research Institute. Such an institute would (1) develop a framework for the type of research needed, (2) establish priorities, (3) develop research agreements with the various research entities (based upon the

talent they could make available and the research plan they developed) to conduct priority research, and (4) fund that research on a counterpart basis with the entity involved providing some of the inputs required. A similar approach could be utilized in extension with SEAG presenting for funding some of the costs of mini-development projects of the type described above. The Institute would build no facilities of its own; any development of laboratory or other research facilities would be in the installations of the entity submitting the research proposal and would need to be a reasonable requirement to complete the research project. Thus the Institute would be charged with directing and coordinating small farmer research and funding, in part, research and extension projects proposed by the various entities.

The Institute should be a dependency of the Ministry of Agriculture, but semi-autonomous in nature. It should be developed on the basis of its potential for coordinating research from various entities and improving the utilization of present highly trained talent. It should have a small staff for the planning and evaluation of projects, but become directly involved in only a very limited number of research projects. The Institute should have funding for hiring researchers from the U.S. and elsewhere, as needed, to be a part of specific projects. It might be useful for the Institute to be codirected by a respected Paraguayan agriculturalist and an internationally known agricultural researcher. A co-director of international reputation would be an asset in acquiring top-level talent and also to attract the collaboration of other institutions. For example, CIAT has proposed placing a rice expert in Paraguay, and the Institute could provide the institutional framework for his work within the country. Kansas State University is interested in providing assistance to Paraguay under the "Partners of the Americas" program and the Institute could facilitate its involvement. The Institute could also relate to "farming systems" research projects of a regional nature presently under consideration by AID. Further, the Institute could attract faculty members from various U.S. universities seeking opportunities to work overseas on their sabbaticals. Finally, the Institute concept might be instrumental in attracting additional funding from other international sources with interests in the development of new technologies applicable to small farms.

As indicated above, the purpose of the Institute would be to mobilize research and extension talent in such a manner as to create, test, and diffuse practical new technologies suitable to the conditions faced by small farmers. At this stage of analysis, the Institute might be expected to encompass 32 man-years, or more, of professional skills over a three year period directed at the generation and diffusion of small farmer technology. It is assumed that useful new technologies will be forthcoming from this effort and, allowing for some lag in time required for their diffusion, will have a direct impact upon improving small farmer incomes.

Small-scale Mechanization Intermediate Technology

Among the target group are three categories of small farmers, as discussed earlier. Those with less than 5 hectares tend to use nearly all of their land for cultivation, while the percentage of cultivated area to total land resources drops rapidly as farm size increases. Additionally, farm income does not bear a very close relationship to farm size (see Table 2 annexed). The best explanation of these findings is that with present technology there are limitations on the scale of operations that can be accomplished with family labor. Further, the Subsector Assessment indicates that there is probably not a large pool of excess rural labor that might be employed. This is consistent with the low level of labor productivity in agriculture and evidence of migration from traditional rural areas in search of better economic opportunities elsewhere.

These findings suggest that mechanization suited to small farm conditions could contribute substantially to the incomes of small farmers by expanding the area that could be cultivated by the farm family. It is also possible that mechanizing critical operations of presently produced crops would permit more intensive land use such as multiple cropping or alternative cropping combinations.

A major problem facing the small farmer is lack of access to, or cognizance of, farm machinery which in size and complexity falls between the simple horse or oxen drawn equipment of traditional design and large, extremely sophisticated and expensive tractor-drawn equipment. A few machines of an intermediate size and technology are already produced in limited numbers in Paraguay (e.g. a horse-drawn field sprayer), and a number of designs have been developed by the International Rice Research Institute in the Phillipines and the National Institute of Agricultural Engineering in England. Further, the GAMCO study, done in the course of developing the Rural Enterprises Loan, identified a number of small machine shops which could produce machinery of an intermediate technology level. The problem is to identify mechanization needs, develop prototype equipment (or adopt it from designs and prototypes developed elsewhere) test these prototypes, and assist manufacturers to put them into production. In addition, farmers will require extension services to acquaint them with the new equipment and instruct them in its proper use.

The purpose of this subproject would consequently be to develop new machinery and equipment suitable to the small farmer's needs and provide the technical assistance necessary to (1) aid manufacturers in producing this equipment and (2) extend machine technology to the client group. The project will first require substantial technical assistance because of the scarcity of agricultural engineering skills in Paraguay. The British Government has expressed an interest in

supplying technicians and could become a collaborator in the overall project. Secondly, facilities for constructing prototype equipment should be constructed during the course of the project. The likely site for such facilities would be adjoining the Agro-mechanical School (a well-equipped facility supported by the Swiss Government which trains rural students in repair and maintenance of farm machinery) at the Caacupé Agricultural Research Station. The Agro-mechanical School has equipment and could be drawn upon occasionally to produce specialized pieces required in developing prototypes. In turn, land at the experiment station could be used for initial testing of the prototypes developed. Nonetheless, the project need not await the construction of these facilities to begin work with various prototype machines. Prototypes developed in the Phillipines, England, and elsewhere with particular promise could be imported and tested, and collaborating machine shops could be contracted to develop prototypes in the interim period. In any case, funds should be made available for the importation of prototypes and for the operational costs of the project both before and after the facility is completed. In addition, funding will be required for technical assistance provided to manufacturers and farmers.

The major assumptions underlying the success of this subproject are that local machine shops can produce equipment at reasonable prices and that small farmers can finance the purchase of such equipment. The GAMCO study indicates that there are companies with the capacity to produce domestically small-scale machinery, and their estimates suggest that this type of equipment could be competitively priced.

Whether farmers will be able to purchase the equipment will depend in part upon the cost-effectiveness of the individual machine and the availability of credit. Since there are presently programs at various stages of development to increase credit available to small farmers, it can be reasonably expected that some amount of credit will be available for equipment purchases by the time such machines are being produced. The cost-effectiveness, on the other hand, is dependent upon the quality of the agricultural engineering work and, consequently, is a variable internal to the project.

The alternative of establishing an agricultural engineering department within the Faculty of Agronomy has been given some consideration. This approach, however, would not focus as directly on the near-term development of equipment suited to the needs of small farmers. Should the Faculty decide to develop an agricultural engineering speciality at some time in the future, it could draw upon the project for assistance in writing the curriculum and involve its students in the development and testing of prototypes as a means of providing practical field experience.

Marketing Planning and Technical Assistance

Given the locational disadvantage faced by Paraguay in the export market and the limited size of the domestic market, it can ill-afford the inefficient and poorly organized agricultural marketing systems commonly found among nations at a similar stage of development. To Paraguay's credit, a considerable amount of attention has been given to marketing. The Marketing Department within the Ministry of Agriculture, formerly assisted by an AID grant project, has undertaken various studies of the marketing system which are basic to policy making. Yet the work accomplished to date, although of professional quality, is not adequate to provide a comprehensive understanding of the functioning of the marketing system. With the collaboration of IDB, the Marketing Department is in the process of installing a market information system including a teletype to receive wire service news of the world export markets. IDB has also funded the construction of grain silos at major points in the country which are operated by the Ministry.

Nonetheless there is a need to expand the capacity of the Marketing Department to provide the services which will result in improved marketing conditions for large numbers of small farmers. Expanded efforts should be directed toward marketing analysis, export market development, and the provision of technical assistance to private and cooperative participants in the marketing system.

There is a need for more comprehensive analysis of the marketing system upon which plans for marketing improvements can be based. Despite the Marketing Department's analytical efforts, too little is known about the costs of performing various marketing functions and what types of economies could be obtained by introducing alternative marketing practices. This is essential information if rational marketing programs are to be developed to assist small farmers.

Since the expansion of agricultural production in Paraguay is very dependent upon exports (which is equally true of both small and large farmers), there is a need for up-to-date market information and reasonable projections for major export commodities. In addition, the size of the domestic market for high-value, perishable products suggests that new market opportunities should be sought to provide greater opportunity for expansion of production of these commodities in the minifundia area. The smallest of our target group farmers would benefit from additional demand for products which they could produce using labor-intensive methods on their limited land areas. Assisting marketers and processors in locating export markets for their commodities would contribute as well to agro-industrial development.

Although not held by marketing professionals, the stereotype of middleman as engaging in collusive behavior with the consequent wide marketing margins and substantial exploitation of both consumers and producers persists in the popular view as the source of agricultural marketing problems. While this view prevails, the approach to improving marketing is to seek ways to eliminate the middleman. If, however, the alternative concept is accepted--that the middleman performs a valuable service, is reasonably competitive and efficient within the economic conditions under which he works--a completely different approach to improving marketed can be evolved. This approach (based upon the careful analysis of the marketing system mentioned earlier) involves searching for ways in which marketers (private middlemen or cooperatives), individually, and the marketing channel, collectively, can become more efficient in performing necessary marketing functions and thus reduce the costs per unit of marketing products which will benefit producers and consumers. Assuming that the market channel participants will change to more efficient practices, the next step is to provide the necessary technical assistance to aid them in latering their operations. This is very much akin to the provision of extension services to farmers to enable them to become more efficient producers.

The Marketing Department of the Ministry of Agriculture is the likely entity to provide such services, but this will require additional professional personnel and funding. Their roughly $100,000 budget for 1976 is not adequate for such a task. This subproject would substantially augment the budget for the Marketing Department to cover greater operating expenditures and hire outside contractors to assist in these activities until such time as an adequate staffing pattern could be developed.

The purposes of the subproject would be to (1) expand the export market for products which could be produced by small farmers, and (2) identify improvements in the marketing system which will increase the efficiency (reduced unit costs of handling, transportation, reduced spoilage, and reduced price fluctuations) and provide the technical assistance necessary to implement these practices. It is assumed that the indirect effect of these changes will benefit the small farmer in terms of higher and more stable prices for his products.

Agricultural Training

In order for the Ministry of Agriculture to expand its efforts and initiate new programs, additional trained personnel are required. Presently, agricultural engineers and agricultural economists are in particularly short supply. At the moment there appears to be no

mechanisms for assuring a continual flow of trained personnel in relation to anticipated manpower needs in the future. The present approach seems to be to match scholarships as they become available with the candidates that can be identified. A more orderly approach would be to (1) develop a moving five-year manpower plan (adjusted each year to extend five years into the future) in terms of anticipated needs, (2) select candidates well in advance (to allow for language training, personal planning of the candidate, substitution of other personnel to cover job responsibilities of the student during his absence), and (3) provide a line item in the Ministry budget to assure funding to meet the projected training needs. This approach would reduce the management time spent seeking scholarships and candidates, and assure that the highest training priorities are met. Outstanding students in their third or fourth year of study at the faculties could be identified as candidates for advanced training, which would stimulate excellence in scholarship and assist the public sector in securing high caliber personnel. The Ministry would have to establish the terms (e.g., length of service) under which it would invest in the training of candidates and assure itself of adequate funds to provide for their salaries upon their return.

Agricultural Planning and Agricultural Statistiscs

Presently a number of studies are being funded by external agencies which are basic to agricultural planning and the development of projects. Such projects are properly the responsibility of the Agricultural Planning and Agricultural Statistics Divisions and will need to be conducted in the future as well. The purpose of this project would be to provide the funding so that these entities can undertake on their own such studies and analyses as required for future planning and project development. The intent is to assist them to become independent of external financing in meeting their responsibilities in statistics gathering and analysis for planning purposes.

## II. Financial Requirements and Plans

The financial plan will be designed to expand the Ministry of Agriculture's budget resources substantially over a three-year period in the foregoing areas of critical importance. AID's contribution will depend upon the commitment of resources to the Ministry's budget by the GOP. It is expected that AID's initial year contribution would represent a very large portion of the subproject costs included in the first year of the loan, decreasing to approximately two thirds in second year, and roughly one-third in the third year. The intent is that the Ministry's budget will be sufficiently increased by the year after the loan to continue the activities supported by the loan. The total funding requirement is estimated at $3.5 million from AID

and $2.0 million from the GOP during the period of the loan. In the year following the last disbursement of the loan, the Ministry's budget should be approximately $2.0 million larger than at the outset of the loan period.

The following is an illustrative financial plan:

| | (In $1,000) | | | |
|---|---|---|---|---|
| | CY 1978 | CY 1979 | CY 1980 | TOTAL |
| Small Farmer Research | 450 | 570 | 690 | 1,710 |
| Agricultural Mechanization | 600 * | 370 | 430 | 1,400 |
| Marketing | 270 | 300 | 320 | 890 |
| Agricultural Training | 220 | 340 | 340 | 900 |
| Ag. Planning & Statistics | 200 | 200 | 200 | 600 |
| TOTAL | 1,740 | 1,780 | 1,980 | 5,500 |
| Total AID | 1,500 | 1,250 | 750 | 3,500 |
| Total GOP | 240 | 530 | 1,230 | 2,000 |

* Includes construction and equipment

Since the financial plan will be altered in the course of the project in line with better estimates of project needs and negotiations with the GOP, it is presented here to provide a preliminary view of the magnitude of inputs estimated for each subproject and a rough idea of how the loan would be utilized to encourage increased financing of the Ministry of Agriculture budget. Included in the AID contribution is $400,000 in grant funds to finance the salaries of the co-director of the Small Farmer Research Institute (36 TM) and a senior U.S. agricultural engineer (36 TM) in the agricultural mechanization subproject. This approach will assure that the development of these subprojects benefit from the guidance of highly qualified advisors.

The presentation above does not include certain inputs such as salaries of personnel and operating costs included in current budgets which might be devoted to the subprojects and legitimately considered counterpart in typical project loan approach. Instead, the counterpart as presented would be additions to the Ministry budget.

## III. Development of the Project

The project will be developed by a joint GOP/USAID Project Committee, supported by subcommittees of specialists assigned responsibility for the development of the various subprojects. This Project Committee will be co-chaired by the Chief of the Ministry Planning Office (which under the ProAg for the Agricultural Planning and Statistics Project has established a target of developing two bankable projects addressing critical constraints faced by small farmers) and the USAID/Paraguay Rural Development Officer. It will also involve the participation of the USAID advisor to the Planning Office and a recently returned USAID participant with a Master's Degree in Agricultural Economics. These individuals, as an informal group, have contributed to the development of this PID.

The proposed time frame for development of the project is as follows:

| | |
|---|---|
| PRP completed | October 15, 1976 |
| PP completed | July 30, 1977 |
| PP presented | August 30, 1977 |
| Loan signed | November 30, 1977 (FY'78) |
| Project initiated | January 1, 1978 (FY'78) |

The rationale for this proposed timetable is that the Ministry of Agriculture presents its budgetary requests for the following calendar/fiscal year to the Ministry of Finance in July and the national budget is finalized in November-December for the coming year. Thus, in order to assure that financial commitments are in place for the Project to begin in calendar year 1978, the MAG must submit its budgetary requests in July, and the Ministry of Finance will need to assure the availability of domestic and loan funds by November for the forthcoming budgetary period. Further, it is intended that activities presently being developed under the Farm Management and Agricultural Planning grant projects, which terminate December 1977, will be incorporated under various sections of the proposed loan.

In the development of the Project, the Mission anticipates the following consultant and AID/W assistance:

## Preparation of PRP

| Task | TMs | Approx. Cost |
|---|---|---|
| 1. Detailed financial/budgetary analysis, feasibility of sector loan approach: AID Economist | 0.5 | $ 750 |
| 2. Development of Small Farmer Research Institute concepts and institutional framework--AID/TAB/AGF Agricultural Economist | 0.5 | 1,200 |
| 3. Outline procedure for identifying, organizing and implementing research projects directed toward the needs of small farmers--contract Research Specialist | 0.5 | 3,000 |
| 4. Develop concepts and institutional framework for the Agricultural Mechanization section--contract Agricultural Engineer | 1.5 | 8,000 |
| 5. Develop concepts and institutional framework for Marketing Services section-(2) Contract Marketing Specialists (2 weeks each) | 1.0 | 6,000 |
| 6. Organize approach to manpower analysis and develop framework for an agr. sector training program--Specialists from TAB/MGT and TAB/AGF | 1.0 | 2,400 |
| TOTALS | 5.0 | $21,350 |

## Preparation of PP

| Task | TMs | Approx. Cost |
|---|---|---|
| 1. Social analysis--PSC Anthropologist/ Sociologist | 1.0 | $ 3,000 |
| 2. Develop details of project implementation for Small Farmer Research Institute (Crops)--contract Research Specialist | 1.0 | 5,000 |

| Task | TMs | Approx. Cost |
|---|---|---|
| 3. Develop details of project implementation for Small Farmer Research Institute (Livestock)--AID/TAB/AGF Livestock Specialist (2 weeks), contract Research Specialist (2 weeks) | 1.0 | 4,200 |
| 4. Develop system for extending results of the small farmer research subproject--contract Extension Specialist | 1.0 | 5,000 |
| 5. Identification of mechanization needs and priorities, and identification of prototypes to be tested--contract Agricultural Engineer | 1.0 | 5,000 |
| 6. Specification of needed facilities, and development of implementation plans for Agricultural Mechanization subproject--contract Agricultural Engineer | 1.0 | 5,000 |
| 7. Develop implementation plan for Marketing Services section--Marketing Specialist | 1.5 | 8,000 |
| 8. Assist in development of PP Financial Analysis and overall Implementation sections - AID/W Loan Officer | 0.5 | - |
| TOTALS | 8.0 | $35,200 |

IV. Issues

1. Should AID structure a loan package in such a way as to attempt to influence the GOP to allocate additional funding to the agricultural sector or, alternatively, approach identified sector needs on a project by project basis?

2. Should a new institutional framework be developed to coordinate small farmer research as suggested (Small Farmer Research Institute) or should the project design seek alternatives methods to coordinate research among the various entities which could participate?

TABLE 1

MAG BUDGET DEFLATED BY WHOLESALE AND CONSUMER PRICE INDICES, 1971 through 1975

| Index | Year 1971 | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|---|
| Wholesale Price Index * | | | | | |
| a. US Dollars (millions) | 2.1 | 5.0 | 3.6 | 2.4 | 2.1 |
| b. Percent of 1971 | (100) | (237) | (166) | (111) | (100) |
| Consumer Price Index * | | | | | |
| a. US Dollars (millions) | 2.2 | 5.2 | 3.8 | 2.8 | 2.7 |
| b. Percent of 1971 | (100) | (234) | (173) | (128) | (120) |

* 1970 = 100

TABLE 2

LAND USE AND INCOME AS RELATED TO FARM SIZE

| | | | | | | |
|---|---|---|---|---|---|---|
| **Farm Size and Land Use** | | | | | | |
| 1. Average Farm Size | 1.4 | 3.6 | 6.5 | 12.7 | 22.8 | 58.4 |
| 2. Has. Used for Crops | 1.4 | 3.0 | 3.9 | 5.3 | 7.9 | 11.9 |
| 3. Percent (1)/(2) | 100% | 80% | 60% | 41% | 34% | 20% |
| **Multiples of the Smallest Farm a/** | | | | | | |
| 4. Size | 1.0 | 2.6 | 4.6 | 9.1 | 16.3 | 41.7 |
| 5. Net Income | 1.0 | 2.6 | 2.8 | 3.8 | 5.0 | 7.6 |

a/ Average farm size and farm income within each strata are used to derive these multiples.

AGENCY FOR INTERNATIONAL DEVELOPMENT

# PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete)

PID

2. DOCUMENT CODE: 1

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): 526-0110

6. BUREAU/OFFICE: A. SYMBOL: LA; B. CODE: 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): AGRICULTURAL MANAGEMENT IMPROVEMENT

8. PROPOSED NEXT DOCUMENT: A. 3 (2 = PRP, 3 = PP); B. DATE MM YY: 08 77

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: a. INITIAL FY 78; b. FINAL FY 80

10. ESTIMATED COSTS ($000 OR EQUIVALENT, $1 = ₵126)

| FUNDING SOURCE | LIFE OF PROJECT |
|---|---|
| A. AID APPROPRIATED | 400 |
| B. OTHER U.S. 1. | |
| B. OTHER U.S. 2. | |
| C. HOST COUNTRY | 135 |
| D. OTHER DONOR(S) | |
| TOTAL | 535 |

11. PROPOSED BUDGET A D APPROPRIATED FUNDS ($000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE C. GRANT | PRIMARY TECH. CODE D. LOAN | E. FIRST FY ____ F. GRANT | E. FIRST FY ____ G. LOAN | LIFE OF PROJECT H. GRANT | LIFE OF PROJECT I. LOAN |
|---|---|---|---|---|---|---|---|
| (1) FN | 183 | 054 | | 225 | | 400 | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| | | | TOTAL | 225 | | 400 | |

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH): BF | TNG | PART

14. SECONDARY PURPOSE CODE:

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To improve the delivery of external and host country development assistance to the small farmer.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To improve within the Ministry of Agriculture the capacity to manage effectively small farmer programs.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

Specialist in agricultural management from TAB or LA contract resource, ITM.

18. ORIGINATING OFFICE CLEARANCE

Signature

Title

Date Signed: MM DD YY

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

AID 1330-2 (3-76)

## I. Problem and Proposed Solution

In the Mission's proposal for an Agricultural Sector Loan/Grant Project, it is argued that a critical problem facing the Ministry of Agriculture is inadequate financing. This argument continues that the inadequate financing has prevented the Ministry from taking full advantage of project opportunities which would improve the well-being of Paraguay's small farmers. Although financial problems may be the most critical factor limiting the Ministry's capabilities to implement effective programs directed at the target group, improvements in managerial capability could contribute significantly to its effectiveness, especially if additional funds for the Ministry are forthcoming in the near future.

Since AID and other donor institutions are concentrating upon programs to provide critical services and resources to the small farmer, it is important to ensure that the Ministry has the managerial capacity to deliver those inputs effectively and efficiently to the target group. As described in the DAP, the Ministry's capacity to coordinate project efforts to obtain maximum impact is weak, as is its ability to establish priorities within the various sector institutions. These are indications of management weaknesses which the project proposes to address.

The approach to improvement in management proposed in this project would be the following. The first principle is that for management improvements to occur the managers at various levels within the institution must be convinced that the suggested innovations are designed to benefit their program and are not being imposed upon them from an outside source. If the manager views the proposed improvements as contributing to his own effectiveness and the effectiveness of his unit, much of the typical resistance to changes in managerial practices will be overcome. This implies that a project designed to improve management must be organized in such a way as to be considered a service that can be utilized by managers within the institution.

A second principle is to approach the management of a major Ministry division as a "system" which has certain objectives and through the "system" delivers certain services as end products. As an example, the extension service has certain objectives and as an organization delivers certain services to farmers--in this case new technologies and practices. The approach to improving management within the extension system would be to first review the stated

objectives (or if the objectives are not well articulated, assist in articulating them) and then analyze the services being delivered to determine if they are of the quantity, quality, and type required to meet the objectives set forth. The next step would be to review the planning, allocation of resources, management of personnel, and administrative procedures at each step in the hierarchy within the extension service to determine what present practices contribute to the effectiveness of the system and which practices (or lack of adequate practices) obstruct the proper functioning of the system. In this case the concern is whether the entire system functions effectively in delivering services which serve the stated objectives, not whether a particular office within the organization is meeting its own particular managerial objectives. For instance, a particular procedure for disbursing transportation funds might be very effective in providing the data required for the office responsible for accounting and justifying expenditures, but so cumbersome that it tends to paralyze the movement of field personnel. Thus, the analysis should be related to how the entire system functions. In the process of this analysis, problems of a management nature would be identified and alternatives for their solution developed for presentation to managers. Once decisions with respect to management improvements have been made, the effort would enter a phase of assisting managers in implementing the indicated changes--including providing training in the use of new managerial practices.

The purpose of the proposed project is to improve management within the Ministry of Agriculture which would contribute to its effectiveness in implementing projects designed to improve the incomes of small farmers. The project would consist of providing experts in management to be assigned to the Ministry of Agriculture and funds for training of managers in new administrative approaches and practices. These experts would be responsible to the Minister to provide a service function for the various units within the Ministry. A program would be planned which sets priorities among the various units of the Ministry for managerial studies. The experts could then discuss the approach with managers of the unit to be analyzed and secure the participation of individuals within that institution to assist them in the analysis. The counterparts from each unit, once they have had the experience of analyzing the management of their unit and recommending solutions, could continue to assist that unit in identifying and solving managerial problems. Once the analysis is completed, recommendations will be provided to the Minister and the managers of the particular unit. When decisions have been made, with respect to the managerial improvements most indicated, the group, experts and counterparts, will assist the managers in implementing the desired changes. Training sessions will be provided to assure that managers at each level clearly understand how to implement the needed changes.

The project would provide two contract experts in management and funds for short courses to train personnel in management practices related to recommended managerial changes. Outputs over the three-year period of the project would include 1) the introduction of practices to improve management within the various line units which implement the Ministry principle activities in (research, extension, and marketing), and 2) the implementation of two significant managerial practices among staff units which have been determined as necessary to improve the effectiveness of the operations of line units. The major assumption is that the project can be implemented in such a way that managers will be receptive to the idea and will be motivated to participate in the analysis and to implement the ensuing recommendations. The benefit to small farmers will be indirect, and will depend upon the effectiveness of the project to improve the capability of the Ministry to deliver needed services to small farmers.

AID has previously provided assistance to the Ministry in improving its management. Between 1969 and 1971, USAID funded a contract with Clapp & Mayne, a management consultant firm based in Puerto Rico, which helped the MAG in the final planning and approval of a new personnel system based on position classification and salary schemes. At the same time, USAID funded a contract with the firm of Horwarth and Horwarth under which accounting systems were developed and installed in various GOP Ministries, including the MAG, with the help of PL 480 funds. However, to our knowledge a systematic analysis of the management of various line units within Ministry has never been undertaken. Such a project would appear to complement well the proposed FY 1978 small farmer sector loan.

## II. Financial Requirements and Plans

The project would provide $360,000 over a three year period for consultants, and $40,000 for short courses and training sessions for Ministry of Agriculture personnel.

## III. Development of the Project

The Mission anticipates the need for one month of assistance in preparation of the PP (a PRP is not required due to the small size of the project). TAB or consultants already on contract to the Latin American Bureau may meet the Mission's needs for this assistance. Submission of the Project Paper is planned for August 1977.



BEST AVAILABLE

AGENCY FOR INTERNATIONAL DEVELOPMENT

# PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete)

PID

2. DOCUMENT CODE: 1

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): 526-0112

6. BUREAU/OFFICE: A. SYMBOL: LA; B. CODE: 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): MARKET TOWN DEVELOPMENT

8. PROPOSED NEXT DOCUMENT: A. 2 (2 = PRP, 3 = PP); B. DATE MM YY: 10 76

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: a. INITIAL FY 78; b. FINAL FY 78

10. ESTIMATED COSTS ($000 OR EQUIVALENT, $1 = ₲126)

| FUNDING SOURCE | | LIFE OF PROJECT |
|---|---|---|
| A. AID APPROPRIATED | | 5,000 |
| B. OTHER U.S. | 1. | |
| | 2. | |
| C. HOST COUNTRY | | 2,500 |
| D. OTHER DONOR(S) | | |
| | TOTAL | 7,500 |

11. PROPOSED BUDGET AID APPROPRIATED FUNDS ($000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE C. GRANT | PRIMARY TECH. CODE D. LOAN | E. FIRST FY 78 F. GRANT | E. FIRST FY 78 G. LOAN | LIFE OF PROJECT H. GRANT | LIFE OF PROJECT I. LOAN |
|---|---|---|---|---|---|---|---|
| (1) FN | 280 | | 120 | | 5,000 | | 5,000 |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| | | | TOTAL | | 5,000 | | 5,000 |

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each): 540, 320

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH): BR, ENV, INTR

14. SECONDARY PURPOSE CODE: 510

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To improve the quality of life in rural areas.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To improve and expand the capability of IDM to plan and finance rural development projects.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

18. ORIGINATING OFFICE CLEARANCE

Signature

Title

Date Signed: MM DD YY

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

AID 1330-2 (3-76)

MARKET TOWN DEVELOPMENT 526-0112

## I. Summary of the Problem to be Addressed and the Proposed Response

Experience gained by the Mission and the GOP's Municipal Development Institute (IDM) through implementation of a $2.0 million A.I.D. loan to IDM has identified a development problem in small market towns in the interior of Paraguay. Such small market towns normally have an urban population of 5,000 inhabitants or less. One hundred forty nine out of Paraguay's total of 168 municipalities fall in this category. The total urban and rural population of these 149 municipalities is about 1,488,284 inhabitants, which represents 63 percent of the total population of Paraguay.

According to a study made by the IDM of its three years of operational experience with providing technical and financial assistance to municipalities, it has been noted that most of the smaller towns lack indispensable services such as public markets, slaughterhouses, water systems, and garbage collection systems, the availability of which would contribute to the economic and social development of a large segment of the rural and small market town population of Paraguay as well as reduce the incidence of disease. Although IDM is providing some technical and financial assistance to these towns, its present resources are not sufficient to cover all or even most of the needs.

The Mission's proposed response to this problem is an A.I.D. loan project. The project would finance, through IDM, the following specific subprojects:

1. Municipal Markets: to concentrate the marketing of foodstuffs and to provide facilities so that consumers may obtain good quality foodstuffs under improved sanitary conditions and at reasonable prices.

Types of markets to be financed are as follows:

a. Small Markets: IDM standard type 1/, to be built in 25 selected towns with a total population, urban and rural, of 201,502 inhabitants.

b. Medium Size Markets: IDM standard type, for 15 towns, with a total population, urban and rural, of 180,391 inhabitants.

c. Large Markets: IDM standard type for 10 cities, with a total population, urban and rural, of 345,685 inhabitants.

d. Total beneficiaries of the subprojects: 50 rural towns with a total population of about 727,578 inhabitants, including urban and rural areas.

2. Municipal Slaughterhouses: 2/ to slaughter cattle under sanitary conditions to provide meat for daily consumption by the urban population.

Types of slaughterhouses to be financed are as follows:

a. Small Slaughterhouses: IDM standard type, to be built in 30 selected towns for slaughtering one or two animals a day.

b. Medium Size Slaughterhouses: IDM standard type, for 20 cities for slaughtering three to five animals a day.

c. Large Slaughterhouses: IDM standard type, for 10 cities for slaughtering more than five animals a day.

The total estimated beneficiaries of the subproject are 60 rural towns with a total urban population of about 230,935 inhabitants.

3. Water Systems: These subprojects would be developed in accordance with technical provisions and plans prepared by the national service for environmental sanitation (SENASA - Servicio Nacional de Saneamiento Ambiental), a department of the GOP's Ministry of Health. Implementation will be a joint IDM/SENASA undertaking. IDM will provide financial assistance to interested municipalities. SENASA which has no funds to assist in such projects, can provide assistance in the design and installation of community systems. SENASA has been consulted by IDM and has indicated in writing that it will coordinate its efforts with those of IDM to carry out the project. It should be pointed out that SENASA is presently applying for financial assistance from the IBRD, but it is understood that such funds, if obtained, would not be used to make subloans to the smaller municipalities. SENASA will continue to carry out surveys and technical feasibility studies with results available to municipalities or environmental sanitation boards in interior towns.

The total estimated beneficiaries of the subprojects are 60 towns averaging 2,500 inhabitants with a total urban population of about 150,000 inhabitants.

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1/ IDM has already prepared standard designs of certain subprojects such as public markets, bus terminals, slaughterhouses, etc. that are being offered to the municipalities.

2/ In February this year the Ministry of Agriculture closed down more than 100 municipal slaughterhouses because they lacked minimum sanitary conditions.

4. Garbage Collection Equipment: to be provided to towns with rapid population growth in which accumulation of garbage creates serious contamination problems.

The purpose of these subprojects would be to finance garbage collection equipment such as garbage trucks, pushcarts, and handcarts for 10 cities with populations averaging 15,550 inhabitants each. The total estimated beneficiaries of the subproject are 10 cities with a total urban population of about 155,500 inhabitants.

The IDM will carry out the execution of the project in coordination with another existing municipal organization also engaged in activities related with municipal development, the Paraguayan Organization for Intermunicipal Cooperation, OPACI, created in 1964 to assist in municipal development. OPACI does not provide financial assistance but promotes intermunicipal cooperation and development. In 1971 OPACI convinced the GOP to create IDM, after it conducted an intensive campaign to obtain the support of the municipalities of the country.

IDM and OPACI are now working together to strengthen municipal institutions, IDM through technical, administrative and financial assistance, and OPACI through its advisory role on municipal affairs. IDM already has more than three years of experience and a staff composed of engineers, architects, auditors, accountants, loan officers, etc. who are highly qualified to carry out the project. Other GOP agencies such as SENASA and similar agencies providing public services would be involved as necessary.

All of the 168 municipalities have already received administrative assistance, which has permitted a substantial increase in their revenues as a result of a better application of municipal tax laws. Due to training provided by the IDM, all municipalities have employees able to help implement the proposed loan project.

Based on the above considerations, major assumptions pertinent to project success include:

1. Small rural communities will actively participate in the project.

2. IDM will have sufficient GOP financial support to cover its operating expenses during and after the execution of the Project.

As previously stated, IDM obtained a $2.0 million AID loan to finance technical assistance to IDM and infrastructure projects for

interior municipalities. It is estimated that this loan will be totally committed by the end of CY 1976. Subprojects for larger municipalities include street paving, market places, slaughterhouses, bus terminals, electrification and community centers. Subprojects for small municipalities are mainly small markets, slaughterhouses and water tanks. IDM's present funding will not be sufficient to cover the minimum needs of all the Paraguayan municipalities, especially those of the small towns, since they have necessarily taken more time to improve their administrative procedures to become eligible under present IDM lending policy. In the meantime, IDM has already committed most of its funds to larger municipalities. As a result, there exist a substantial number of subprojects in small market towns which would be eligible for financing if funds were available. The Project will have a considerable impact on the improvement of sanitary and health conditions in these areas. A spread effect should result from this project through the demonstration of community benefits resulting from community subprojects. The project will also serve to carry out health education through the utilization of the services to be provided thereunder.

## II. Financial Requirements and Plans

The Mission estimates that the total project will cost approximately $7.5 million including operating expenses. Of this total cost, $5,000,000 would be financed with AID loan funds, and the rest with GOP counterpart. As previously stated, a three year disbursement period is planned.

## III. Development of the Project

The Mission Capital Development Officer, Mission Population Officer, and Mission Engineer will be in charge of developing the Project together with the collaboration of IDM's technical staff. In developing the PRP, key issues will include development of budgets to determine probable cost per community, development of selection criteria of target communities and identification of technical and administrative problems which must be solved in order to implement the Project.

Two weeks TDY assistance of a municipal development/loan officer from LA/DR will be requested in order to prepare a PRP for submission October 31. The Project Paper will be submitted in FY 1977.

AGENCY FOR INTERNATIONAL DEVELOPMENT

# PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

PID

2. DOCUMENT CODE: 1

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): 526-0503

6. BUREAU/OFFICE: A. SYMBOL: LA; B. CODE: 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): BILINGUAL EDUCATION

8. PROPOSED NEXT DOCUMENT

A. 3 (2 = PRP, 3 = PP)

B. DATE: MM 04, YY 77

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION

a. INITIAL FY 78

b. FINAL FY 80

10. ESTIMATED COSTS ($000 OR EQUIVALENT, $1 = ₲126)

| FUNDING SOURCE | LIFE OF PROJECT |
|---|---|
| A. AID APPROPRIATED | 335 |
| B. OTHER U.S. 1. | |
| B. OTHER U.S. 2. | |
| C. HOST COUNTRY | 115 |
| D. OTHER DONOR(S) | |
| TOTAL | 450 |

11. PROPOSED BUDGET AID APPROPRIATED FUNDS ($000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE C. GRANT | PRIMARY TECH. CODE D. LOAN | E. FIRST FY 78 F. GRANT | E. FIRST FY 78 G. LOAN | LIFE OF PROJECT H. GRANT | LIFE OF PROJECT I. LOAN |
|---|---|---|---|---|---|---|---|
| (1) EH | 623 | 630 | | 171 | | 335 | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| | | | TOTAL | 171 | | 335 | |

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

634 | 680

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)

BR | DEL | PART | TNG

14. SECONDARY PURPOSE CODE: 601

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To increase literacy in rural areas.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To develop the MOE's capability to teach Spanish as a second language in rural elementary schools.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

One month of consultant services in bilingual education for PP preparation.

18. ORIGINATING OFFICE CLEARANCE

Signature

Title

Date Signed: MM DD YY

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

AID 1330-2 (3-76)

## I. Summary of the Problem to be Addressed and the Proposed Response

The USAID/Paraguay Development Assistance Program (DAP) identifies the high drop out and repeat rate in elementary schools as a priority development problem. The Ministry of Education believes that an important cause of repeaters and drop outs in the first three years of elementary school is the fact that in approximately 40% of Paraguay's rural households the family speaks Guarani or Yopara, a mixture of Spanish and Guarani. At present, all instruction in the school system is given in Spanish. The first grader is faced with learning a new language beginning with his first day in school. More than half of Paraguayan children entering the first grade in rural primary schools either drop out of school or have to repeat the first grade.

The Mission proposes to undertake a bilingual education project with the Ministry of Education (MOE) to develop the MOE's capability to teach Spanish as a second language in rural elementary schools. Achievement of this purpose will impact upon the goal of increasing literacy in rural areas.

We estimate that the following project outputs are necessary for achievement of the project purpose:

1. A trained MOE staff working in preparation, implementation, and evaluation of materials for teaching Spanish as a second language.

2. Teachers' guides and programs of instruction for training teachers in bilingual instruction.

3. Tested bilingual instructional materials.

4. Information for the MOE's use in framing bilingual education policy.

In order to produce these outputs, we estimate that the following inputs will be required:

1. 36 consultant months of a bilingual education specialist to advise, collaborate, and coordinate work with the MOE and the Peace Corps.

2. Paper, printing materials, office supplies, and equipment.

3. Budget assistance to the MOE to develop, print, and test educational materials, and to fund in-country training, travel, and per diem.

We estimate a three year disbursement period, FY's 78-80 for this project.

Among the major assumptions pertinent to project success are the following:

1. That the Peace Corps will be able to provide a team of 5-6 volunteers with skills in linguistics, teaching, and materials preparation, as is presently planned. (The first volunteers are scheduled to arrive July 1976).

2. That professional rivalries do not develop among the public and private Paraguayan entities which have professional and academic interest in the Guarani language.

Since the passage of an amendment to the Paraguayan Constitution in 1968, Paraguay is officially bilingual. Spanish is defined as the official language for government and commerce, and Guarani is described as the "national language". However, Guarani's position as the national language has not yet been defined. Although Guarani is gaining recognition as a source of national pride and as a language which separates Paraguay from neighboring countries, it is not included as a course of study in the school curriculum; nor is instruction in Guarani permitted as a means of easing the difficulties which rural children experience in learning Spanish.

The Ministry of Education recognizes the need for policy on Guarani and bilingual instruction. The Vice-Minister of Education has been appointed to chair a committee on bilingual education because of appreciation of the seriousness of the drop out and repeat rates in rural schools. As a complementary activity, the OAS is funding a study ($20,000) of education wastage related to problems faced by Guarani speakers which should provide valuable input for development of the project paper. USAID/Paraguay also funded an education wastage study which dealt with broader questions such as family ability to afford clothing, books, etc. for school children, and access to schools which offer grades 4-6. The Mission study reinforces the evidence that difficulty in learning Spanish, as presently presented, is a leading cause of education wastage.

A major activity in bilingual education is planned by the Peace Corps. Assistance is planned for a total of six years, divided into a first phase, FY 76 - FY 79, and a second phase FY 80 - 81.

Although the Peace Corps expects to be able to provide volunteer personnel to work with the project, it does not have funds to cover the costs of development of materials and printing, and lists in its project proposal that it intends to seek financial support from the USAID.

Because of the personnel inputs which we expect to be available from the Peace Corps, the Mission's proposed project can operate at low cost. The only personnel we propose for USAID funding is a long term consultant to provide expert advice and continuity for the project. The rest of AID's inputs will be in the form of commodities and budget support for preparation and testing of materials, studies, and in-country training for MOE personnel.

The alternative to this project is to leave the MOE and Peace Corps to seek other sources of support. Although the Peace Corps volunteers would undoubtedly make a significant impact through their own efforts, we believe that their work will make a much greater contribution if complemented by a USAID project. While the MOE is interested in this activity and will make expert staff available, the Ministry lacks funds to undertake major work without outside assistance. While other donors recognize the importance of bilingual instruction, we know of no other donor which plans to work in this area within the time span proposed for the USAID project.

The primary beneficiaries of this project will be in the rural population which includes Paraguay's poor majority. Although no recent figures are available on numbers of people who speak only Guarani, the 1962 census indicated that slightly more than 40% of the total population spoke only Guarani in the home. Based on experience and the considered opinion of GOP authorities, we believe it safe to extrapolate that the percentage has not changed since 1962 and further that these Guarani speakers are mainly rural. The 1972 census offers some interesting comparisons of education attainment in rural areas. Out of a total rural population of 1,112,096 aged 7 years or older, 218,717 (20%) have never finished the first grade, and 118,235 (11%) have completed only the first grade. Some 61,608 within the latter figure are between the ages of 7 and 9 so that they still have some opportunity to continue in school. For the remaining 56,627 (5% of the total rural population) aged 10 years or more, it is extremely unlikely that they will ever complete another grade. For those who have completed one or two years of school (223,251 or 20% listed completion of the second grade as their highest level of attainment) it was usually at the cost of two or three years in each grade before passing on to the next higher level.

The proposed project will concentrate on the introduction of

Spanish as a second language in the first grade, mixed Spanish and Guarani instruction in the second grade, and instruction only in Spanish by the end of the third grade. Although the project will focus on instruction in rural public schools, we expect that there will be spread effect from children to their families, and that at a later point the MOE will use materials produced under the project to aid in adult education.

## II. Financial Requirements and Plans

We estimate that the total project will cost the MOE and the USAID $450,000, of which the MOE's contribution will be $115,000 in counterpart staff time, use of printing equipment, office space, and facilities. AID's share will be as follows:

| | FY 78 | FY 79 | FY 80 | Total |
|---|---|---|---|---|
| Personnel<br>Contract consultant in bilingual education (36 TM) | 91 | 14 | 60 | 165 |
| Commodities | 50 | 20 | | 70 |
| Other Costs | 30 | 45 | 25 | 100 |
| TOTAL | 171 | 79 | 85 | 335 |

An estimate of the Peace Corps contribution will be available for submission in the PP.

## III. Development of the Project

The project will be developed by the Mission's education and program offices, the MOE, and the Peace Corps. We also expect input from the OAS report on education wastage related to language problems, and if available, inputs from OAS technicians. Because the life of project cost is below $500,000, we do not plan to submit a PRP. For development of the PP we will require up to one month of consultant services to be funded by AID/W. A 211d grantee or a school such as the University of Wisconsin which has already done some study of the need for bilingual education in Paraguay are the preferred sources. The PP will be submitted in April, 1977.

AGENCY FOR INTERNATIONAL DEVELOPMENT

# PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete)

PID

2. DOCUMENT CODE: 1

3. COUNTRY/ENTITY: PARAGUAY

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 DIGITS): 526-0504

6. BUREAU/OFFICE: A. SYMBOL: LA; B. CODE: 05

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS): AGRICULTURAL SKILLS TRAINING FOR WOMEN

8. PROPOSED NEXT DOCUMENT: A. 3 (2 = PRP, 3 = PP); B. DATE MM YY: 9 77

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: a. INITIAL FY 78; b. FINAL FY 79

10. ESTIMATED COSTS ($000 OR EQUIVALENT, $1 = ₲126)

| FUNDING SOURCE | | LIFE OF PROJECT |
|---|---|---|
| A. AID APPROPRIATED | | 200 |
| B. OTHER U.S. | 1. | |
| | 2. | |
| C. HOST COUNTRY | | 70 |
| D. OTHER DONOR(S) | | |
| | TOTAL | 270 |

11. PROPOSED BUDGET AID APPROPRIATED FUNDS ($000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE C. GRANT | PRIMARY TECH. CODE D. LOAN | E. FIRST FY 78 F. GRANT | E. FIRST FY 78 G. LOAN | LIFE OF PROJECT H. GRANT | LIFE OF PROJECT I. LOAN |
|---|---|---|---|---|---|---|---|
| (1) EH | 612 | 614 | | 169 | | 200 | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| | | | TOTAL | 169 | | 200 | |

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each): 611 | 319

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH): BWW | PART | TNG | NUTR

14. SECONDARY PURPOSE CODE: -

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To assist Paraguayan women to take a more active role in development.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To develop on a pilot basis a capability to upgrade the agricultural skills of small farm women.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

Social Scientist, AID/W or contract, 1 TM; local contract (case studies), 4.5 TM; local contract (sample survey). Total estimated cost $35,700 to be funded by Tech. Support.

18. ORIGINATING OFFICE CLEARANCE

Signature

Title

Date Signed MM DD YY

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY

AID 1330-2 (3-76)

## I. Summary of the Problem and Proposed Response

Under the Percy Amendment, AID is enjoined to marshall its resources to achieve greater participation by women in economic and social development. Although women are included in several USAID/Paraguay projects as both participants and beneficiaries, there is no effort at present to motivate women *per se* toward a more effective level of economic activity. Because Mission strategy, as set forth in the DAP, focuses on assisting the rural poor and, specifically, the small farmer, it is toward upgrading the capabilities of small farm women that the Mission proposes to direct its attention in this project.

The literature on women in development faults repeatedly the near total lack of modern agricultural training for rural women, citing a number of unfortunate consequences:

1. agricultural productivity and rural incomes are prevented from rising as fast as would be possible if members of both sexes were taught improved farming methods;

2. a growing gap in the earning power of men and women is created which makes women's effort in farming seem hardly worthwhile;

3. when the training of male labor results in improved farming incomes, women in farm families may be inclined to give up farm work altogether; and finally,

4. the rate of growth of agricultural production and rural incomes is reduced.*

Denying agricultural training to women also results in their migration from rural areas to urban centers or, in the case of Paraguay, to neighboring countries as well as to the capital city where large numbers become poorly paid domestic workers or turn to prostitution. There are few opportunities in Paraguay's limited industrial, or any other urban, sector for unskilled female labor.

Based on some preliminary research in the area performed between 1974 and the present, it would appear that women are involved to a

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* Boserup, Ester and Christina Liljencrantz, Integration of Women in Development: Why, When, How, United Nations Development Programme, May 1975, pp 15-16.

quite considerable degree in Paraguayan agriculture. This involvement ranges from tending small-farm livestock and planting vegetable gardens to participation in ploughing, sowing, harvesting, and marketing activities; women also engage in on-farm processing of agricultural goods. The extent to which women are involved in agriculture, however, appears to vary significantly from one location to another. Possible causes for such variations include the socio-economic character of the region, the economic status of the family, and the presence or absence of a male head of household.

A high incidence of female heads-of-household in the rural areas is suggested by the extant literature (figures range from 30% to 70%, depending on the district). This phenomenon provides additional impetus for the project since it is this group of women which now registers the highest level of economic activity in rural areas and which, presumably, could be motivated to increase that level appreciably, given the requisite training, materials, and incentive.

By working with a host country training institution, the Mission proposes to offer agricultural skills training to farm women in one or two selected areas together with a modest physical resource input (tools, seeds, other material) and follow-up assistance to ensure that the training "takes" and to handle any post-training questions or problems.

The two-year pilot project will require a U.S. technician (24 TM) to assist the counterpart organization in developing and implementing a training program along with some short term assistance (6 TM) in instructional materials preparation and training techniques. At the project's end, an evaluation specialist will assess the results of the pilot project, help determine its replicability, and recommend modifications necessary to assure successful replication. The project with some follow-on assistance would seek to institutionalize a capability to deliver training in modern farm methods to a goodly percentage of women living on Eastern Paraguay's estimated 141,000 small farm units of 21 hectares or less.

The end results would be to:

1. increase women's contribution to family income in rural areas;

2. reduce the flow of female migrants from Paraguay's rural areas to Asunción, Argentina, and Brazil;

3. improve the nutrition of the small farm family; and

4. enhance the self-image of farm women and the community's appreciation of their role as a valuable developmental resource.

The Mission has identified three institutions as possible counterparts for this project. The first is SEAG (Servicio de Extensión Agrícola Ganadera) which operates Clubes de Amas de Casa and 4-C Clubs for girls. At present, its program is largely of the traditional home economics variety encompassing nutrition and food preparation, home improvement (well, latrine, and furniture construction), manual arts including sewing and dressmaking, and family vegetable gardens. The latter, which comes closest to the project's scope of work, is operative, however, in only seven small towns. Further, the 1974 study referred to above reported that SEAG home extension agents have almost no training in family garden production or in improved poultry raising practices, which is also included in the SEAG program.

Although the women's division of the Extension Service is charged with improving rural living standards by upgrading the knowledge and skills of rural women, the GOP commits practically no resources to it with the result that its programs barely hobble along from year to year. (In this connection, it should be noted that the entire Extension Service, not just the women's division, is badly underfinanced.)

A second possible counterpart institution is PAEN (Programa de Alimentación y Educación Nutricional), a tri-ministerial program established in 1959 for the purpose of improving the nutritional standards of Paraguay's rural population. The program is managed by a central coordinating committee comprised of representatives of the Ministries of Agriculture, Public Health, and Education. Through rural schools, health centers and affiliated mothers' clubs, and 4-C Clubs, PAEN staff members conduct courses and demonstrations in the production and nutritional preparation of fruits, vegetables, and animal protein sources - chickens, rabbits, fish, hogs - and beginning in 1974, of soybeans. PAEN has been assisted on a modest scale by the UN/FAO since 1971; that support is scheduled to terminate in 1976.

A third possible counterpart organization is SNPP (Servicio Nacional de Promoción Profesional), the largest non-formal education program operative in Paraguay today. SNPP was founded in 1972 as a semi-autonomous entity under the National Council for Social Progress (a mixed government/private sector body established in March 1967 to promote and coordinate programs related to social and economic development); it is funded by the Ministry of Justice and Labor and by a special payroll tax with advisory assistance provided by Spain. Essentially, SNPP offers practical courses in mechanics, business, welding, carpentry, leather work and some courses in agriculture in rural areas - primarily in machinery operation and maintenance. SNPP's program is being expanded under a pilot AID grant project to include non-formal education directed at the non-literate rural poor.

Three of the six pilot programs are in agriculture: (1) basic agriculture (vegetable gardening, production of corn, cotton and mandioca); (2) small-scale livestock and poultry (chickens, rabbits, dairy cattle, swine, ducks); and, (3) small farm improvement and management (rural construction, optimal use of available resources, etc.). The project ends in FY'77. The proposed FY'78 project could build logically upon this previous effort, either using SNPP to develop a women's training capability in a second institution such as SEAG or PAEN or employing SNPP itself to do the actual training.

To implement the project, the Mission also intends to investigate the possibility of using female graduates of the two agriculture faculties of National University as well as qualified Peace Corps Volunteers.

In anticipating the successful conclusion of the project, the Mission assumes that (a) pre-project research will have verified a significant role for women in small farm agriculture in Paraguay; (b) rural women are interested in, or can be motivated to participate in, training to upgrade their agricultural skills; and, (c) rural men will not prevent female members of their families from taking part in farm skills training courses.

Looking at related host country and other donor activity, it is clear that very little is being done to improve the agricultural (or other) skills of Paraguayan women. Only one effort, outside of the host country-sponsored programs mentioned above, is worth noting. This is a UN-funded Integrated Rural Development Program designed to assist approximately 7000 farm units in 23 public colonies located in a small central section of the country. Under it, new and better quality food crops - in particular, beans, peanuts, sweet potatoes, and soybeans - have been introduced and technical assistance has been provided in family fruit and vegetable production in order to raise the nutritional level of the settlers' diet. Assistance has been provided also to increase and improve the commercial production and marketing system for fruits and vegetables in the project area as a means of raising low settler income. Women in the target population have received training in nutrition and in the nutritious preparation of the new foods being introduced under the program. The program terminates in 1976. Neither this project nor any other, however, really addresses the issue of increasing the inventory of women's farming skills in a systematic way.

## II. Financial Requirements and Plans

The estimated cost of the pilot skills training project is approximately $270,000. Of this, AID would fund $200,000 and the host country the remainder in in-kind contributions. The project would be totally grant-financed. Project funds are tentatively programmed as follows:

| | | | |
|---|---|---|---|
| A. | Personnel | | |
| | 1. 1 U.S. Consultant | 24 TM | $100,000 |
| | 2. Short term consultant services in instructional materials production | 3 TM | 16,500 |
| | 3. Short term consultant services in training methodology | 3 TM | 16,500 |
| | 4. Short term evaluation specialist | 1 TM | 5,500 |
| B. | Commodities | | 20,000 |
| | Tools, seeds, equipment; training materials; office supplies; training van. | | |
| C. | Other Costs | | 41,500 |
| | Local training of trainers; travel and other costs related to rural training courses | | |
| | | TOTAL | $200,000 |

The host country would provide a fulltime counterpart technician from the implementing agency, personnel to serve as trainers, and subject matter specialists. It would also furnish office space and other project needs.

## III. Development of the Project

Sufficient information is not yet available on the extent to which women are involved in Paraguayan agriculture. A preliminary report on the status and role of rural women in Paraguay, which included some rudimentary time-budget and decision-making data, was prepared in

October 1974 by a female FSR now on the staff of USAID/Paraguay; the study was prepared in conjunction with A Seven Country Survey on the Roles of Women in Rural Development by Development Alternatives, Inc., under an AID/W contract. Some additional work on defining the roles and functions of the country's rural female population is being undertaken by an anthropologist hired by the Mission in early 1976 to assist in social soundness analysis.

During CY 1976, a follow-on Small Farmer Survey will gather some general data on the extent and nature of female involvement in livestock raising and related activities such as the production of milk, cheese, butter, eggs, wool, bacon, and ham in Paraguay's Eastern (more populous) region. The survey will be administered in July and August with the release of preliminary data scheduled for late February 1977, followed by full-scale analysis.

Aside from these three studies, none of which focuses principally on women's agricultural role, the literature on rural women - in fact, on Paraguayan women, in general - is so scarce as to be practically non-existent. Thus some basic research must be performed prior to the preparation of a Project Paper. As presently envisaged, the research would be done in two stages: first, a series of 12-18 case studies in three sections of the country to gather in-depth data to enable the Mission to (a) develop region-specific profiles of rural women and (b) frame hypotheses about women's roles in Paraguayan agriculture; and, second, a modest (300) sample survey to test the hypotheses. A local contractor will be used in both instances. However, assistance from AID/W in the form of a social scientist will be required to design both the case study phase and the small follow-on sample survey.

Estimating eight months to complete the research, it is planned to submit the Project Paper to AID/W toward the end of FY 1977 in order to get an early start on implementation in FY 1978. (Since the estimated total cost of the project is less than $500,000, it qualifies for the expedited project development track, and no PRP will be submitted.) USAID/Paraguay believes it has the staff capability to draft the Project Paper without AID/W assistance.

Information gathered in the course of the research will be useful also in completing the Mission's Small Farmer Sub-sector Assessment and in designing any future project intended to benefit Paraguay's rural population. It may surface, as well, additional project ideas suitable for AID or other donor consideration. It is also anticipated that in the process of carrying out research activity, USAID/Paraguay will be able to identify host country women who can assist the GOP and USAID in both project design and implementation.