

**TASK ORDER PROGRESS AND
COST REPORT**

**MORE EFFECTIVE AND
ACCOUNTABLE LOCAL
GOVERNMENT**

PARAGUAY

JULY-SEPTEMBER 2001

Prepared for



U.S. Agency for International Development
Contract No. LAG-I-00-99-00036-00, Task Order No. 801

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Contract Number LAG-I-00-99-00036-00
Task Order No. 801
More Effective and Accountable Local Governments Developed

Quarterly Report Number 3
July-September 2001

A. Summary

Task Order No. 801 was signed on September 21, 2000 with the Urban Institute (UI) under the Sustainable Urban Management (SUM) Indefinite Quantity Contract (IQC). The purpose of the task order is to improve the local government's capacity in Paraguay to plan, finance and deliver required urban services in the targeted municipalities. The ultimate objective of the task order is to assist USAID/Paraguay in fulfilling its intermediate result (IR) of developing more effective and accountable local governments. To this end, the 2001 work plan defines six public service projects in local municipalities, an alternative funding guide, and a decentralization platform as the eight target results for the year. The following quarterly report covering the period July 1, 2001, through September 30, 2001, describes the progress made towards the attainment of each of these results.

The quarter has been very productive, completing successfully result 8 and making substantial progress on the remaining seven results. Result 8 is the one of the project's crosscutting activities that affect all municipalities in the country. The Decentralization Platform and Proposal was developed in a participatory manner and its final product has been advanced as a proposal put forward by municipal governments. The proposal has had a significant impact at the local and national levels. Result 7 was completed in its first part with the production of an innovative model for financing municipal public works that maybe applicable to other municipalities. For results one to six, the signing of a memorandum of understanding with the Secretary of the Environment is an important achievement because it facilitates obtaining the required inspection and approvals, even though we continue to experience delays. Actual construction is underway in results 3, 4, 5 and progressing satisfactorily. Result 2 is scheduled to begin in this final quarter, once the financing is secured. Result 1 has been scheduled to start construction on October 15. Result 6 is awaiting the Governor's signature on the Sanitation Committee's approval.

Obstacles encountered during the quarter caused minor delays in the initiation of the works for most of our results. Securing the funding for the projects in a timely manner is a challenge, as it is when additional unplanned costs are encountered. For example, in the municipalities of Tobati (Result 3) and San Jose (Result 4) the lack of funds to buy oil and gasoline for the heavy equipment threatens to paralyze the works. The governors of the respective departments are being asked to provide help in solving this problem. Despite our signing of a memorandum of understanding with the Secretary of the Environment, the unavailability of inspectors during the quarter delayed all projects. This was solved in the first days of October when the initial steps needed to start the process were finally taken. One final obstacle during this quarter was the fact that all public works need an approval by the Sanitation Committee of the Department and

signed by the governor. We helped all municipalities obtain the approval except for San Ignacio de Missions, where it is still awaiting the governor's signature.

This has been an excellent quarter, despite the minor delays. We are confident that most if not all of the results will be completed or be near completion by the end of the fourth quarter.

Please note that with this report we have adopted the format requested, including the summary page, a chart tracking the progress on all results, and a financials page with relevant documents as annexes. The performance monitoring chart includes the activities and their status at the end of the second and third quarters.

B. Result Indicator Chart (July-September 2001)

Performance Indicator	Benchmarks	Status			Assumptions and Comments
		Achieved	Underway	Delayed	
1. Bridge between Villa Elisa and Nemby	2ND QUARTER				
	1. Memorandum of Understanding	✓			Signed on July 17, 2001.
	2. Architectural drawing verification and bidding terms preparation	✓			The bidding terms were published September 19, 2001, and the selection is anticipated for October 10, 2001.
	3. Disbursement program and work plan verified	✓			Due the lack of site-specific information in the plan given to the municipality by the department of Public Works, the technical advisors to the project had to adjust the plan and recalculate the cost. The actual cost is estimated at \$50,000, yet the mayor can only dispose of half of these necessary funds. Thus, the project will be divided into two phases, with the first ending in the completion of the platform.
	3RD QUARTER				
1. Construction monitoring			✓	Platform construction is expected to start October 15 and to be completed by the end of the year.	
2. Extension of the existing sewage service to two additional urban districts in the city of Limpio	2ND QUARTER				
	1. Memorandum of Understanding	✓			Signed on July 10, 2001.
	2. Technical plan and work plan	✓			The technical plan was developed in consultation with the local NGO, Alter Vida, which designed the original system.
	3. Analysis of alternative funding sources		✓		
	3RD QUARTER				
1. Analysis of alternative funding sources	✓			The comprehensive report was received September 25, 2001.	
3. Conversion of a solid waste dump into a sanitary landfill in the city of Tobatí	2ND QUARTER				
	1. Memorandum of Understanding	✓			Signed on June 27, 2001.
	2. Environmental impact study			✓	
	3. Work plan		✓		Originally, the site was found unsuitable, but further investigation of other sites revealed that the problem of shallow water runs was common throughout the area.
	3RD QUARTER				
	1. Environmental impact study			✓	Questionnaire prepared and presented to Secretariat of the Environment. Site evaluation is dependent upon inspector availability.
	2. Work plan	✓			The technical advisor designed an improvement plan for the original site such that it can pass the certification. While approved by the municipal and departmental councils, construction is dependent upon municipality's ability to fund the \$56,000 operation. The governor has promised his assistance in providing equipment for the transportation of materials.
3. Construction monitoring		✓		Construction will start in October and is expected to be complete by December 12.	

