

<b>1. CAS Data</b>	
<b>Country:</b> Paraguay	
<b>CAS Year:</b> FY04	<b>CAS Period:</b> FY04 - FY07
<b>CASCR Review Period:</b> FY04 - FY08	<b>Date of this review:</b> April 20, 2009

**2. Executive Summary**

i. The FY04-07 Paraguay CAS was a re-engagement strategy for the Bank following a prolonged period of limited lending. The CAS proposed a substantial program of lending and AAA for FY04-07 and was subsequently extended through FY08. The CAS program was based on four objectives, well in line with the government strategy and focused on some of the most urgent issues in Paraguay: fiscal and financial stabilization, restoration of confidence in state institutions, support for the government's goal of sustainable growth, and assistance to expand coverage and efficiency of basic social services.

ii. The base case contained 13 lending operations for FY04-07, for a total of US\$325 million. Twenty-five percent of this total was for adjustment lending, which appeared adequate given the widespread need for structural and policy reforms. While the CAS was well-designed to address the key constraints to development in Paraguay, it was decidedly optimistic in view of the country's legacy of decades of dictatorship, followed by many years of political volatility, and given the experience with earlier CASs. The government has traditionally been sharply divided with contentious relationships between the Executive and Parliament, institutional capacity in government is low, and corruption is widespread.

iii. In the event, only four projects materialized. Good progress was made towards the objective of stabilizing public finances and some progress towards strengthening the financial sector, primarily through adjustment lending, as well as towards the objective of laying the bases for sustainable growth, through Bank assistance for rural development, which led to local-level institution building to address major advances in agricultural and natural resource conservation practices. On the other hand, hardly any progress was made towards the other two CAS objectives: restoring confidence in state institutions, and expanding coverage and efficiency of basic social services. WBI indicators of governance suggest that little progress has been made over the past few years, while extreme poverty has increased.

iv. The Bank was clearly overly optimistic about the speed at which new laws could be enacted and reform could take place in the Paraguayan environment; or the rate at which the lending program could be delivered, given the eternal deadlock on reforms between the Executive and Congress, the government's weak institutional capacity and governance issues. The Bank's program of AAA was well designed and delivered as scheduled, which helped the re-engagement strategy to take hold.

v. Going forward, it is imperative for the Bank to secure ownership for reforms from all segments of society before proceeding with new lending operations and to ensure this ownership through more effective dissemination of its AAA activities.

<b>CASCR Reviewed by:</b>	<b>Peer Reviewed by:</b>	<b>CASCR Review Coordinator</b>
René Vandendries Consultant, IEGCR	Dusan Vujovic Lead Economist, IEGCR	Jaime Jaramillo-Vallejo CASCR Review Coordinator, IEGCR

### 3. CASCR Summary

#### **Overview of CAS Relevance:**

1. The FY04-07 Paraguay CAS, presented to the Board in December 2003, was a re-engagement strategy for the Bank following a prolonged period of limited Bank lending as a result of poor portfolio performance, economic mismanagement, and poor governance. It came shortly after the August 2003 inauguration of a new President determined to reverse past trends. The CAS proposed a substantial program of lending and AAA for FY04-07, and was subsequently extended through FY08.

2. The CAS program pursued four objectives, well aligned with the government strategy and focused on some of the most urgent issues in Paraguay: (1) support for much needed fiscal and financial stabilization, primarily through adjustment lending; (2) assistance to restore confidence in state institutions through improvements in governance and the transparency of public administration; a main idea was to make the ministry of finance a "ministry of excellence" that would serve as an example for other ministries and levels of government; (3) assistance to achieve sustainable growth through improved infrastructure, increased productivity in the rural sector, and an improved general business environment; and (4) support to expand coverage and efficiency of basic social services.

3. The CAS had three lending scenarios. However, given the reform-minded nature of the new government on the one hand together with the considerable uncertainties and risks prevalent in Paraguay on the other hand, the focus was on the base case. The base case contained 13 lending operations for FY04-07 (excluding one other operation, an Education Reform Project for US\$24 million that had already been approved earlier in FY04), for a total of US\$325 million. Twenty-five percent of the proposed base lending program was adjustment lending, which was especially appropriate given the widespread need for structural and policy reforms. Re-engagement started immediately with an Economic Recovery SAL for US\$30 million, which was presented to the Board along with the CAS.

4. While the CAS was well-designed to address key constraints to sustainable economic progress in Paraguay, it was decidedly optimistic in view of the country's legacy of decades of dictatorship, followed by many years of political volatility, and given the experience with earlier CASs. The government has traditionally been sharply divided with contentious relationships between the Executive and Parliament, which constitutionally has to approve all external loans. Institutional capacity in the government is extremely low due to continual turnover at all levels and a consequent lack of experience. Public governance is weak and corruption widespread, especially in areas such as public procurement, the judiciary and customs.

5. The proposed program of AAA was very well linked to the four objectives of the program. Also, the re-engagement with the new government at the end of 2003 was facilitated and supported by several papers on policy options for reform and by earlier work on financial sector reform.

#### **Overview of CAS Implementation:**

6. Of the 13 projects proposed in the FY04-07 CAS only four materialized over the extended period including FY08, for an amount of US\$156.5 million, or less than half of the planned amount. One additional project, "Additional Financing for a Pilot Community Development Operation," was approved in FY08 for US\$9 million. The four projects approved were in support of the fiscal and financial stabilization pillar — the Economic Recovery SAL, and a Programmatic Financial Sector Adjustment loan — and in support of the growth pillar — Road Maintenance, and Sustainable Agriculture and Rural Development —, the latter project with considerable delay. Other projects, including all those proposed in support of the other two pillars were either cancelled (3), dropped (3) or postponed (3). (See Annex Table 1). "Cancelled" projects are those approved by the Bank's Board

that failed to obtain ratification because of friction between the Executive and the Parliament. More detail is provided below in the discussion of Overview of Achievement by Objective.

7. IEG ratings for projects exiting the portfolio during FY04-08 show that, by amount committed, about 75 percent had a satisfactory outcome rating while, by number of projects, 57 percent had a satisfactory outcome rating. Both of these are considerably below LCR and Bank averages. Likewise, sustainability and institutional development impact ratings are far below LCR and Bank averages. (Annex Table 3b). While the Paraguay portfolio is quite small, Annex Table 4 suggests continuing implementation problems, with about two-thirds of commitments at risk by the end of FY08.

8. In contrast to the lending program, AAA work was generally delivered as planned with considerable relevance (QAG rated the strategic relevance of AAA as highly satisfactory). AAA was also well linked to the proposed lending program. On the other hand, the government showed little interest in disseminating the Bank's analytic work outside inner government circles and this dimension was rated moderately unsatisfactory by QAG. The lack of adequate dissemination presumably contributed to the continued absence of strong constituencies for reform. The likely impact of the AAA program, with some exceptions such as in the fiscal area, was correspondingly low.

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

***Objective 1: Stabilize the public finances and strengthen the financial sector.***

9. Support for this first objective started with the single tranche Economic Recovery SAL for US\$30 million to help Paraguay fill the large existing public finance gap. The overall central government fiscal balance turned positive in 2004 and remained so during the CAS period. An improvement in revenues and strong expenditure control played equal roles. A public finance crisis was avoided and Paraguay achieved an acceptable macro framework. A subsequent FSAL ran into difficulties as the financial sector reform agenda suffered delays. In recognition of the emerging risks, a series of three programmatic financial sector loans would be pursued instead. The first loan of the series for US\$15 million was approved. It led to some improvements in bank performance (moderate recovery in capitalization, decline in past due loans, consolidation). However, the vulnerability of the banking sector as a whole to future shocks was not reduced, as regulations were not implemented, and there was no increase in credit to the private sector. Furthermore, other needed financial sector reforms were not forthcoming and additional programmatic support was stopped. Specifically, it was uncertain whether Congress would approve new legislation and there was some Central Bank backtracking on the implementation of new prudential norms. The outcome of this first loan was rated unsatisfactory by IEG. The financial sector technical assistance loan was also cancelled. The specific indicators targeted in the CAS matrix under this pillar were all met. ESW in support of this pillar included a FSAP, a PER, and an Integrated Fiduciary Assessment, all of which have been helpful in continuing the country dialogue on the remaining challenges and were highlighted in QAG's AAA assessment.

10. On balance, IEG rates the overall outcome towards achieving this objective as *moderately satisfactory*, in view of the overwhelming importance of achieving fiscal stabilization, while recognizing the shortcomings in the pursuit of financial sector reforms.

***Objective 2: Restore confidence in state institutions.***

11. The Bank's prime instrument to restore confidence in state institutions and improve governance and transparency was a planned "Ministry of Excellence" technical assistance project for modernization of the Ministry of Finance. This was to serve as an example for other ministries and be followed by a Municipal Finance Administration project with the same general purpose. The Ministry of Excellence project was cancelled as resistance to reform made congressional approval unlikely. Some

minor improvements in the effectiveness of the Ministry of Finance did take place under the impulse of an IDF grant. The planned Municipal Finance Administration project also did not materialize, largely because the analytical basis for the project—a better understanding of the real property tax—was not ready. A study was finalized in 2007, but the government's response is still pending. Some IDF grants financed activities to build capacity in targeted institutions, like the National Secretariat for Public Administration, the Judiciary, Ministry of Finance and Congress; however, these grants were of modest scale and had limited impact on outcomes.

12. WBI indicators of governance (Annex Table 9) suggest that little has changed in Paraguay over the CAS period and that governance and transparency in the country remain very deficient. In addition, the majority of the specific indicators targeted in the CAS matrix under this pillar were not met. Some progress is being made in the management of the education system as part of a Bank Education Reform project, approved in July 2003 and still ongoing.

13. While there were some minor improvements in the effectiveness of the Ministry of Finance and some other public entities, under the impulse of IDF grants, overall, little progress was made towards the goal of restoring confidence in state institutions and, accordingly, IEG rates the outcome towards this objective as *unsatisfactory*.

**Objective 3: Achieve sustainable growth.**

14. The focus was on rural productivity, infrastructure and the business environment. Implementation of a Natural Resource Management project (PARN), approved in FY94, continued through the early part of the CAS period. As a result, the CAS's Sustainable Agricultural Rural Development project, planned for FY05, was not approved until FY08. Achievements under the PARN were significant: the project helped to establish the local-level institutional framework necessary to address major agricultural and natural resource issues in the project areas and led to widespread adoption of conservationist agricultural practices (contour farming, soil decompaction, reforestation) and significant improvements in productivity in the project area.

15. A planned Forestry Development project was postponed, pending further clarification of government forestry policies. On the other hand, a forestry Law, defining the institutional framework for the sector, was finally enacted in April 2008.

16. In the area of infrastructure, good progress was made in improving access to water supply. But little if any progress was made with regard to road improvements and a Road Maintenance project was delayed and approved only in FY07. With regard to the business environment, the Bank carried out a study of the Investment Climate, which still awaits a government response.

17. There is no evidence of the impact of Bank involvement on sustainable growth overall. On the other hand, the PARN set a clear precedent for a viable approach to sustainable rural development in Paraguay, and access to both urban and rural water supply increased significantly; against this, there was little progress in strengthening the road network: on balance, IEG rates the outcome towards this objective as *moderately satisfactory*.

**Objective 4: Expand the coverage and efficiency of basic social services.**

18. Bank support for this objective in the CAS envisaged three new projects—in health, social protection, and education—the first two of which did not materialize while the education loan slipped to FY09. An Education Reform Loan was approved in July 2003, before the CAS. While the project contributed to increasing net secondary school enrollment from 33 percent in 2001 to 39 percent by 2007, it fell short of project targets. Bank assistance to the health sector was less successful. A FY96 Maternal Health and Child Development project encountered severe implementation problems and

coverage rates in the project areas fell far short of target. The ICR rated the outcome of the project as unsatisfactory and disenchantment with the project led the Congress to reject the successor loan. A proposed Social Protection Technical Assistance loan was also rejected by the authorities. On the other hand, a FY02 Pilot Community Development project, which provided grant finance for small-scale demand-driven initiatives prepared and submitted by beneficiary groups, was highly successful in the project areas. This success in decentralizing decision-making to the local level led the Bank to approve additional financing for the project in FY08.

19. On balance, the impact of Bank assistance in the area of basic social services has been minor: small increases in school enrolment rates and some success in piloting a community development project. Limited progress has been made in the specific areas targeted in the CAS results matrix, and, more significantly, instead of a reduction in the extreme poverty rate, there was an increase over the CAS period. IEG rates the outcome towards the objectives in Pillar 4 as unsatisfactory.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Objective 1	Not rated	Moderately Satisfactory	
Objective 2	Not rated	Unsatisfactory	
Objective 3	Not rated	Moderately Satisfactory	
Objective 4	Not rated	Unsatisfactory	

**Comments on Bank Performance:**

20. The Bank's strategy was well designed to address some of the most urgent constraints to sustainable progress in Paraguay. The proposed lending program was appropriate and, in particular, adjustment lending was key to begin the process of structural change. The re-engagement in 2003-2004 was supported by timely policy notes on reform options and by earlier financial sector work. The Bank also delivered its proposed program of AAA which helped lay the basis for the re-engagement and reform process to take hold. However, the Bank was overly optimistic about the speed at which reform could take place, new laws would be enacted, and the lending program could be delivered, given the history of political deadlock on reform between the Executive and Congress, the government's weak institutional capacity, and governance issues. The Bank could have addressed the lack of reform ownership more forcefully to ensure consensus with CAS objectives and instruments, among others through intense efforts at dissemination of its AAA.

**4. Overall IEG Assessment**

<b>Outcome:</b>	<i>Moderately Unsatisfactory</i>
<b>Bank Performance:</b>	<i>Moderately Satisfactory</i>

**Outcome.** IEG rates the overall outcome of the Bank's FY04-08 program in Paraguay as moderately unsatisfactory. The lending strategy was relevant but lacked realism and more than half of the proposed lending did not materialize. In the end, hardly any progress was made towards two of the four CAS objectives: restoring confidence in state institutions, and expanding the coverage and efficiency of basic social services. Good progress was made towards the objectives of stabilizing public finances and some progress towards strengthening the financial sector, as well as towards laying some of the bases for sustainable growth. The AAA program was well designed and executed, consistent with the lending program, and delivered as planned, although insufficiently disseminated.

## 5. Assessment of CAS Completion Report

21. The CASCR is very well written and clear. It provides excellent background on the development challenges facing Paraguay and on the key issues which the CAS was trying to address; however it is not very concise. There are no outcome ratings. At times, the CASCR tends to emphasize the positive achievements while downplaying the negatives, such as in its discussion of the first Programmatic Financial Sector Adjustment loan, whose outcome was rated moderately unsatisfactory in both the ICR and by IEG. The lessons drawn are many but somewhat diffuse: nevertheless, the new CAS makes good use of lessons learned from past experience.

## 6. Findings and Lessons

22. It is possible to distill three major findings and lessons which result from an evaluation of the Bank's program in Paraguay.

- First, in view of the well-known friction between the Executive and Congress in Paraguay, it is advisable for the Bank to design and launch operations only after the required legislation has been approved.
- Second, apart from political risks, there are also important social risks in Paraguay. The country has one of the most uneven income distributions in Latin America and failure to address this issue risks continued failure in efforts aimed at more equitable growth.
- Third, the Bank's high quality ESW needs to be disseminated effectively to have impact and build the much-needed constituency for reform.

- Annex Table 1:** Planned and Actual Lending, FY04-07 CAS and FY08 Base Case Scenario
- Annex Table 2:** Planned and Actual Analytical and Advisory Work, FY04-08, Base Case Scenario
- Annex Table 3a:** IEG Project Ratings for Paraguay, FY04-08
- Annex Table 3b:** IEG Project Ratings for Paraguay and Comparators, FY04-08
- Annex Table 4:** Portfolio Status for Paraguay and Comparators, FY04-08
- Annex Table 5:** IBRD / IDA Net Disbursements and Charges - Summary Report for Paraguay (in US\$ million)
- Annex Table 6a:** Paraguay - Total Net Receipts (ODA, OOF and Private), Calendar Years 2001-2007
- Annex Table 6b:** Paraguay - Total Net Disbursements of Official Development Assistance and Official Aid, 2001-2007 (in current US\$ million)
- Annex Table 7:** Economic and Social Indicators for Paraguay and Comparators, 2002-2007
- Annex Table 8:** Paraguay - Millennium Development Goals
- