

PROJECT APPRAISAL REPORT (PAR)

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1. PROJECT NO. 528-0000	2. PAR FOR PERIOD: July 1974 to June 1976	3. COUNTRY URUGUAY	4. PAR SERIAL NO. 77-7
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5. PROJECT TITLE
DEVELOPMENT STUDIES (Technical Support)

6. PROJECT DURATION: Began FY 1974 Ends FY 1976	7. DATE LATEST PROP 7-2-74	8. DATE LATEST PIP -0-	9. DATE PRIOR PAR -0-
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 88,972	b. Current FY Estimated Budget: \$ -0-	c. Estimated Budget to completion After Current FY: \$ -0-
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Non-Personal Services Contract with Dr. Larry Sjaastad/ Dr. Arnold Harberger/Dr. Sergio de Castro/Dr. Celso Pastore/Dr. Ruben Almonacid/Dr. Daniel Wisecarver/Dr. Carlos	528-:32 & 34/37/39/33/35/33/30 respectively. Rodríguez.

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

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		

D. REPLANNING REQUIRES	E. DATE OF MISSION REVIEW
REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	September 23, 1977

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Leonard J. Horwitz	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Leonard J. Horwitz
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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUTSTANDING		LOW			MEDIUM		HIGH
	1	2	3	4	5	6	7	1	2	3	4	5	
1. L. Sjaastad/A. Harberger						X							X
2. S. de Castro/C. Pastore/D. Wisecarver						X							X
3. R. Almonacid/C. Rodríguez						X							X

Comment on key factors determining rating The performance of the team of economists headed by Dr. L. Sjaastad was in every respect outstanding. The excellent technical quality of the economic studies was repeatedly recognized by the technicians of the Office of Planning, Central Bank and Ministry of Economy and Finance. Especially noticeable was the immediate and complete understanding of Uruguay's economic situation by Drs. Sjaastad and Harberger and the rapport and respect for their opinions developed among their Uruguayan counterparts. Failure to complete his study by Dr. de Castro (one chapter of the Study on Employment is missing) was due to his nomination as Minister of Economy in Chile. The fifth study "Historical Analysis of Economic Stagnation" was not prepared because the GOB decided it was not of first priority.

4. PARTICIPANT TRAINING	1	2	3	4	5	6	7	1	2	3	4	5
N.A.												

Comment on key factors determining rating

5. COMMODITIES	1	2	3	4	5	6	7	1	2	3	4	5

Comment on key factors determining rating

N.A.

6. COOPERATING COUNTRY	a. PERSONNEL							b. OTHER				
	1	2	3	4	5	6	7	1	2	3	4	5
					X							X
					X							X

Comment on key factors determining rating

Counterpart technicians and general support were provided of excellent quality and quantity by the GOB.

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7. OTHER DONORS	1	2	3	4	5	6	7	1	2	3	4	5
					X					X		

(See Next Page for Comments on Other Donors)

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II. 7. Continued: Comment on key factors determining rating of Other Donors

OAS/CIAP were very interested in the Fiscal Policy and Tax Reform Study and undertook to pay 50% of Dr. Harberger's wages under the project.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					
		CUMULATIVE PRIOR FY	CURRENT FY		FY ____	FY ____	END OF PROJECT
			TO DATE	TO END			
Economic Studies Completed: 1) Inflation Control and balance of Payments	PLANNED	5	-0-	-0-	-0-	-0-	5
	ACTUAL PERFORMANCE	4	-0-				
	REPLANNED			-0-	-0-	-0-	4
2) Fiscal Policy and Tax Reform	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
3) Commercial Policy	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
4) Employment, Unemployment and Under employment	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
5) Historical Analysis of Economic Stagnation in Uruguay.	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:					
1.							
2.		COMMENT:					
3.		COMMENT:					

IV. PROJECT PURPOSE

- A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? YES NO
- a) Provide the GOU Planning Office with short-term advisory services for carrying out a program of macro-economic policy studies.
- b) Provide the GOU Planning Office with short-term advisory services to assist it and other economic ministries to deal with specific policy or program problems constituting bottlenecks in the development process.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<p>a) Key development bottlenecks will have been identified and removed.</p> <p>b) Long-term TA requirements in key development sectors will have been identified by the GOU.</p> <p>c) The GOU will have requested long-term technical assistance and lending from the multilateral and bilateral agencies operating in Uruguay.</p>	<p>a) 1. Through improved management of the exchange rate and interest rates, the balance of payments deficit was overcome and during 1976 and 1977 the Central Bank has increased its reserves by 52 and 55 million dollars respectively.</p> <p>2. Simplification of the existing tax structure and improved tax policy measures and administration procedures resulted in reduction of fiscal deficits from 27% in 1975 to 10% in 1976 and about 8% in 1977.</p> <p>3. By careful management of factors such as exchange rates, interest rates, prices and wages, the inflation rate was reduced to 40% in 1976. However, the trend in 1977 is to increase again and renewed efforts will have to be made by the GOU to analyze the causes of inflation and reduce its rate.</p> <p>4. Excessive protection to an inefficient industrial sector has been pointed out as the cause of the high cost of most of the agricultural inputs, which results in extremely low rates of return on investment in the Agricultural Sector. Complete trade liberalization is one of the major policy issues the GOU is presently trying to resolve.</p>

V. PROGRAMMING GOAL

A. Statement of Programming Goal
 Assist in bringing about a qualitative improvement in GOU development policies, plans and programs.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Yes, the set of project macro economic studies, for the first time in recent memory, provided the GOU with a coherent framework for policy and program formulation. The studies were carried out by internationally renowned economists assisted by Uruguayan technicians responsible for policy formulation and program implementation. In this way the Uruguayans directly benefitted from first class on-the-job training and improved their technical capabilities for more sophisticated analysis and formulation of economic policies.

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