



<b>1. CPS Data</b>	
<b>Country: Paraguay</b>	
<b>CPS Year: FY09</b>	<b>CAS/CPS Period: FY09 – FY13</b>
<b>CPSCR Review Period: FY09 – FY14</b>	<b>Date of this review: November 18, 2014</b>

**2. Executive Summary**

i. This review examines the implementation of the FY09-FY13 Country Partnership Strategy (CPS) of FY09 and the CPS Progress Report (CPSPR) of FY12, and assesses the CPS Completion Report (CPSCR). The CPS was an IBRD-only strategy although IFC did have operations in Paraguay during the CPS period.

ii. The Bank strategy focused on improving governance to combat corruption; alleviating poverty and reducing extreme poverty; and fostering growth with a focus on generating employment and improving income distribution.

iii. The political context of this CPS, as in the previous one, was complicated, with President Lugo increasingly at odds with, and eventually losing confidence from Congress, being impeached, and removed from office. Such a contentious environment made policy execution-- including the endorsement of Bank lending projects-- difficult, Bank program implementation slow, and led to poor program outcomes. Moreover, after President Lugo left office, the two administrations that followed him re-evaluated and re-prioritized policies. This left many Bank initiatives in uncertainty, especially after June 21st 2012, when President Lugo was impeached by Congress and removed from office. No Bank new lending or TA was approved between June 2012 and April 2013.

iv. In this difficult policy environment the results of the Bank program were mixed. Indicators of governance and corruption did not improve significantly. Paraguay remains at the bottom of the World Economic Forum's ranking on the indicator of diversion of public funds due to corruption, with the rating virtually unchanged at 1.8 out of 7 during the CPS. The country made some progress on reducing poverty, and the percentage of the population below the poverty line decreased from 35.1 percent in 2009 to 23.8 percent in 2013 according to the World Development Indicators. However, there was only minor improvement in alleviating extreme poverty which is concentrated in rural areas, and income inequality has continued to deteriorate despite a growing economy.

v. IEG rates the overall outcome of WBG support as Moderately Unsatisfactory. Under Pillar I, frameworks for accountability and the accountability of government operations improved. But progress has been very slow on improving the quality of services provided by SOEs and of the civil service. Program targets in these areas were not reached, and the International Country Risk Guide rates the quality of the civil service with the lowest rating of 1—unchanged during the CPS period. There was progress under Pillar II in increasing the number of beneficiaries under the cash transfer program and in improving data quality for policy in agriculture, but achievement in improving living standards of the rural poor and increasing access to water and sewerage services for indigenous populations was modest. The weakest results were in Pillar III on Sustainable and Inclusive growth where the planned investment program to improve energy transmission and transformation capacity was launched only recently, competitiveness strategies and action plans remain in an incipient stage, and only modest results were achieved in addressing environment-related issues, including sustainable agricultural practices.

<b>CPSCR Reviewed by:</b>	<b>Peer Reviewed by:</b>	<b>CPSCR Review Coordinator</b>
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vi. IEG rates WBG performance as Fair. Design of the program was relevant but overoptimistic in the ambition of outcome targets in light of previous Bank experience in Paraguay. The results framework was adequate although a number of significant changes at the progress report stage were insufficiently explained, and the multiplicity of outcomes adversely impacted selectivity. The country's contentious political environment led to delays in projects becoming effective—delays on average were 9.4 months for lending operations and 8.2 months for trust funds. The slow start-up was compounded by slow execution, leading to many missed targets under the objectives of the program. Difficulties in implementation reflected lack of coordination between co-executing agencies of projects, frequent staff turnover especially following the political turmoil in 2012, limited technical and safeguards capacity, and complex safeguards arrangements. Overall, this resulted in poor program results.

vii. Lessons:

- a) This strategy had a very large number of outcomes, that taken together, it is unclear whether they jointly constituted a strategy.
- b) An effective approach to governance is likely to entail a more tangible citizen engagement—rather than the “macro” perspective of auditing government accounts adopted under the CPS—that links demand for governance to services rendered and payment for those services.
- c) Lessons from IEG's previous CPSCR review were not followed and thus we note that the results were similar. These included:
  - In view of friction between the Executive and Congress the Bank should design and launch operations only after the required legislation has been approved.
  - The Bank's high quality economic sector work needs to be disseminated effectively to have impact and build the much needed constituency for reform. Outreach under this CPS did not appear to have significant impact or helped build constituencies for reform.

### **3. *WBG Strategy Summary***

#### ***Overview of CPS Relevance:***

##### Country Context:

1. The CPS was prepared in FY2009 when a period of strong growth was ending due to the adverse effects of the global financial crisis. The fiscal position remained strong in calendar year 2008 with a surplus of 2 ½ percent of GDP, reflecting primarily a large reduction in capital spending in 2008. The external position had strengthened significantly in the first half of 2008 but weakened in the second half mirroring the movement of world commodity prices. Inflation was contained at 7 ½ percent at end-2008, the upper bound of the central bank's target. During the CPS, GDP moved in line with commodity prices as Paraguay became the 4<sup>th</sup> largest exporter of soya beans and 8<sup>th</sup> largest exporter of meat in the world. Following a contraction in GDP in 2009 as a result of the global financial crisis, growth picked up significantly during the CPS period mirroring the export commodity boom, except for 2012 when GDP fell driven by a 25 percent decline in agricultural activity as a result of a severe drought. The strong growth had positive effects on poverty reduction although income inequality remained high. About a third of the population was below the poverty line in 2011 (a quarter



in 2013), and extreme poverty of about 20 percent placed Paraguay among the poorest countries in Latin America. Moreover, a Gini coefficient of 52 percent (2011) ranks Paraguay among the most unequal in the region. Rural households account for a disproportionate share of the poor, and extreme poverty is mainly a rural phenomenon. Paraguay has serious governance issues and was selected as a pilot for the implementation of the Bank's Governance and Anticorruption (GAC) Strategy.

2. The political context of this CPS, as in the previous one, was complicated, with President Lugo increasingly at odds and eventually losing confidence from Congress, being impeached, and removed from office. Such a contentious environment made policy implementation, including the endorsement of Bank lending projects, difficult, slowed Bank program implementation, and led to poor outcomes. Moreover, after President Lugo left office, two new administrations re-evaluated and re-prioritized policies, which left many Bank initiatives out on a limb, especially after June 21<sup>st</sup> 2012 when President Lugo was impeached and removed from office. For example, no new lending or technical assistance was approved between June 2012 and April 2013. In fact, this CPS had to be implemented during three administrations; that of President Lugo; of the care-taker government of President Franco; and, starting from August 2013, of Franco's successor, President Cartes.

3. The government's plan contained in the Ministry of Finance's Economic and Social Plan for 2008-13 was based on strengthening state institutions to improve policy making, public service provision, and the rule of law; improving investments in the social sectors and focusing spending on the extreme poor; fostering growth with a focus on employment generation and improving income distribution without destabilizing the country's macroeconomic framework or the environment.

Objectives of the WBG Strategy:

4. The three pillars in the CPS provided support to: improve governance and reduce corruption; alleviate poverty through enhancing human development and social infrastructure; and boost sustainable growth.

Relevance of the WBG Strategy:

5. **Congruence with Country Context and Country Program.** The Bank strategy addressed important development challenges in governance, poverty, and growth that were central to the government's own development strategy. But the Bank program was optimistic on the expected pace of policy implementation despite the experience with the previous CPSs, which reflected a shortcoming in design. The government has traditionally been sharply divided with contentious relationships between the Executive and Parliament, which constitutionally has to approve all external loans, and during this CPS, it was no different.

6. **Relevance of Design.** The program intended to introduce changes in the country's governance around a series of Programmatic Development Policy Loans (DPLs), which would be the backbone of the Bank's financial assistance. Moreover, anti-poverty efforts would rely on the continued engagement in investment lending, and on knowledge activities in the human development and social infrastructure areas. Sustainable growth would be supported by direct IFC assistance to private enterprises in the areas of trade financing and transport, as well as increased private sector involvement in the infrastructure sector. The backbone of the financial program—primarily in the form of development policy loans—was appropriate given that Paraguay needed to cope with a shift from budget surpluses to a budget deficit in 2009 in an environment where external financing was being curtailed significantly (including for the private sector). The AAA program was well linked to the objectives of the program and combined well with financing under the program, particularly on the anti-poverty efforts.



7. Yet, a significant problem in design was that the program relied extensively on IFC for the sustainable growth pillar but the strategy was not a joint WB-IFC one, as IFC was not engaged in Paraguay at the time the CPS was designed. This design problem was compounded by two additional flaws: (i) the program had a large number of targeted outcomes, reflecting a lack of focus, that it is unclear whether they amounted to a strategy, or if they did, whether this was a strategy that would reach the objectives of the CPS; and (ii) the program as a whole was clearly overoptimistic about the speed at which laws could be enacted and reform could take place in the country environment, given the continuing disputes on reforms between the executive branch and Congress, the government's weak institutional capacity, and governance issues. In addition to weak institutional capacity, there was high turnover of officials at all levels and a consequent lack of experience. None of these issues were new, but the Bank was optimistic that this time it would be different, and it unfortunately was not.

8. **Strength of the Results Framework.** Given the issues of design the results framework was not realistic in a significant share of its objectives. The indicators, mostly from specific Bank interventions, were generally appropriate to measure progress towards achievement of objectives. At the same time 14 CPS targeted outcomes (out of 48 outcomes targeted) were dropped, many were added, and 34 new indicators were introduced at the progress report stage. Although these changes amounted to essentially a revised program and new results framework, the progress report did not elaborate on how the new program formed a coherent strategy that would achieve the CPS objectives.

9. **Risk Identification and Mitigation.** Political and governance risks were appropriately identified as high. The Bank's mitigation of using non-lending activities to help break political deadlock was weak. The risks materialized during the program generating significant preparation and implementation delays, delaying approval of Bank interventions, and paralyzing government decision making during extended periods. It is unclear from the progress report and the completion report whether the Bank significantly altered its knowledge activities in response to developments. Social risks including land tenure conflicts in the regions and tensions due to lack of housing and social services in urban areas, did not materialize even after President Lugo was removed. The Bank's attempted mitigation involved social safety net targeting and land use targeting, and both met with only modest success during program implementation. To control fiduciary risk the Bank would ensure close supervision of its program during implementation. The consequences of external shocks or natural disasters, which was another high risk identified at the outset of the CPS that in practice did not materialize, would be addressed by redirecting Bank resources towards areas affected by shocks or disasters.

#### **Overview of CPS Implementation:**

##### Lending and Investments:

10. IBRD had 8 ongoing loans totaling \$190 million at the start of the CPS. The main ones were for Road Maintenance (FY07), Sustainable Agricultural Development (FY08), and Secondary Education Reform (FY04). There were also significant operations in health (mother and child health insurance), community development, and financial sector technical assistance. During the CPS period IBRD approved new commitments for \$364 million compared with a base case of \$375 million. While the amount of resources approved was close to program, the composition was very different from the programmed CPS loans. Projects for a total of \$200 million envisaged in forestry, education, land access and administration, health, community initiatives, labor, and education were dropped, and replaced by projects on water and sanitation (\$64 million, FY09) and energy sector strengthening



(\$100 million, FY11).<sup>1</sup> A programmed series of three public sector DPLs—proposed for FY09, FY10, and FY11—for \$175 million was replaced by two public sector DPLs for \$200 million (FY09, FY12). All these changes in the lending program were mirrored by significant changes in the results framework, but the progress report did not elaborate on how Bank assistance would achieve the program objectives in light of the substantial changes to the lending program as compared to the original CPS.

11. During the CPS period, 8 trust fund projects for about \$10 million financed activities in land access and administration, initiatives for solidarity, statistics, legislative process and budget oversight capacity, sustainable agriculture, national audit office strengthening, and conservation of biodiversity.