Performance Indicator	Benchmarks	Status			Assumptions and Comments
		Achieved	Underway	Delayed	
4. Conversion of a solid waste dump site into a sanitary landfill in the municipality of San Jose, Caaguaza	2ND QUARTER				
	1. Memorandum of Understanding	✓			Originally planned in the municipality of J. Eulogio Estigarribia, but it was determined after initial assessment that the deep political fragmentation of the municipal council could greatly hinder the project. Thus, the site was changed to San Jose and the MOU signed on July 10, 2001.
	2. Environmental impact study			✓	
	3. Work plan		✓		
	3RD QUARTER				
	1. Environmental impact study			✓	Questionnaire prepared and presented to Secretariat of the Environment. Site evaluation is dependent upon inspector availability.
	2. Work plan	✓			Final design was completed and accepted by the mayor and council.
	3. Construction monitoring		✓		Initial remodeling works were completed, closing the old landfill near the highway and clearing it for use as a recreational park. Construction on the new landfill has begun.
	5. Conversion of a solid waste dump site into a sanitary landfill in the city of Mariscal Estigarribia	2ND QUARTER			
1. Memorandum of Understanding		✓			Signed on July 3, 2001.
2. Environmental impact study				✓	
3. Work plan			✓		After investigation the originally selected site was deemed suitable.
3RD QUARTER					
1. Environmental impact study			✓		Questionnaire prepared and presented to Secretariat of the Environment. The first site inspection occurred September 17, 2001.
2. Work plan		✓			The mayor and municipal council approved the final plans.
3. Construction monitoring		✓		The acquisition of materials is complete and completion is expected in November.	
6. Treatment plant for slaughterhouses' solid waste in the city of San Ignacio, Misiones	2ND QUARTER				
	1. Memorandum of Understanding	✓			Signed on June 19, 2001.
	2. Environmental impact study			✓	Questionnaire prepared and presented to Secretariat of the Environment. Site evaluation is dependent upon inspector availability.
	3. Detection of appropriate technology	✓			
	4. Work plan	✓			The mayor and municipal council approved the final plans.
	5. Environmental approval to initiate works			✓	

Performance Indicator	Benchmarks	Status			Assumptions and Comments
		Achieved	Underway	Delayed	
	3RD QUARTER				
	1. Monitoring for environmental plan execution			✓	
7. Access guide to alternative sources of financing for municipal projects	2ND QUARTER				
	1. Identification of alternative funding sources		✓		
	3RD QUARTER				
	2. Identification of alternative funding sources	✓			
8. Platform and proposal for decentralization	2ND QUARTER				
	MAY				
	1. Work plan	✓			
	2. Unit initiation with sub-national governments	✓			
	3. Unit initiation with the executive	✓			
	4. Unit initiation with the legislative	✓			
	5. Analysis of decentralization process	✓			
	JUNE				
	1. Analysis of the sub-national governments	✓			
	2. Collection of existing decentralization projects	✓			
	4. Analysis of existing decentralization projects	✓			
	3RD QUARTER				
	JULY				
	1. Three regional workshops	✓			
	2. Promotion of dialogue between central and sub-national governments	✓			
	3. Follow-up with the Commission of Municipal and Departmental Affairs	✓			
	4. Interviews with international organizations such as GTZ, World Bank, IDB, UNDP, etc.	✓			
	AUGUST				
	1. Organization of the inputs and research obtained in workshops	✓			

Performance Indicator	Benchmarks	Status			Assumptions and Comments
		Achieved	Underway	Delayed	
	2. Preparation of the first draft of the decentralization platform and proposal.	✓			
	3. Validation workshop	✓			Of council governors expressed great satisfaction with the platform.
SEPTEMBER					
	1. Final decentralization platform	✓			The report is complete and its final presentation is scheduled for October 10, 2001. Additionally it has been suggested that the report be presented at the governors meeting of Mercosur in November.