12. IBRD's disbursement ratio for Paraguay at 8.6 percent was significantly below the Latin America and Caribbean (LCR) average of 29 percent, and the overall bank average of 23 percent as a result of the delays mentioned above. With 82 percent of projects at risk, the Paraguay portfolio was considerably riskier than the LCR region and the overall Bank, which stood at about 20 percent. Committed amounts at risk showed a similar discrepancy. IEG reviewed the ICRs of 3 projects that closed during the CPS period and rated one satisfactory, one moderately satisfactory, and one moderately unsatisfactory. Paraguay's success rate<sup>2</sup> of 67 percent compares with success rates of 71 percent for the overall Bank but is well below the LCRs rate of 77 percent. On a commitment basis, IEG rated 83 percent of the committed amounts as moderately satisfactory or better, equal to the overall Bank (83 percent) but well below the LCR region (93 percent).

#### Analytic and Advisory Activities

13. The CPS envisaged economic sector work (ESW) and TA across the three pillars of the program, with an emphasis on the sustainable growth pillar where a programmatic dialogue on growth related issues and non-lending TA on financial sector vulnerabilities were expected to underpin policies. IBRD delivered 13 ESW pieces, focusing on poverty, financial sector, the health sector and public expenditure. A transport sector assessment was delivered in FY09. IBRD also delivered 17 pieces of TA in line with the program envisaged under the CPS focusing on social protection, statistics, public sector effectiveness and institutional development, as well as assistance on inclusive competitiveness, implications of trade liberalization, infrastructure and logistics, and access to finance. AAA supported lending activities primarily by delivering institutional development plans for the public sector, and "how-to" guidance in other areas, such as the payments system.

#### Partnerships and Development Partner Coordination

14. The Bank worked with a number of development partners to support Paraguay's efforts in growth and poverty reduction. IBRD and the IMF agreed on a joint management action plan to assist the country on "macro-critical"<sup>3</sup> issues, and the two institutions coordinated the areas of TA and economic sector on these issues. The Bank also coordinated with the Inter-American Development Bank, particularly on harmonizing fiduciary arrangements and on projects in the areas of education and public sector governance. Other development partners, notably Japan and the US, were active supporters of Paraguay during the CPS period, but there was no formal cooperation framework with them. The CPSCR is not explicit about how relations with these development partners evolved during the CPS.

<sup>1</sup> A sustainable agriculture development loan for \$100 million approved in FY14 is additional to the \$364 million approved during the CPS period.

<sup>2</sup> Share of projects with a rating of moderately satisfactory or above.

<sup>3</sup> Tax reform, fiscal framework, financial system, and monetary framework.



### Safeguards and Fiduciary Issues

15. The CPSCR did not discuss safeguard issues. With respect to fiduciary issues, in the FY09-FY14 period INT received ten fraud and corruption allegations and undertook one investigation. The investigation into the Water and Sanitation Sector Modernization (FY09) substantiated fraud by a bidder for a consultancy contract to conduct Baseline Data Collection for the Impact Evaluation of the Access and Sustainability of Portable Water under the Trust Fund – Water Access to Rural Communities in Paraguay. This was an institutional procurement. On the operational side, INT noted that confidential disclosures have pointed to weaknesses in fiduciary controls in project implementation units, and possibly questionable interactions with firms prior to the issuance of invitations to bid.

### ***Overview of Achievement by Objective:***

#### **Pillar I: Strengthen state institutions to improve policymaking, public service provision, and the rule of law for investments and households**

16. The objective of this pillar was to improve the effectiveness of public investments, develop a governance framework for all IBRD-financed projects, strengthen accounting in public enterprises, reform the civil service to improve its effectiveness, and introduce stronger government internal control systems. The pillar was consistent with the government priority to improve governance and was an effort that went in parallel with Paraguay being chosen as a pilot country under the Bank's Governance and Anti-Corruption (GAC) Strategy. The two Public Sector DPLs (FY09, FY10) contributed to this pillar together with non-lending TA on public sector institutional development (FY10). The TA focused on improving the budget process and developing a reform action plan and supervisory framework for state-owned enterprises.

17. **Improve the independent role of the media as a “watchdog” of the powerful generating a more plural communications environment.** The two indicators for this objective were introduced at the CPS progress report stage. About 200 journalists have been trained but it is unclear whether the indicator on number of trainings on investigative journalism was met. The other indicator on having a feasibility study done for a system of public media discussion in Paraguay was met. The Paraguay team reports that the recommendations from the study were implemented and contributed to the creation of Paraguay's first public TV station. Yet, this has not fostered a more plural public communication environment. Freedom House<sup>4</sup> rates Paraguay's press freedom as non-free in 2013, a downgrade from the partially free rating in 2008-09. Mostly Achieved

18. **Assist the government in improving the effectiveness and articulation of accountability institutions to fight corruption.** The National Audit Office has been strengthened under Public Sector DPLS I and II (FY09, FY12) that financed preparation of a national anti-corruption action plan, a quality assurance review framework, and training of staff. The Road Maintenance (FY07) project contains a governance improvement action plan that is being implemented and extended to other activities in the public works ministry; the Water and Sanitation (FY09) project also contains a good governance strategy for utility service companies; and the Public Sector DPLs also helped develop management contracts for several state-owned enterprises monitored by a central agency for public enterprises (for more details see Annex Table 1). Achieved

19. **Increase the effectiveness of internal control and internal audit functions.** Newly approved legislation introduced a standardized internal control framework and capacity was built to support implementation. PEFA scores for internal control and external audit improved from D+ in

<sup>4</sup> An independent watchdog organization dedicated to the expansion of freedom around the world.



2008 to C in 2010, the latest score on record. Moreover, internal control rules are in place in 70 percent of ministries, although actual application has been slow. Mostly Achieved

20. **Modernize clearing and settlement system of the central bank's payment system.** The Bank provided support through knowledge services to set up automated transfer systems for processing payments as well as creating a legal and regulatory framework for their operation. According to the IMF, the new payment system that includes real-time gross settlements, a security repository, and automated clearing house, has been completed and is working. Achieved

21. **Ensure that government personnel recruitment and promotions are based on merit and professional skills.** The Bank delivered a diagnostic of the state of human capital in the Ministry of Finance and concrete recommendations to improve it. There are no enforcement mechanisms to implement the system proposed. The number of public sector institutions following competitive recruiting and promotion practices and reporting to the Civil Service Secretariat is still less than a third. Not Achieved

22. **Eliminate the number of civil servants earning less than the minimum wage.** The target was to have no civil servants earning less than the minimum wage by 2013. In practice the number was reduced from 28,000 to 9,000 but not eliminated. Not Achieved

23. **Make the operations and finances of State Owned Enterprises (SOEs) transparent and subject to greater scrutiny by government and civil society.** The legal framework providing for greater transparency of SOE operations is in place, which has created the conditions for improved scrutiny of their operations by the government and civil society. Seven out of nine SOEs have completed and published external audits. Achieved

24. **Increase the quality of services delivered by SOEs.** The rate of payments for services provided by SOEs has improved to about 50 percent but SOEs still remain a significant drag on the budget. The percentage of households in urban areas with access to water improved only marginally. Not Achieved

25. **Reduce the number of power outages.** The CPSCR reports that there is no up-to-date information on this objective and that the work that is expected to bring results has not started yet. Not Achieved

26. IEG rates the outcome of IBRD support under Pillar I as Moderately Unsatisfactory. Frameworks for accountability and the accountability of government operations are mostly in place. The effectiveness of actual scrutiny by the government and civil society is less clear. International Country Risk Guide (ICRG) indicators show that corruption is still high, although it has been declining since 2010. Moreover, progress on improving the quality of the civil service and of the services provided by SOEs has been slow and not reached program targets.

**Pillar II: Improve investments in the social sectors and focus public spending on fighting extreme poverty**

27. Under Pillar II the Bank intended to contribute to enhance employment generation and poverty reduction, reform the agriculture sector, and reactivate small-scale household agriculture. Pillar II was in line with the government priority to invest in social sectors focusing on the extreme poor. The Sustainable Agriculture and Rural Development (FY08) project and Water and Sanitation Modernization (FY09) project contributed to this pillar together with non-lending TA on social protection (FY10). The TA focused on improving coverage and targeting social protection programs, as well as enhancing their efficiency and transparency.

28. **Increase the number of conditional cash transfer beneficiaries.** Cash transfer programs reached nearly 100,000 by 2013, exceeding the target under the CPS (75,000). Achieved



29. **Improve the targeting of social expenditures on cash transfer programs.** As of August 2014 the TA to update the targeting system for the most significant cash transfer program (Tekopora) was still being developed. A targeting instrument for “Adultos Mayores” was developed but not implemented. Not Achieved

30. Retool institutional capacity to address important poverty concerns, particularly those arising from the crisis, via decentralized mechanisms such as community driven projects. A poverty assessment was conducted and dialogue on this topic started with the government, but institutional capacity to implement community driven projects remains in its incipient stage. Partially Achieved

31. Develop active labor market policies to prepare the country, and especially vulnerable groups, to respond to the effects of the economic crisis. The Bank helped the Ministry of Justice and Labor with the design of the Temporary Employment Program “Nambapoo Paraguay” which did not go beyond the pilot phase. It also supported the government development of the National Employment Strategy which is ready for implementation. Achieved

32. **Increase national agricultural data quality in order to refine government interventions.** This outcome was added at the CPS completion report stage. Land use detection has been completed through several Bank knowledge activities, which helped understand significant changes in land use and tenure patterns in recent years. Moreover, the first round of national dialogue on evidence based land policy has been completed. Achieved

33. **Launch a program to provide integrated support to the rural poor in San Pedro and Caaguazu.** As of end-2013, 150 neighborhood committees (against a target of 300 in the CPS) and 40 indigenous communities (against the target of 60 in the CPS) were benefiting from the program. The completion report reports that 4600 small farms have seen their production increase significantly. Partially Achieved

34. **Increase the number of communities with formal property titles.** One indigenous community has obtained formal land titles and 20 are being provided support to have their land tenure regularized, against a target of 30 indigenous communities with formal titles under the CPS. Not Achieved

35. **Improve evidence-based decision making in the Ministry of Education.** The Bank helped identify the most important needs of the school system in order to help prioritize expenditures and provided a diagnostic of current teacher’s policies. It will take time for this to transform into action at the Ministry of Education. Therefore the indicators on ensuring basis conditions in all public schools and designing an effective strategy to enhance teachers’ quality were only partially met. Partially Achieved

36. **Increase access to water and sewerage services, including for indigenous populations.** The Water and Sanitation project was approved and is effective but is suffering from significant implementation delays. The rural component of the project has delivered 30 rural water distribution systems, increasing potable water access to around 700 people. This fell well short of targets under the CPS. Not Achieved

37. Reduce out-of-pocket payments on drugs and increase access to basic health services, especially for the poor and in remote areas. A policy on free drugs has been designed but not implemented. Over 700 Family Health Units have been created. Achieved

38. IEG rates the outcome of IBRD support under Pillar II as Moderately Unsatisfactory. There was significant progress in the objective on the number of beneficiaries under the cash transfer program and improving data quality for policy in agriculture, but progress on the rest of the objectives under the pillar was modest.



**Pillar III: Foster growth with a focus on employment generation and improving income distribution**

39. Under Pillar III the Bank supported the government in responding appropriately to the financial crisis, moving toward more sustainable pattern of growth, supporting investments in infrastructure and human capital, and safeguarding the environment. Pillar III was in line with the government priority to foster growth and improve income distribution. The Energy Sector Strengthening (FY11) project, the Road Maintenance (FY07) project, and trust fund financing for conservation of biodiversity (FY11) contributed to this pillar, together with a Transport Sector Assessment (FY09) and TA on competitiveness issues and infrastructure and logistics.

40. Adopt a countercyclical fiscal policy responding to the global financial crisis, while safeguarding macroeconomic and financial stability. Paraguay did not meet the indicators for this outcome. It failed to maintain a central government deficit of around 1 percent of GDP (deficit of 1.8 percent of GDP in 2012 and 2 percent in 2013), and the tax-to-GDP ratio fell to 11.5 percent in 2013 against a target of 13 percent. Most policies in this area were implemented through IMF advice. Not Achieved

41. **Increase the ratio of audits of large taxpayers that result in additional assessments.** The ratio of large taxpayer audits that resulted in additional assessments was 55 percent in 2010 against a 70 percent target under the program. Partially Achieved

42. Increase the targeting of public spending away from wages and other recurrent spending towards capital and social protection items. The share of compensation of employees increased from 7.7 percent of GDP in 2009 to 9½ percent of GDP in 2013. The share of social programs increased during the crisis hand-in-hand with an increase in the coverage of social protection. Public investment reached 3 percent of GDP in 2013, short of the target of 3.5 percent of GDP. Partially Achieved

43. **Conditional cash transfer program coverage increased.** Cash transfer programs reached nearly 100,000 by 2013, exceeding the target under the CPS (75,000). But this indicator was already taken into account under pillar II (see para 28). Not rated

44. **Launch an investment program to improve the energy transmission and transformation capacity, as well as reduce system losses.** The Energy Sector Strengthening Project has just become effective. Preparation of documentation is well advanced to begin implementation of works. Disbursement ratio less than 1 percent so far. Not Achieved

45. **Improve the quality of road infrastructure.** An estimated 50 percent of the paved road network was under routine maintenance in 2010, in line with the program target. Achieved

46. **Improve the national transport logistics network.** The objective was connected primarily with improvements in river navigation but the CPSCR reports that no works have been undertaken to improve river navigation. In addition, it has not been possible for the Bank team to measure reduction in costs in the Roads Maintenance project (FY07). Not Achieved

47. **Agree on competitiveness strategies and action plans.** A preliminary methodology has been agreed with the government and a selection process initiated for technical assistance to develop pilot competitiveness strategies and action plans. Partially Achieved

48. **Launch dialogue on sources of growth.** A participatory diagnostic was prepared on major constraints to sustainable growth. A workshop was held in November 2011 where the Bank and social ministries discussed growth, poverty reduction, and inclusion. The expectation was for a broader dialogue to take place following the workshop, and this did not take place. Partially Achieved

49. **Improve the business climate via reductions in red tape.** In 2010 the creation of a “single window” for building permit approvals and associated regulatory changes reduced the time to obtain a building permit from 63 to 21 days in Asuncion. Although this is a fairly narrow measure of the

business climate, IEG will consider the objective achieved because construction is an important part of economic activity. Achieved

50. Decrease unsustainable forest practices and slow down the expansion of the agricultural frontier as a result of the implementation of the PES in pilot areas. The planned agreement with the Organization of American States and the Instituto de Derecho y Economía Ambiental (IDEA) to promote payment for ecosystem services and sustainable agriculture has not been put in place. Not Achieved

51. Strengthen national capacity to enable the development of Clean Development Mechanism projects and other mitigation activities. The Carbon Finance Assist Country Work program was completed, discussed in two workshops, and five technical studies were carried out to assess the low carbon potential in relevant productive sectors. While these were all useful activities it is unclear if national capacities in this area have been developed. Partially Achieved

52. **Establish a biological corridor and encourage sustainable agriculture practices.** The CPSCR reports that there were only some advances in the encouragement of sustainable agriculture practices. Not Achieved

53. **Strengthen the institutional capacity of the Ministry of Agriculture and the Environment Secretariat (MAES).** There were some training activities on forestry management, including members of the Environment Secretariat. But the evidence on whether these activities resulted in a strengthening of institutional capacity at MAES is unclear. Not Achieved

54. Strengthen the National Protected Areas System. No activities undertaken. Not Achieved

55. IEG rates pillar III as Unsatisfactory as a majority of its objectives were either not achieved or partially achieved.

Objectives	CPSCR Rating	IEG Rating
Pillar I: <b>Strengthen state institutions to improve policymaking, public service provision, and the rule of law for investments and households</b>	Not Rated	Moderately Unsatisfactory
Pillar II: <b>Improve investments in the social sectors and focus public spending on fighting extreme poverty</b>	Not Rated	Moderately Unsatisfactory
Pillar III: <b>Foster growth with a focus on employment generation and improving income distribution</b>	Not Rated	Unsatisfactory

#### 4. **Overall IEG Assessment**

	CPSCR Rating	IEG Rating
<b>Overall Outcome:</b>	Moderately Unsatisfactory	Moderately Unsatisfactory

<b>IBRD Performance:</b>	Fair	Fair
<b>Overall outcome:</b>		
<p>56. IEG rates the overall outcome of WBG support as <u>Moderately Unsatisfactory</u>. Under Pillar I frameworks for accountability and the accountability of government operations have improved. But progress has been very slow on improving the quality of services provided by SOEs and of the civil service. Program targets in these areas were not reached, and the International Country Risk Guide rates the quality of the civil service with a 1, the lowest rating, which has been unchanged during the CPS period. There was significant progress under pillar II in the objective on the number of beneficiaries under the cash transfer program and some progress in improving data quality for policy in agriculture, but progress on improving living standards for the rural poor and increasing access to water and sewerage services for indigenous populations were modest. The weakest results were in pillar III (sustainable and inclusive growth) where the planned investment program to improve energy transmission and transformation capacity was launched only recently, competitiveness strategies and action plans remain incipient, and only modest results were achieved in environment-related issues, including on sustainable agricultural practices</p> <p><b>WBG Performance:</b></p> <p>57. IEG rates WBG performance as <u>Fair</u>. The design of the program was relevant for the government's development plan, but overoptimistic on the ambition of outcome targets in light of previous Bank experience in Paraguay. Moreover, in some cases project design was too complex given the implementation capacity of the government. The results framework was adequate although a number of significant changes at progress report stage were insufficiently explained, and the multiplicity of outcomes impacted selectivity of the program. Project effectiveness took on average 9.4 months for lending operations and 8.2 months for trust funds. The slow start-up was compounded by slow implementation, leading to many missed targets under the objectives of the program. The completion report notes that difficulties of implementation reflected lack of coordination between co-executors of different components of the projects, frequent staff turnover in some project implementation units especially following the political turmoil in 2012, limited technical and safeguards capacity, complex safeguards arrangements, and inadequate resources to learn about other experiences. Overall, this resulted in poor program results.</p>		

## 5. *Assessment of CPS Completion Report*

58. The CPSCR provided a candid assessment of the CPS implementation. The program went through a change in government in June 2012 that affected implementation and program lending. It would have been useful to have more analysis of the impact of this change on project implementation, on the many objectives dropped from the program, and on the exacerbating difficulties in the policy dialogue with the country. The response of the Bank to the materialization of these risks could also have been analyzed in more detail. Otherwise, the completion report presents available evidence adequately.

## 6. *Findings and Lessons*

59. This program had so many targeted outcomes that it is unclear they collectively constituted a strategy.

60. A second point relates to the approach to governance. A global-try-to-cover-all approach is unlikely to produce significant results in Paraguay's poor governance environment. Perhaps



approaching the issue from a “micro” perspective could be more effective. For example, linking demand for governance to services rendered and payment for those services (e.g., water and electricity) could improve governance by engaging effectively citizens on issues that affect them directly.

61. Lessons from IEG’s previous CPSCR review were not followed up and thus results were similar. Such lessons were:

- In view of frictions between the Executive and Congress the Bank should design and launch operations only after the required legislation has been approved.
- The Bank’s high quality economic sector work needs to be disseminated effectively to have impact and build the much needed constituency for reform. Outreach did take place under this CPS, but perhaps in a way that did not have significant impact or helped build constituencies for reform

<b>Annex Table 1:</b>	<b>Summary Achievements of CPS Objectives</b>
<b>Annex Table 2:</b>	<b>IBRD/IDA Lending: Actual vs. Planned</b>
<b>Annex Table 3:</b>	<b>Grants and Trust Funds Active in FY09-14 (USD million)</b>
<b>Annex Table 4:</b>	<b>Analytical and Advisory Work for Paraguay (FY09 - FY14)</b>
<b>Annex Table 5:</b>	<b>IEG Project Ratings for Paraguay, FY09-FY14</b>
<b>Annex Table 6:</b>	<b>IEG Project Ratings for Paraguay and Comparators (Exit FY09-FY14)</b>
<b>Annex Table 7:</b>	<b>Portfolio Status Indicators for Paraguay and Comparators, FY09-14</b>
<b>Annex Table 8:</b>	<b>Disbursement Ratio* for Paraguay and Comparators, . FY09-13 (US\$ Million)</b>
<b>Annex Table 9:</b>	<b>Total Net Disbursements of Official Development Assistance and Official Aid for Paraguay</b>
<b>Annex Table 10:</b>	<b>Economic and Social Indicators for Paraguay, 2009 – 2013</b>
<b>Annex Table 11:</b>	<b>Paraguay: Millennium Development Goals</b>



**Annex Table 1: Summary Achievements of CPS Objectives**

	CPS FY09-FY13: Pillar I – Improve Governance and Combat Corruption	Actual Results (as of current month/year)	IEG Comments
<b>Results Area: Fighting corruption and increasing transparency</b>			
<b>1. CPS Outcome: Bring high profile corruption cases to (domestic or international) justice</b>			
	<b>Indicator:</b> Number of corruption cases brought to (domestic or international) justice.  <b>Baseline:</b> 0 (2008)  <b>Target:</b> 5 (2014)	Dropped	Source: CPSCR  The objective and the indicator were dropped at the CPSPR stage.
<b>2. CPS Outcome: Adopt good governance practices at government ministries and agencies</b>			
	<b>Indicator:</b> Number of Ministries or Agencies formally adopting good governance practices.  <b>Baseline:</b> 1 (2006)  <b>Target:</b> 3 (2013)	Dropped	Source: CPSCR  The objective and the indicator were dropped at the CPSPR stage.
<b>Major Outcome Measures</b>	<b>3. CPS Outcome: Improve the independent role of media as “watchdog” of the powerful generating a more plural communications environment</b>		
	<b>Indicator:</b> Number of trainings on investigative journalism.  <b>Baseline:</b> 0  <b>Target:</b> 4	The CPSCR reports that 196 journalists were trained on investigative journalism and are using the acquired skills.	Source: CPSCR and Paraguay Team  The indicator was introduced at the CPSPR stage.
	<b>Indicator:</b> Feasibility study for a system of public media guides discussion in Paraguay.  <b>Baseline:</b> No  <b>Target:</b> Yes	The CPSCR reports that a feasibility study on “System of Public Media” including options for regulatory provisions was delivered. The Paraguay team reports that the recommendations from the study were implemented and contributed to the creation of Paraguay’s first public TV station. In addition, a joint UNDP/WBG international seminar on Public Media was delivered on October 2011. The seminar helped to share international experiences on the role of public media to 300 attendees from the public and private world.	Source: CPSCR and Paraguay Team  The indicator was introduced at the CPSPR stage.
	<b>4. CPS Outcome: Assist the Government in improving the effectiveness and articulation of accountability institutions to fight corruption</b>		
<b>Indicator:</b> Institutional strengthening of the Office of Integrity.	Through the Strengthening Paraguay National Audit Office Project, the credibility and effectiveness of the institution have been enhanced, achieving these outcomes:	Source: CPSCR and Paraguay Team	

CPS FY09-FY13: Pillar I – Improve Governance and Combat Corruption	Actual Results (as of current month/year)	IEG Comments
<p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<ul style="list-style-type: none"> <li>• The “Contraloría General de la República (CGR) capacity assessment report including an action plan was delivered (May 2012).</li> <li>• The Quality Assurance Review Scheme has been completed.</li> <li>• 30% of technical staff acquire modern auditing techniques and are able to carry out high quality audit.</li> <li>• 7% increase in the number of hits on the CGR website. ToRs for communication strategy is under preparation.</li> <li>• Two annual Grant audit reports in preparation.</li> </ul> <p>By improving the Congress’ capacity to oversee, formulate, and disseminate legislation, the Strengthening Congressional Legislative Process and Budget Oversight Capacity Project contributed to improving the quality and efficiency of public expenditures through these outcomes:</p> <ul style="list-style-type: none"> <li>• A Dashboard was implemented to monitor certain segments of the budget.</li> <li>• A contract was issued for the new payroll system and asset management system and is now in implementation in both Chambers of Congress.</li> </ul>	<p>The indicator was introduced at the CPSPR stage.</p>
<p><b>Indicator:</b> Include Governance component on new and ongoing projects</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Road Maintenance Project (P082026) includes an Improvement of Governance Action Plan (IGAP).</p> <p>The PY Water and Sanitation Modernization Project (P095235) foresee a Good Governance Strategy for the different service utilities.</p> <p>The PRODERS Project (P088799) has helped strengthen neighborhood committees in 30 micro watersheds in the State of San Pedro and Caaguazu, allowing for social control mechanisms for public sector investments. The Procurement and Disbursement Plans prepared and submitted in a systematic manner throughout the life of the project.</p> <p>The Energy Sector Strengthening Project (P114971) has reviewed draft ToRs for the development of the institutional assessment of the electricity sector.</p> <p>Paraguay Public Sector Reform: Annual publication of available audited financial</p>	<p>Source: CPSCR and Paraguay Team.</p> <p>The indicator was introduced at the CPSPR stage</p>

	<b>CPS FY09-FY13: Pillar I – Improve Governance and Combat Corruption</b>	<b>Actual Results (as of current month/year)</b>	<b>IEG Comments</b>
		<p>statements for the fiscal exercise of 2008 and the audit of 2009 financial statements were carried out.</p> <p>Public Sector Reform Development Policy Loan (P113457) included seven SOEs have management contracts for seven SOEs. These contracts establish targets that are monitored on a regular basis by UMEP. These companies are ANDE, ANNP, COPACO, ESSAP, INC, PETROPAR and DINAC.</p> <p>As part of the PY StAR (P116759): The asset recovery specialized unit (SU) has yet to commence operation and as a result there has been no appropriate counterpart and no significant activity has been undertaken.</p> <p>As for the SOE component, the law institutionalizing the Consejo Nacional de Empresas Publicas was approved by Congress in September 2013. This law assures a sustainability of the reforms undertaken during the past five years and will further initiate advances through its implementation.</p>	
<b>Results Area: Modernization of the public administration to improve service delivery</b>			
<b>5. CPS Outcome: Increase the effectiveness of internal control and internal audit functions</b>			
	<p><b>Indicator:</b> PEFA Indicators for Internal Control and Internal Audit (PI-20 and PI-21).</p> <p><b>Baseline:</b> D+ (IFA 2008)</p> <p><b>Target:</b> C (2013)</p>	<p>PEFA Rating for Internal Control and External Audit (PI-20 and PI-21) has increased from D+ in 2008 to C in 2010.</p> <p>The latest PEFA report for Paraguay is dated December 2011 as is stated in the CPSCR. There have been no further assessments to verify if the scores have been maintained.</p>	<p>Source: CPSCR and Paraguay Team</p> <p>Results reported are for 2010. The latest PEFA report for Paraguay is dated December 2011 as is stated in the CPSCR. There have been no further assessments to verify if the scores have been maintained.</p>
<b>6. CPS Outcome: Modernize clearing and settlement mechanisms of the Central Bank's payment system</b>			
	<p><b>Indicator:</b> An electronic, modern central payment system has been implemented.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>A new Automated Transfer System has been implemented with Bank assistance.</p>	<p>Source: CPSCR</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>

	<b>CPS FY09-FY13: Pillar I – Improve Governance and Combat Corruption</b>	<b>Actual Results (as of current month/year)</b>	<b>IEG Comments</b>
	<p><b>Indicator:</b> Legal and regulatory framework for operating the new system created and operational rules communicated to private sector Banks.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The legal and regulatory framework for operating the system has been created and operational rules have been communicated to private sector banks.</p>	<p>Source: CPSCR</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>
	<p><b>7. CPS Outcome: Recruit and promote government staff based on merit and professional skills</b></p> <p><b>Indicator:</b> Percentage of public sector institutions following competitive recruiting and promoting practices and reporting to the Civil Service Secretariat (SFP).</p> <p><b>Baseline:</b> 0 (2007)</p> <p><b>Target:</b> 40% (2013)</p>	<p>The civil service law was drafted and presented to President Lugo in 2012.</p> <p>The TA activity provided a diagnostic of the state of human capital in the Ministry of Finance and concrete recommendations. A study to present a roadmap to strengthen public sector salary and classification was presented but classified as confidential; it was used to inform internal policy dialogue with the executive.</p> <p>Since August 2008, over 13,000 promotions and recruitments have been decided through competitive processes following the Secretariat of Public Services (SFP) guidelines and methodology. These letter, however, remain voluntary as there is no enforcement mechanism in place.</p>	<p>Source: CPSCR and Paraguay Team</p> <p>The indicator was reformulated at the CPSPR stage.</p> <p>Results reported are on the number of promotions whereas indicator reformulated in the CPSPR was about the percentage of public sector institutions following competitive recruiting and promoting practices and reporting to the Civil Service Secretariat (SFP). The Paraguay team was unable to obtain more information relating to the CPS Outcome Indicator, the best available information was that of the total number of promotions under the new methodology.</p>
	<p><b>Indicator:</b> Percentage of public sector institutions supervised by the Civil Service Secretariat (SFP).</p> <p><b>Baseline:</b> 0 (2008)</p> <p><b>Target:</b> 80% (2013)</p>	<p>30% of public sector institutions are supervised by the SFP.</p>	<p>Source: CPSCR</p> <p>The indicator was reformulated at the CPSPR stage.</p>
	<p><b>8. CPS Outcome: Eliminate the number of civil servants earning below the minimum wage</b></p>		

CPS FY09-FY13: Pillar I – Improve Governance and Combat Corruption	Actual Results (as of current month/year)	IEG Comments
<p><b>Indicator:</b> Number of civil servants earning below minimum wage.</p> <p><b>Baseline:</b> 28,000 (2008) <b>Target:</b> 0 (2013)</p>	<p>Number of civil servants earning below minimum wage was reduced to less than a third, from 28,000 in 2008 to 9,000 in 2010.</p>	<p>Source: CPSCR</p> <p>The objective and the indicator were introduced at the CPSPR stage.</p>
<p><b>9. CPS Outcome: State Owned Enterprises (SOEs) finances and operations are transparent and subject to greater scrutiny by Government and civil society</b></p>		
<p><b>Indicator:</b> Government has issued a decree to establish a Council for SOEs (CEP) ensuring (i) public sector oversight on SOEs; and (ii) the definition of a Government policy for SOEs.</p> <p><b>Baseline:</b> No <b>Target:</b> Yes</p>	<p>The Government issued a decree to establish the Council for SOEs (CEP) and another one to establish a SOEs Monitoring Unit (UNEMP). The two bodies were established soon after the 2013 elections. The ability to combine CEP's fast inter-institutional decision-making capacity with the professional and technical monitoring of UMEP created a responsive, technically-sound SOE supervisory body as evidenced by:</p> <ol style="list-style-type: none"> <li>1) All SOEs financial operations are carried out in a transparent manner and are subject to the scrutiny by the Government and civil society.</li> <li>2) Audit reported for 7 out of 9 SOEs were published before June 30, 2013.</li> <li>3) 7 SOEs have established targets that can be monitored on a regular basis by UMEP.</li> </ol>	<p>Source: CPSCR and Paraguay Team</p> <p>The indicator was introduced at the CPSPR stage.</p>
<p><b>Indicator:</b> Institutional framework associated with SOE management strengthened through: (i) the submission to Congress of a law draft proposing the legal establishment of the CEP and the UMEP; and (ii) the approval by CEP of the UMEP's Organizational Operational Manual.</p> <p><b>Baseline:</b> No <b>Target:</b> Yes</p>	<p>The institutional framework associated with the SOE management was strengthened as evidence by the passage of Law N° 5058/13 that created the Council for SOEs (CEP). A decree was later issued (N° 1143/14) to regulate the operations of the CEP and Resolution N° 365/10 approved the structure and operating manual of the UMEP (internal monitoring unit of the CEP).</p>	<p>Source: CPSCR and Paraguay Team</p> <p>The indicator was introduced at the CPSPR stage.</p>
<p><b>Indicator:</b> CEP ensures greater transparency in SOE management via implementation of annual external audits, elaborated according to</p>	<p>By June 2010, all SOEs had already signed their respective external audit contracts with independent audit firms according to procedures established by UMEP and the National Public Procurement Law. Eight SOEs have concluded and published their reports.</p>	<p>Source: CPSCR</p> <p>The indicator was introduced at the CPSPR stage.</p>

CPS FY09-FY13: Pillar I – Improve Governance and Combat Corruption	Actual Results (as of current month/year)	IEG Comments
<p>CEP standards, and published.</p> <p>Baseline: No</p> <p><b>Target:</b> Yes</p>		
<b>10. CPS Outcome: Share of capital expenditure over total expenditure for ESSAP (Empresa de Servicios Sanitarios del Paraguay) and for ANDE (Administración Nacional de Electricidad)</b>		
<p><b>Indicator:</b> Share of capital expenditure over total expenditure for ESSAP (Empresa de Servicios Sanitarios del Paraguay) and for ANDE (Administración Nacional de Electricidad).</p> <p><b>Baseline:</b> 8.5% for ESSAP (2008) and 10.6% for ANDE (2008)</p> <p><b>Target:</b> 20% for ESSAP and 20% for ANDE</p>	Dropped	<p>Source: CPSCR and Paraguay Team</p> <p>The objective and indicator were included in the CPS but later dropped at the CPSPR stage. In this sense, the CPSPR (page 24) states that “indicators tracking improvements in public service delivery changed from share of capital expenditures to concrete water and electricity indicators”.</p>
<b>11. CPS Outcome: Increase the quality of basic service delivery by SOEs.</b>		
<p><b>Indicator:</b> Rate of timely payments for basic services provided to the state by SOEs.</p> <p><b>Baseline:</b> 27% (2008)</p> <p><b>Target:</b> 60% (2008)</p>	Rate of timely payments of SOE-provided services jumped from 27% in 2008 to 51% in mid-2010 as the Ministry of Finance establishes clear rules with respect to transfers and payments between SOEs and the Central Administration.	<p>Source: CPSCR</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>
<p><b>Indicator:</b> Coverage of ESSAP water cases measured by percentage of households in urban areas with access to water.</p> <p><b>Baseline:</b> 79.4% (2010)</p> <p><b>Target:</b> 89.2% (2013)</p>	Bank support delivered access to safe water and sanitation services to around 17,500 people, of whom 6,200 are indigenous who received access to sanitation services (latrines).	<p>Source: CPSCR and Paraguay Team</p> <p>The indicator was introduced at the CPSPR stage. The CPSCR reports results for individuals whereas the indicator makes reference to households. No household coverage information was available according to the Paraguay team.</p>
<b>12. CPS Outcome: Reduce power outages</b>		

	<b>CPS FY09-FY13: Pillar I – Improve Governance and Combat Corruption</b>	<b>Actual Results (as of current month/year)</b>	<b>IEG Comments</b>
	<p><b>Indicator:</b> Number of hours of power outages as measures by hours / year per user.</p> <p><b>Baseline:</b> 11.2 hours / year (2010)</p> <p><b>Target:</b> 11 hours / year (2013)</p>	<p>The CPSCR reports that there is no up-to-date information on this indicator and that the works that will bring results have not yet started.</p>	<p>Source: CPSCR</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>

	CPS FY09-FY13: Pillar II – Improve social sectors (health and education) investment and focus public spending on combating extreme poverty	Actual Results (as of current month/year)	IEG Comments	
	<b>Results Area: Employment Generation and Combating Poverty</b>			
	<b>13. CPS Outcome: Increase the number of conditional cash transfers beneficiaries</b>			
<b>Major Outcome Measures</b>	<b>Indicator:</b> Number of beneficiaries (households) receiving conditional cash transfers – Tekopora and PRO-PAIS II  <b>Baseline:</b> 18,700 (2008)  <b>Target:</b> 75,000 (2013)	Target surpassed as programs benefitted 98,000 households living in extreme poverty (Tekopora: 83,000 and PRO-PAIS II: 15,000).	Source: CPSCR  The indicator was updated at the CPSPR stage.	
		<b>14. CPS Outcome: Improve targeting of social expenditures on cash transfer programs</b>		
	<b>Indicator:</b> Targeting instrument of the CCT program “Tekopora” updated  <b>Baseline:</b> No  <b>Target:</b> Yes	As of August 2014, the TA to update the targeting system for the Tekopora program was still being developed.	Source: CPSCR and Paraguay Team  The objective and indicator were introduced at the CPSPR stage.	
	<b>Indicator:</b> Targeting instrument to select and enroll beneficiaries of the non-contributory program “Adultos Mayores”  <b>Baseline:</b> No  <b>Target:</b> Yes	The targeting instrument for Adultos Mayores was developed by the Bank in conjunction with the GoP; but due to the change in government the new targeting instrument was never implemented.	Source: CPSCR and Paraguay Team  The objective and indicator were introduced at the CPSPR stage.	
	<b>15. CPS Outcome: Retool institutional capacity to address other important poverty concerns, particularly those arising from the crisis, via decentralized mechanisms, such as community driven projects</b>			
	<b>Indicator:</b> Launch a dialogue on the options that Paraguay has to counteract the effects that the Global financial crisis might have on poorest households.  <b>Baseline:</b> No  <b>Target:</b> Yes	A poverty assessment (NLTA) was conducted to analyze the impact of rising inequality and food prices on national poverty rates. It also presented the new poverty methodology, analyzed the determinants of poverty, analyzed trends in the urban labor market, and analyzed the possible poverty impacts of a (simulated) expansion in monetary transfer programs (both CCTs and the new non-contributory pension law). With respect to launching a dialogue, the Completion Summary for the NLTA Programmatic Poverty II (P123533) report that: (i) the 2010 Poverty Assessment Follow-Up Activities strengthened the	Source: CPSCR and Paraguay Team  The indicator was introduced at the CPSPR stage.	

CPS FY09-FY13: Pillar II – Improve social sectors (health and education) investment and focus public spending on combating extreme poverty	Actual Results (as of current month/year)	IEG Comments
	national discussion on poverty issues, filled the knowledge gap on poverty work in Paraguay, and created a platform for dialogue moving forward on poverty issues with the Social Cabinet; (ii) the 2010 Poverty Note was completed and shared with the Government to continue to strengthen the discussion and the joint work on poverty issues.	
<b>16. CPS Outcome: Develop active labor market policies to prepare the country, and especially the vulnerable groups, to respond to the effects of an economic crisis that may harm employment</b>		
<b>Indicator:</b> Temporary employment program “Nambapoo” designed and ready to be implemented  <b>Baseline:</b> No  <b>Target:</b> Yes	The Bank helped the Ministry of Justice and Labor with (i) the design of the Temporary Employment Program “Nambapoo Paraguay,” which, however, never went beyond the pilot phase; and (ii) the review of the National Employment Strategy. The program has been designed and is ready to be implemented.	Source: CPSCR  The objective and indicator were introduced at the CPSCR stage.
<b>17. CPS Objective: Develop opportunities for community groups or micro-enterprises to participate in maintenance agreements for rural roads</b>		
<b>Indicator:</b> Opportunities for community groups or micro-enterprises to participate in maintenance agreements for rural roads  <b>Baseline:</b> No  <b>Target:</b> Yes	Dropped	Source: CPSCR and Paraguay Team  The objective and indicator were included at the CPS stage and later dropped at the CPSCR stage.
<b>Results Area: Integrated Agrarian Reform, and reactivation of small scale (household) agriculture</b>		
<b>18. CPS Outcome: Increase access for vulnerable groups through participative approaches (e.g. low income or young farmers, indigenous) and provide appropriate support services</b>		
<b>Indicator:</b> Participative approach to increase access for vulnerable groups (e.g. low income or young farmers, indigenous) launched and appropriate support services provided.  <b>Baseline:</b> No  <b>Target:</b> Yes	Dropped.	Source: CPSCR and Paraguay Team  The objective and indicator were included at the CPS stage and later dropped at the CPSCR stage.
<b>19. CPS Outcome: Increase number of communities benefiting from project-sponsored land access opportunities and proper support service arrangements</b>		

	CPS FY09-FY13: Pillar II – Improve social sectors (health and education) investment and focus public spending on combating extreme poverty	Actual Results (as of current month/year)	IEG Comments
	<p><b>Indicator:</b> Number of communities benefiting from project-sponsored land access opportunities and proper support service arrangements</p> <p><b>Baseline:</b> 0 (2008)</p> <p><b>Target:</b> 50 (2013)</p>	Dropped.	<p>Source: CPSCR and Paraguay Team</p> <p>The objective and indicator were included at the CPS stage and later dropped at the CPSPR stage.</p>
<b>20. CPS Outcome: Increase national agricultural data quality in order to refine government interventions.</b>			
	<p><b>Indicator:</b> Land use change detection completed for major hot spots</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The land use detection has been completed through various AAA, most notably:</p> <ul style="list-style-type: none"> <li>• Paraguay land dialogue (P123711)</li> <li>• AAA PY Equity Assessment and Poverty Support (P132332)</li> <li>• NLTA Programmatic Poverty II (P123533)</li> <li>• PY Public Sector NLTA (P127499)</li> </ul>	<p>Source: CPSCR and Paraguay Team</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>
	<p><b>Indicator:</b> Land market analysis completed for major hot spots</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The land use detection has been completed through various AAA, most notably:</p> <ul style="list-style-type: none"> <li>• Paraguay land dialogue (P123711)</li> <li>• AAA PY Equity Assessment and Poverty Support (P132332)</li> <li>• NLTA Programmatic Poverty II (P123533)</li> <li>• PY Public Sector NLTA (P127499)</li> </ul>	<p>Source: CPSCR and Paraguay Team</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>
	<p><b>Indicator:</b> First round of national dialogue on evidence-based land policy completed</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Broad -based stakeholder support achieved for evidence-based land policy options, to facilitate more environmentally and socially sustainable agricultural growth and urbanization.</p>	<p>Source: CPSCR</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>
<b>21. CPS Outcome: Launch a participative approach to improve land access for vulnerable groups and provide appropriate support services to them</b>			
	<p><b>Indicator:</b> Number of communities benefiting from project-sponsored land access opportunities and</p>	Dropped	<p>The objective and indicator were included at the CPS stage and later dropped at the CPSPR stage.</p>

<b>CPS FY09-FY13: Pillar II – Improve social sectors (health and education) investment and focus public spending on combating extreme poverty</b>	<b>Actual Results (as of current month/year)</b>	<b>IEG Comments</b>
proper support service arrangements  <b>Baseline:</b> 0 (2008)  <b>Target:</b> 50 (2013)		
<b>22. CPS Outcome: Launch program to provide integrated support to the rural poor in San Pedro and Caaguazú</b>		
<b>Indicator:</b> Number of communities benefiting from the program  <b>Baseline:</b> 0 (2008)  <b>Target:</b> 300 communities and 60 indigenous communities (2013)	As of end-2013, 150 neighborhood development committees were established, together with 40 indigenous community organizations.  143 micro-watershed participatory management plans are being implemented.  4600 small farms have seen their production increase by 30%. It is expected that PRODERS will benefit more than 9,150 poor families by the end of FY14.  Number of sub-projects granted by PY BIO: 0	Source: CPSCR and Paraguay Team  The objective was originally proposed as an indicator for CPS Objective 21 (See above). At the CPSPR stage, the indicator was proposed as an objective.
<b>23. CPS Outcome: Increase number of indigenous communities with formal property titles</b>		
<b>Indicator:</b> Number of indigenous communities with formal title  <b>Baseline:</b> 0 (2008)  <b>Target:</b> 30 (2012)	Through PRODERS one indigenous community has obtained formal land titles and 20 are being provided support to have their tenure regularized. PRODERS also financed micro-catchment activities in indigenous communities to increase agricultural production and productivity.	Source: CPSCR and Paraguay Team  The indicator was proposed in the CPS. The target date was later updated from 2012 in the CPS to 2013 in the CPSPR.
<b>Results Area: Increase enrollment rates and quality of secondary education</b>		
<b>24. CPS Outcome: Increase in enrollment rates at the pre-school, lower secondary, and upper secondary together with increases in quality of secondary education</b>		
<b>Indicator:</b> Enrollment rates pre-school; lower secondary; and upper secondary  <b>Baseline (2005):</b> pre-school (89%); lower secondary (80%); and upper secondary (52%)	Dropped	The indicator was dropped at the CPSPR stage.

	CPS FY09-FY13: Pillar II – Improve social sectors (health and education) investment and focus public spending on combating extreme poverty	Actual Results (as of current month/year)	IEG Comments
	<p><b>Target (2012):</b> pre-school (99%); lower secondary (99%); and upper secondary (66%)</p>		
<b>25. CPS Outcome: Improve Evidence - Based Decision Making within the Ministry of Education</b>			
	<p><b>Indicator:</b> Ensuring basic conditions in all public schools (primary and secondary)</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The Government of Paraguay requested Bank assistance to develop a methodology to identify the most important needs of the school system in order to help prioritize expenditure based on a set of benchmarks and a diagnostic of current teachers' policies, together with a plan for improving teachers' qualifications (pre and in service training). The activities had been developed with a workshop.</p>	<p>Source: CPSCR and Paraguay Team</p> <p>The objective and the indicator were reformulated to reflect changes in the nature of Bank support to the sector, now focusing on policy strengthening.</p>
	<p><b>Indicator:</b> Designing an effective strategy to enhance teachers' quality</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>		
<b>Results Area: Increase access to water and sewerage services for the entire population, including indigenous populations</b>			
<b>26. CPS Outcome: Increase the coverage of water and sanitation systems in rural and urban areas and in particular increasing the number of additional families</b>			
	<p><b>Indicator:</b> Number of families using sanitation systems in the Asuncion metropolitan area</p> <p><b>Baseline:</b> Not provided</p> <p><b>Target:</b> 15,000 new families by 2013</p>	<p>The Water and Sanitation project is approved and effective, but is suffering implementation delays. Results so far are that the rural component of the project has delivered 30 rural water distribution systems, increasing potable water access to around 700 people; the basic sanitation element will increase access to 7,000 people in rural communities.</p>	<p>Source: CPSCR</p>
	<p><b>Indicator:</b> Number of families using water supply systems in rural and indigenous areas</p> <p><b>Baseline:</b> Not provided</p> <p><b>Target:</b> 5,000 new families by 2013</p>		<p>Source: CPSCR</p>

	CPS FY09-FY13: Pillar II – Improve social sectors (health and education) investment and focus public spending on combating extreme poverty	Actual Results (as of current month/year)	IEG Comments
	<p><b>Indicator:</b> Number of families using basic sanitation un rural areas</p> <p><b>Baseline:</b> Not provided</p> <p><b>Target:</b> 4,000 new families by 2013</p>		Source: CPSCR
<b>Results Area: Increase access to basic health services of good quality</b>			
<b>27. CPS Outcome: Reduce out-of-pocket payments on drugs and increase access to basic health services, especially for the poor and in remote areas</b>			
	<p><b>Indicator:</b> Policy of free drugs designed and implemented</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	Policy of free drugs designed and implemented. Workshops on public sector long-term health priorities completed. Findings and recommendations delivered to client.	<p>Source: CPSCR</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>
	<p><b>Indicator:</b> Family Health Units program designed and under implementation</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	Family health Units (FHUs) have been designed and implemented. As of 2012 over 704 have been created.	<p>Source: CPSCR and Paraguay Team</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>
	<p><b>Indicator:</b> Social health determinants are analyzed to design health policies</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	Studies on the determinants of social health in the country were delivered to the authorities within the then named "Ministerio de Salud" of the country.	<p>Source: CPSCR and Paraguay Team</p> <p>The objective and indicator were introduced at the CPSPR stage.</p>





	CPS FY09-FY13: Pillar III – Growth with Inclusion	Actual Results (as of current month/year)	IEG Comments
<b>Major Outcome Measures</b>	<b>Results Area: Respond appropriately to the global financial crisis, while safeguarding macroeconomic and financial stability</b>		
	<b>28. CPS Outcome: Adoption of a countercyclical fiscal policy to mitigate the impact of the crisis on the most vulnerable population, but maintaining a sustainable fiscal stance in terms of public debt to GDP</b>		
	<b>Indicator:</b> Fiscal deficit as a percentage of GDP  <b>Baseline:</b> Not provided  <b>Target:</b> ≈ 1 % of GDP (2009-2011)	Overall fiscal deficit was 1.7% in 2012 and 1.9% in 2013.	Source: CPSCR
	<b>Indicator:</b> Tax-to-GDP ratio  <b>Baseline:</b> 11.9% (average 2004-08)  <b>Target:</b> 13.0% (2013)	Tax/GDP ratio reached 13.5% in 2010, surpassing the set target and allowing the Government to maintain a positive overall fiscal balance even during the crisis. The ratio was 11.5% in 2013.	Source: CPSCR
	<b>29. CPS Outcome: Increase the ratio of audits of large tax payers that result in additional assessments</b>		
	<b>Indicator:</b> Ratio of audits of large tax payers that result in additional assessment  <b>Baseline:</b> Not provided  <b>Target:</b> ≥ 70%	The ratio of audits of large tax payers that results in additional assessment was 55% in 2010.	Source: CPSCR and Paraguay Team  The objective and indicator were introduced at the CPSPR stage.
	<b>30. CPS Outcome: Increase the targeting of public spending away from wages and other recurrent spending towards capital and social protection items</b>		
	<b>Indicator:</b> Public investment to GDP ratio  <b>Baseline:</b> 1.7% (2008)  <b>Target:</b> 3.5% (2013)	Public investment/GDP reached 3% in 2013.  The share of social programs in the overall budget expenditures increased from 47.8% in 2006-2007 to 50.8% during the crisis while coverage of social protection programs increased more than six-fold. Social spending was 45.7% of overall budget expenditures for 2012.	Source: CPSCR
	<b>31. CPS Outcome: Increase coverage of the conditional cash transfer program</b>		
	<b>Indicator:</b> Conditional cash transfer program coverage  <b>Baseline:</b> 18,700 (2008)  <b>Target:</b> 75,000 (2013)	CCT programs beneficiaries reached 98,000.	Source: CPSCR  The indicator's baseline and target were updated at the CPSPR stage.
<b>32. CPS Outcome: Financial sector supervision framework strengthened</b>			
<b>Indicator:</b>  <b>Baseline:</b>	Dropped	The objective and the indicator were proposed at the CPS	



	CPS FY09-FY13: Pillar III – Growth with Inclusion	Actual Results (as of current month/year)	IEG Comments
	Target:		stage but later dropped at the CPSPR stage.
	<b>Results Area: Moving towards a more sustainable pattern of growth, based in greater diversification of products and external markets; supporting investments in infrastructure and human capital, and improvements in the investment and business climate, that will unambiguously move the country in that direction in the short to medium term</b>		
	<b>33. CPS Outcome: Launch investment program to improve the transmission and transformation capacity, as well as to reduce energy system losses</b>		
	<b>Indicator:</b> Begin manufacturing of equipment for the installation of new transmission and transformation capacity, and for the modernization of distribution system to support loss reduction.  <b>Baseline:</b> No  <b>Target:</b> Yes	Energy Sector Strengthening Project effective. Preparation of key documentation is well advanced to begin implementation of works. Disbursement is less than 1%.	Source: CPSCR  The indicator was updated at the CPSPR stage.
	<b>Indicator:</b> Investment program to interconnect generation facilities with domestic and potential foreign users launched  <b>Baseline:</b> No  <b>Target:</b> Yes	Dropped	The indicator was proposed in the CPS but dropped in the CPSPR.
	<b>34. CPS Outcome: Explore ways to maximize the potential of air traffic, including through private sector participation</b>		
	<b>Indicator:</b> Adoption by Parliament of the simple airport concession framework submitted by the Ministry of Public Works in 2008  <b>Baseline:</b> No  <b>Target:</b> Yes	Dropped	The objective and the indicator were dropped at the CPSPR stage.
	<b>35. CPS Outcome: Improve the quality of road infrastructure</b>		
	<b>Indicator:</b> Percentage of kilometers of paved road network under routine road maintenance  <b>Baseline:</b> 25% (2007)  <b>Target:</b> 50% (2013)	An estimated 50 percent of the paved road network was under routine maintenance in 2010.	Source: CPSCR and Paraguay Team
	<b>36. CPS Outcome: Improve national transport logistics network</b>		
	<b>Indicator:</b> Achieve a 10 feet operational depth and 24 hours navigation on 90 percent of the	The CPSCR reports that no works have been undertaken to improve river navigation.	Source: CPSCR and Paraguay Team



	<b>CPS FY09-FY13: Pillar III – Growth with Inclusion</b>	<b>Actual Results (as of current month/year)</b>	<b>IEG Comments</b>
	<p>year in waters of Paraguayan rivers and shared jurisdiction in the Paraguay and Parana rivers</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>		<p>The indicator was updated at the CPSPR stage.</p>
	<p><b>Indicator:</b> Transport costs</p> <p><b>Baseline:</b> Not provided</p> <p><b>Target:</b> Reduced by 30%</p>	<p>The CPSCR reports that no works have been undertaken to reduce transportation costs in river navigation. With respect to the reduction of costs to the road network, the rural roads project (P082026) strives to reduce the amount of vehicle breakdowns. But no measurement is possible due to the fact that “some indicators are designed in such a way that baseline, and ex-post values need to be compared to measure the development impact with no intermediate values measured” (ISR for P082026).</p>	<p>Source: CPSCR and Paraguay Team</p> <p>The indicator was introduced at the CPSPR stage.</p>
<b>37. CPS Outcome: Increase number of internet users</b>			
	<p><b>Indicator:</b> Number of internet users per 1000 habitants</p> <p><b>Baseline:</b> &lt; 4.1 (2006)</p> <p><b>Target:</b> 7 (2013)</p>	<p>Dropped</p>	<p>The objective and the indicator were dropped at the CPSPR stage.</p>
<b>Results Area: Sources of Growth and Overall Competitiveness</b>			
<b>38. CPS Outcome: Foster enterprise investments through gradual but consistent improvements in the business climate</b>			
	<p><b>Indicator:</b> Private investment as a percentage of GDP</p> <p><b>Baseline:</b> 17% of GDP (2007)</p> <p><b>Target:</b> 18% of GDP (2013)</p>	<p>Dropped</p>	<p>The objective and indicator were dropped at the CPSPR stage.</p>
<b>39. CPS Outcome: Stakeholders to agree on competitiveness strategies and action plans (through a public-private dialogue mechanism) for pilot sectors/regions</b>			
	<p><b>Indicator:</b> Methodology developed and pilot sectors selected for development of competitiveness strategies and action plans</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Preliminary methodology agreed upon with the Government and pilot selection process initiated for technical assistance to develop pilot competitiveness strategies and action plans.</p>	<p>Source: CPSCR</p> <p>The objective and the indicator were introduced at the CPSPR stage.</p>



	CPS FY09-FY13: Pillar III – Growth with Inclusion	Actual Results (as of current month/year)	IEG Comments
<b>40. CPS Outcome: Launch dialogue on sources of growth (including the potential role of the modernization of agricultural enterprises)</b>			
	<b>Indicator:</b> Participatory diagnostic prepared on major constraints to sustainable growth.  <b>Baseline:</b> No  <b>Target:</b> Yes	Participatory diagnostic prepared on major constraints to sustainable growth. A multi-sectoral workshop was held on November 2011, where Bank and Social Ministries discussed the issues of growth, poverty reduction, and inclusion.	Source: CPSCR  The indicator was introduced at the CPSPR stage.
<b>41. CPS Outcome: Improve business climate via reductions in red tape</b>			
	<b>Indicator:</b> Number of days required for issuing construction permits  <b>Baseline:</b> 291 days (2009)  <b>Target:</b> 137 days (2013)	Business climate improved by making it easier to obtain a construction permit. In 2010, the creation of a “single window” for building permit approvals and associated regulatory changes reduced the time to obtain a building permit from 63 to 21 days in Asuncion.	Source: CPSCR  The objective and the indicator were introduced at the CPSPR stage.
<b>Results Area: Safeguarding the environment</b>			
<b>42. CPS Outcome: Increase the number of groups exposed to conservation practices in the Upper Parana Atlantic Forest, Caaguazú and San Pedro</b>			
	<b>Indicator:</b> Number of groups  <b>Baseline:</b> 0 (2007)  <b>Target:</b> 15 (2013)	Dropped	The objective and indicator were included in the CPS but dropped in the CPSPR.
<b>43. CPS Outcome: Identify and value ecological services from farmers' land selected in pilot areas</b>			
	<b>Indicator:</b>  <b>Baseline:</b>  <b>Target:</b>	Dropped	The objective and indicator were included in the CPS but dropped in the CPSPR.
<b>44. CPS Outcome: Decrease unsustainable forest management practices and slow down the expansion the agricultural frontier as a result of the implementation of PES in pilot areas</b>			
	<b>Indicator:</b> Agreement with OAS and IDEA to promote payment for ecosystem services and sustainable agriculture  <b>Baseline:</b> 291 days (2009)  <b>Target:</b> 137 days (2013)	Agreement with OAS and Instituto de Derecho y Economía Ambiental (IDEA) to promote payment for ecosystem services and sustainable agriculture. Initial delay because of the finalization of the legal documentation.	Source: CPSCR  The indicator was introduced at the CPSPR stage.
<b>45. CPS Outcome: Strengthen the national capacity to enable the development of Clean Development Mechanism (CDM) projects and other mitigation activities</b>			
	<b>Indicator:</b> Carbon Finance Assist Country Work Program completed	Completion of the Carbon Finance Assist Country Work Program. Two workshops and five technical studies	Source: CPSCR



	<b>CPS FY09-FY13: Pillar III – Growth with Inclusion</b>	<b>Actual Results (as of current month/year)</b>	<b>IEG Comments</b>
	<b>Baseline:</b> No  <b>Target:</b> Yes	were successfully carried out to assess the low carbon potential in relevant productive sectors.	The indicator was introduced at the CPSPR stage.
	<b>46. CPS Outcome: Establish a biological corridor and encourage sustainable agricultural practices</b>		
	<b>Indicator:</b> Establishing a biological corridor and encouraging sustainable agricultural practices  <b>Baseline:</b> No  <b>Target:</b> Yes	The CPSCR reports that there was only progress within the “encouragement of sustainable agricultural practices” aspect of the indicator.	Source: CPSCR  The objective and indicator were introduced at the CPSPR stage.
	<b>47. CPS Outcome: Strengthen the institutional capacity of MAG (Ministerio de Agricultura) and SEAM (Secretaria del Ambiente)</b>		
	<b>Baseline:</b> No  <b>Target:</b> Yes	The PIU has conducted a key training activity on forestry management issues led by the Centro Agronómico Tropical de Investigación y Enseñanza (CATIE) from Costa Rica. This has involved more than 100 participants from Itaipu, SEAM, and other stakeholders in the project area of influence, as well as experts from PRODERS.	Source: CPSCR and the Paraguay Team.  The objective and the indicator were introduced at the CPSPR stage.
	<b>48. CPS Outcome: Strengthen the National Protected Areas System</b>		
	<b>Baseline:</b> No  <b>Target:</b> Yes	No activities have been undertaken.	Source: CPSCR  The objective and the indicator were introduced at the CPSPR stage.



**Annex Table 2: IBRD / IDA Lending: Planned and Actual Lending (FY09 - FY14)**

Project ID	Project Name	Proposed FY	Approval FY	Exit FY	Proposed Amount USD (M)	Approved Amount USD (M)	Outcome Rating *
<b>Project Planned Under CPS / CPSPR</b>							
P113457	Public Sector DPL 1	2009	2009	2011	100.0	100.0	IEG: S
P095235	Water & Sanit. Sector Modernization (UNPLANNED)	Unplanned	2009	2015	..	64.0	LIR: MS
P085335	Forestry Development (DROPPED)	2009	Dropped	Dropped	20.0	Dropped	Dropped
<b>Sub-Total programmed projects CAS FY09</b>					<b>120.0</b>	<b>164.0</b>	
P101200	(APL2) Education Reform (DROPPED)	2010	Dropped	Dropped	25.0	Dropped	Dropped
P099850	Land Access & Administration (DROPPED)	2010	Dropped	Dropped	35.00	Dropped	Dropped
<b>Sub-Total programmed projects CAS FY10</b>					<b>60.00</b>	<b>0.00</b>	
P114971	Energy Sector Strengthening Project	2010	2011	2016	..	100.0	LIR: MU
P111666	Public Health (DROPPED)	2011	Dropped	Dropped	30.00	Dropped	Dropped
P119225	Community Initiatives (DROPPED)	2011	Dropped	Dropped	10.00	Dropped	Dropped
P123121	Labor Project (DROPPED)	2011	Dropped	Dropped	50.00	Dropped	Dropped
P123244	Third Prog Public Sector DPL (DROPPED)	2011	Dropped	Dropped	25.00	Dropped	Dropped
<b>Sub-Total programmed projects CAS FY11</b>					<b>115.00</b>	<b>100.00</b>	
P117043	Public Sector DPL 2	2010	2012	2014	50.00	100.0	LIR: S
P123154	Education (DROPPED)	2012	Dropped	Dropped	30.00	Dropped	Dropped
<b>Sub-Total programmed projects CAS FY12</b>					<b>80.00</b>	<b>100.00</b>	
<b>Sub-Total programmed projects CAS FY13</b>					<b>0.00</b>	<b>0.00</b>	
P148504	AF Sustainable Agriculture and Rural Dev (Unplanned)	Unplanned	2014	2018	..	100.0	..
<b>Sub-Total programmed projects CAS FY14</b>					<b>0.00</b>	<b>100.00</b>	
<b>Total programmed projects CAS FY09 -13</b>					<b>375.0</b>	<b>464.0</b>	
<b>On-going</b>			<b>Approval FY</b>	<b>Closing FY</b>		<b>Approved Amount</b>	
P069269	Pilot Community Development Project		2002	2009	..	9.0	IEG: MS
P073526	Education Reform Project		2004	2010	..	24.0	IEG: MU
P087036	Modernization Ministry of Finance		2005	2009	..	7.5	IEG: Not Rated



P080961	Financial Sector T.A. Project		2005	2010	..	5.7	LIR: U
P082056	Mother & Child Basic Health Insurance		2006	2012	..	22.0	LIR: MU
P082026	Road Maintenance		2007	2015	..	74.0	LIR: MS
P088799	PRODERS - Sust. Agric. & Rur Dev. Prj		2008	2018	..	37.5	LIR: MS
P106433	Pilot Comm. Dev. (ADDITIONAL FINANCING)		2008	2009	..	9.0	..
<b>Total Ongoing Projects</b>						<b>188.7</b>	

Source: Paraguay CPS, CPSPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 08/08/2014

\*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly

**Annex Table 3: Grants and Trust Funds Active in FY09-14 (USD million)**

Project ID	Project Name	TF ID	Approval FY	Closing FY	Approved Amount
P085335	Forestry Development	TF 54623	2005	2009	0.47
P073526	Education Reform Project	TF 54361	2005	2009	0.87
P099850	Land Access and Administration	TF 55417	2006	2011	1.71
P099850	Land Access and Administration	TF 56735	2007	2010	0.43
P119225	Productive Initiatives for Solidarity	TF 58022	2008	2012	1.60
P110536	Paraguay National Strategy for the Development of Statistics	TF 91481	2009	2011	0.10
P115219	Paraguay Strengthening Congressional Legislative Process and Budget Oversight Capacity	TF 94249	2009	2013	0.44
P115054	Building Statistical Capacity for Better Evidence Based Economic Policy Making in Paraguay	TF 93518	2010	2011	0.40
P114894	Payment for Ecosystem Services and Sustainable Agriculture	TF 93680	2010	2013	0.20
P120057	Strengthening Paraguay National Audit Office	TF 96017	2010	2014	0.33
P094335	Conservation of Biodiversity and Sustainable Land Management in the Atlantic Forest of Eastern Paraguay	TF 96758	2011	2016	4.50
<b>Total</b>					<b>11.0</b>

Source: Client Connection as of 08/06/2014



**Annex Table 4: Analytical and Advisory Work for Paraguay (FY09 - FY14)**

<b>Proj ID</b>	<b>Economic and Sector Work</b>	<b>Fiscal year</b>	<b>Output Type</b>
P106825	PY Transport Sector Assessment	FY09	Policy Note
P108545	PY SCL Mercosur Trade Study	FY09	Report
P101174	PY Programmatic Poverty	FY10	Report
P121994	FSAP Update Paraguay	FY11	Report
P124439	MTDS - Paraguay	FY11	Report
P123006	Paraguay ICR ROSC	FY12	Report
P111929	PY Health Sctr Mid and long term vision	FY13	Report
P127351	PY Public Expenditure	FY14	Report
P132332	PY Equity Assessment and Poverty Support	FY14	EW/Not assigned
P132352	PY Policy Notes (MST)	FY14	EW/Not assigned
P143809	PY Volatility Analysis	FY14	EW/Not assigned
P123711	PY Land Dialogue	FY14	EW/Not assigned
P149948	Agriculture Sector-Wide Risk Assessment	FY14	EW/Not assigned
<b>Proj ID</b>	<b>Technical Assistance</b>	<b>Fiscal year</b>	<b>Output Type</b>
P106199	PY CDM TA for Paraguay	FY12	"How-To" Guidance
P106877	PY Social Protection NLTA	FY10	Client Document Review
P110984	PY (FBS) Payments System	FY10	"How-To" Guidance
P116759	StAR - Paraguay TA	FY12	TA/IAR
P117046	PY Public Sector NLTA	FY10	Institutional Development Plan
P117391	PY Building an Accountability	FY14	TA/IAR
P119925	PY Implications of trade liberalization	FY10	Knowledge-Sharing Forum
P120699	PY Public Sector Effectiveness	FY13	TA/IAR
P122325	PY River PPP Study - Phase2	FY11	"How-To" Guidance
P122533	PY - RAS Payment Systems #2	FY13	TA/IAR
P123533	PY NLTA Programmatic Poverty II	FY13	TA/EPD
P126568	PY Inclusive Competitiveness	FY14	TA/IAR
P127499	PY Public Sector NLTA	FY13	TA/IAR
P129179	Improve Evidence-Based Decision Making	FY14	TA/IAR
P129630	PY Infrastructure and Logistic	FY14	TA/EPD
P131173	Paraguay #10188 Crisis Simulation Exer.	FY14	TA/IAR
P144971	PY - JIT Access to finance - Factoring	FY14	TA/IAR

Source: WB Business Warehouse Table ESW/TA 8.1.4 as of 08/06/2014

**Annex Table 5: IEG Project Ratings for Paraguay, FY09-FY14**

Exit FY	Proj ID	Project name	Total Evaluated (US\$ million)	IEG Outcome	IEG Risk to DO
2009	P069269	Pilot Community Development Project	9.0	MODERATELY SATISFACTORY	MODERATE
2010	P073526	Education Reform Project	22.8	MODERATELY UNSATISFACTORY	MODERATE
2010	P113457	Public Sector DPL	100.0	SATISFACTORY	MODERATE
		<b>Total</b>	131.8		

Source: BW Table 4.a.6 as of 08/06/2014

**Annex Table 6: IEG Project Ratings for Paraguay and Comparators (Exit FY09-FY14)**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$) *	RDO % Moderate or Lower Sat (No) *
Paraguay	131.8	3	82.7	66.7	100.0	100.0
LCR	26,101.7	235.0	92.8	76.6	78.1	65.7
World	108,045.7	1,224.0	82.8	71.4	63.2	52.4

Source: BW Table 4.a.5 as of 08/06/2014

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 7: Portfolio Status Indicators for Paraguay and Comparators, FY09-14**

Fiscal year	2009	2010	2011	2012	2013	2014	Average FY09-FY14
<b>Paraguay</b>							
# Proj	8	6	5	6	6	5	6.0
# Proj At Risk	5	4	4	6	5	5	4.8
% Proj At Risk	62.5%	66.7%	80.0%	100.0%	83.3%	100.0%	82.1%
Net Comm Amt (US\$ million)	318.0	180.8	280.3	380.3	280.3	380.0	303.3
Comm At Risk (US\$ million)	153.6	102.0	175.5	380.3	280.0	380.0	245.2
% Commit at Risk	48.3%	56.4%	62.6%	100.0%	99.9%	100.0%	77.9%
<b>LCR</b>							
# Proj	331	349	353	346	332	312	337.2
# Proj At Risk	74	68	61	68	72	71	69.0
% Proj At Risk	22.4%	19.5%	17.3%	19.7%	21.7%	22.8%	20.5%
Net Comm Amt (US\$ million)	26,198.1	32,161.5	32,557.8	33,341.8	30,843.3	29,090.1	30,698.8
Comm At Risk (US\$ million)	3,297.1	5,316.1	3,195.2	4,503.5	6,097.4	6,355.6	4,794.1
% Commit at Risk	12.6%	16.5%	9.8%	13.5%	19.8%	21.8%	15.7%
<b>World</b>							
# Proj	1,925	1,990	2,059	2,029	1,965	2,051	2,003
# Proj At Risk	386	410	382	387	414	418	400
% Proj At Risk	20.1%	20.6%	18.6%	19.1%	21.1%	20.4%	20.0%



Net Comm Amt (US\$ million)	135,706.0	162,975.3	171,755.3	173,706.1	176,206.6	193,179.8	168,921.5
Comm At Risk (US\$ million)	20,857.8	28,963.1	23,850.0	24,465.0	40,805.6	41,149.5	30,015.2
% Commit at Risk	15.4%	17.8%	13.9%	14.1%	23.2%	21.3%	17.6%

Source: WB Business Warehouse Table 3.a.4 as of 08/06/2014

**Annex Table 8: Disbursement Ratio\* for Paraguay and Comparators, FY09-13 (US\$ Million)**

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Average FY09-14
<b>Paraguay</b>							
Disbursement Ratio (%)	4.7	1.2	7.2	8.3	8.5	21.6	8.6
Inv Disb in FY (US\$ million)	5.8	2.1	12.2	21.7	20.5	47.5	18.3
Inv Tot Undisb Begin FY (US\$ million)	124.8	173.8	170.5	262.6	240.9	220.4	198.8
<b>LCR</b>							
Disbursement Ratio (%)	39.5	39.2	30.9	22.0	24.0	18.8	29.0
Inv Disb in FY (US\$ million)	3,967.3	4,998.4	4,513.5	3,338.4	3,524.0	2,491.1	3,805.4
Inv Tot Undisb Begin FY (US\$ million)	10,043.2	12,756.7	14,614.2	15,201.7	14,712.3	13,281.0	13,434.8
<b>World</b>							
Disbursement Ratio (%)	26.5	26.9	22.4	20.8	20.6	20.8	23.0
Inv Disb in FY (US\$ million)	18,062.5	20,928.8	20,933.5	21,048.7	20,509.0	20,756.3	20,373.2
Inv Tot Undisb Begin FY (US\$ million)	68,133.5	77,760.8	93,516.5	101,239.1	99,582.4	99,848.4	90,013.5

\* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.

Source: WB Business Warehouse Table 3.a.12 as of 08/06/2014



**Annex Table 9: Total Net Disbursements of Official Development Assistance and Official Aid for Paraguay**

Development Partners	2009	2010	2011	2012	2013	2014*
Australia	..	..	1.67	0.62	..	..
Austria	0.04	0.04	0.03	0.03	..	..
Belgium	0.01	0.02	0.02	..	..	..
Canada	2.2	0.48	1.51	0.11	..	..
Czech Republic	0.24	0.23	0.15	0.1	..	..
Denmark	0.16	0.15	..	..	..	..
Finland	0.14	0.2	0.07	0.2	..	..
France	0.64	0.13	0.42	0.22	..	..
Germany	6.2	5.39	4.1	10.19	..	..
Greece	..	..	..	..	..	..
Iceland	..	..	..	..	..	..
Ireland	0.02	0.02	0.09	0.04	..	..
Italy	1.14	0.44	0.34	0.73	..	..
Japan	37.31	-3.73	-23.92	-19.25	..	..
Korea	4.85	11.63	5.71	8.29	..	..
Luxembourg	0.14	0.12	0.14	0.16	..	..
Netherlands	..	..	..	..	..	..
New Zealand	0.08	0.03	0.03	0.01	..	..
Norway	0.92	1.04	1.27	1.16	..	..
Poland	..	..	..	..	..	..
Portugal	..	..	..	..	..	..
Slovak Republic	0.02	..	..	..	..	..
Slovenia	..	..	..	..	..	..
Spain	38.89	21.84	16.34	6.88	..	..
Sweden	1.69	1.43	1.1	1.02	..	..
Switzerland	0.36	0.32	0.32	0.46	..	..
United Kingdom	0.04	0.01	0.05	0.12	..	..
United States	26.52	28	33.38	27.15	..	..
<b>DAC Countries, Total</b>	<b>121.61</b>	<b>67.79</b>	<b>42.82</b>	<b>38.24</b>	<b>0.00</b>	<b>0.00</b>
AfDB	..	..	..	..	..	..
AfDF	..	..	..	..	..	..
Arab Fund (AFESD)	..	..	..	..	..	..
AsDB Special Funds	..	..	..	..	..	..
BADEA	..	..	..	..	..	..
CarDB	..	..	..	..	..	..
EBRD	..	..	..	..	..	..
EU Institutions	31.53	29.88	26.1	20.02	..	..
GAVI	..	..	..	..	..	..
GEF	..	..	0.64	0.04	..	..
Global Fund	5.24	8.7	5.21	6.03	..	..
IAEA	0.1	0.09	0.01	0.04	..	..
IBRD	..	..	..	..	..	..
IDA	-1.49	-1.49	-1.49	-1.28	..	..
IDB Sp.Fund	-12.98	8.65	13.1	33.61	..	..
IFAD	..	4.61	4.44	3.13	..	..
IFC	..	..	..	..	..	..



IMF (Concessional Trust Funds)	..	..	..	..	..	..
Isl.Dev Bank	..	..	..	..	..	..
Montreal Protocol	..	..	..	..	..	..
Nordic Dev.Fund	..	..	..	..	..	..
OFID	0.02	-0.8	0.17	1.99	..	..
OSCE	..	..	..	..	..	..
UNAIDS	0.05	0.06	0.02	0.01	..	..
UNDP	1.67	1.35	1.23	0.85	..	..
UNECE	..	..	..	..	..	..
UNFPA	1.13	1.04	0.93	0.8	..	..
UNHCR	..	..	..	..	..	..
UNICEF	0.82	0.79	0.91	0.76	..	..
UNPBF	..	..	..	..	..	..
UNRWA	..	..	..	..	..	..
UNTA	..	..	..	..	..	..
WFP	..	..	..	0.05	0.69	..
WHO	..	..	..	..	..	..
Other Multilaterals	..	..	..	..	..	..
<b>Multilateral, Total</b>	<b>26.09</b>	<b>52.88</b>	<b>51.27</b>	<b>66.05</b>	<b>0.69</b>	<b>0.00</b>
Bulgaria	..	..	..	..	..	..
Chinese Taipei	..	..	..	..	..	..
Cyprus	..	..	..	..	..	..
Estonia	..	..	..	..	..	..
Hungary	..	..	..	..	..	..
Israel	0.09	0.07	0.15	0.12	..	..
Kuwait (KFAED)	..	..	..	..	..	..
Latvia	..	..	..	..	..	..
Liechtenstein	..	..	..	..	..	..
Lithuania	..	..	..	..	..	..
Malta	..	..	..	..	..	..
Romania	..	..	..	..	..	..
Russia	..	..	..	..	..	..
Saudi Arabia	..	..	..	..	..	..
Thailand	..	0.01	0.03	0.01	..	..
Turkey	..	0.01	0.01	..	..	..
United Arab Emirates	..	..	0.01	..	..	..
Other donor countries	..	..	..	..	..	..
<b>Non-DAC Countries, Total</b>	<b>0.09</b>	<b>0.09</b>	<b>0.20</b>	<b>0.13</b>	<b>0.00</b>	<b>0.00</b>
<b>All Development Partners, Total*</b>	<b>147.79</b>	<b>120.76</b>	<b>94.29</b>	<b>104.42</b>	<b>0.69</b>	<b>0.00</b>

Source: Data Extracted on 05 May 2014 17:54 UTC (GMT) from OECD.Stat

\* Data not available for 2014

**Annex Table 10: Economic and Social Indicators for Paraguay, 2009 - 2013**

Series Name							Paraguay	LCR (Developing Only)	World
	2009	2010	2011	2012	2013	2014*	Average 2009-2014		
<b>Growth and Inflation</b>									
GDP growth (annual %)	-4.0	13.1	4.3	-1.2	13.6	..	5.2	2.8	1.9
GDP per capita growth (annual %)	-5.7	11.1	2.5	-2.9	11.6	..	3.3	1.6	0.7
GNI per capita, PPP (current international \$)	5,650.0	6,390.0	6,820.0	6,700.0	7,640.0	..	6,640.0	12,905.4	13,139.3
GNI per capita, Atlas method (current US\$)	2,370.0	2,810.0	3,120.0	3,320.0	4,040.0	..	3,132.0	8,253.5	9,712.9
Inflation, consumer prices (annual %)	2.6	4.7	8.3	3.7	2.7	..	4.4	4.0	3.6
<b>Composition of GDP (%)</b>									
Agriculture, value added (% of GDP)	18.9	22.5	22.3	18.1	21.0	..	20.6	5.3	3.1
Industry, value added (% of GDP)	32.0	30.1	29.3	30.4	27.3	..	29.8	31.8	26.5
Services, etc., value added (% of GDP)	49.0	47.4	48.4	51.5	51.6	..	49.6	62.8	70.4
Gross fixed capital formation (% of GDP)	13.5	15.9	16.4	15.1	14.4	..	15.1	20.2	21.2
Gross domestic savings (% of GDP)	20.6	19.8	19.3	18.2	21.7	..	19.9	19.7	21.6
<b>External Accounts</b>									
Exports of goods and services (% of GDP)	51.5	55.1	52.6	51.3	49.7	..	52.1	22.5	29.0
Imports of goods and services (% of GDP)	44.7	51.5	50.1	48.6	43.0	..	47.6	23.6	28.9
Current account balance (% of GDP)	3.0	-0.3	1.2	0.5	..	..	1.1	..	..
External debt stocks (% of GNI)	28.0	27.3	23.8	27.1	..	..	26.6	22.8	..
Total debt service (% of GNI)	3.0	2.5	1.9	3.4	..	..	2.7	3.1	..
Total reserves in months of imports	5.5	4.3	4.3	4.5	..	..	4.6	9.2	13.9
<b>Fiscal Accounts **</b>									
General government revenue (% of GDP)	34.3	37.2	37.4	40.3	41.7	42.0	38.8	..	..
General government total expenditure (% of GDP)	37.9	38.5	40.9	44.6	44.4	44.4	41.8	..	..
General government net lending/borrowing (% of GDP)	-3.6	-1.4	-3.5	-4.3	-2.7	-2.4	-3.0	..	..
General government gross debt (% of GDP)	58.7	49.2	44.9	44.9	42.4	41.7	47.0	..	..
<b>Health</b>									
Life expectancy at birth, total (years)	71.9	72.0	72.1	72.2	..	..	72.1	74.1	70.4
Immunization, DPT (% of children ages 12-23 months)	85.0	89.0	89.0	87.0	..	..	87.5	92.8	83.3
Improved sanitation facilities (% of population with access)	77.2	79.3	79.5	79.7	..	..	78.9	80.1	63.0
Improved water source (% of population with access)	89.5	91.2	92.6	93.8	..	..	91.8	93.4	88.7
Mortality rate, infant (per 1,000 live births)	20.7	20.0	19.4	18.8	..	..	19.7	17.3	36.6
<b>Education</b>									
School enrollment, preprimary (% gross)	35.3	35.4	34.6	..	..	..	35.1	71.0	50.8
School enrollment, primary (% gross)	99.4	97.5	94.8	..	..	..	97.2	110.6	108.4
School enrollment, secondary (% gross)	66.8	67.8	69.6	..	..	..	68.1	88.4	71.4
<b>Population</b>									
Population, total (millions)	6.3	6.5	6.6	6.7	6.8	..	6.6	574.8	6,963.9
Population growth (annual %)	1.8	1.8	1.7	1.7	1.7	..	1.7	1.2	1.2
Urban population (% of total)	60.8	61.4	61.9	62.4	63.0	..	61.9	78.7	52.1

Source: WDI as of August 7, 2014

\* Data not available for 2014 \*\* International Monetary Fund, World Economic Outlook Database, April 2013 (Estimates Start After 2012)





Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	66.0	52.0	49.0	49.0	46.0	45.0	45.0	..
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..	0.3	..
Prevalence of HIV, male (% ages 15-24)	..	..	..	..	..	..	0.2	..
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.1	0.1	0.2	0.3	0.3	0.3	..
Tuberculosis case detection rate (% , all forms)	77.0	70.0	74.0	71.0	79.0	79.0	81.0	..
<b>Goal 7: Ensure environmental sustainability</b>								
CO2 emissions (kg per PPP \$ of GDP)	0.1	0.2	0.1	0.1	0.1	..	..	..
CO2 emissions (metric tons per capita)	0.5	0.8	0.7	0.6	0.8	..	..	..
Forest area (% of land area)	53.3	51.0	48.7	46.5	44.3	43.8	..	..
Improved sanitation facilities (% of population with access)	37.2	47.9	58.5	69.0	79.3	79.5	79.7	..
Improved water source (% of population with access)	53.1	63.7	73.5	82.6	91.2	92.6	93.8	..
Marine protected areas (% of territorial waters)	2.8	..	2.8	..	3.9	..	3.9	..
Net ODA received per capita (current US\$)	13.5	29.0	15.2	8.6	18.7	14.3	15.6	..
<b>Goal 8: Develop a global partnership for development</b>								
Debt service (PPG and IMF only, % of exports of goods, services and primary income)	7.6	4.9	6.7	5.8	2.7	2.3	2.4	..
Internet users (per 100 people)	0.0	..	0.7	7.9	19.8	24.8	29.3	36.9
Mobile cellular subscriptions (per 100 people)	0.0	0.3	15.3	32.0	91.7	99.3	101.6	103.7
Telephone lines (per 100 people)	2.6	3.5	5.3	5.4	5.6	5.6	6.1	5.9
Fertility rate, total (births per woman)	4.5	4.1	3.7	3.3	3.0	2.9	2.9	..
<b>Other</b>								
GNI per capita, Atlas method (current US\$)	..	1,670.0	1,350.0	1,210.0	2,810.0	3,120.0	3,320.0	4,040.0
GNI, Atlas method (current US\$ millions)	..	8,015.4	7,201.1	7,145.0	18,181.5	20,485.4	22,174.8	27,498.7
Gross capital formation (% of GDP)	..	22.0	15.8	17.0	16.2	16.8	15.5	14.9
Life expectancy at birth, total (years)	68.0	68.9	70.1	71.3	72.0	72.1	72.2	..
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	93.9	..	..	..
Population, total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade (% of GDP)	..	118.1	85.1	104.2	106.6	102.7	99.9	92.7

Source: World Development Indicators as of August 2014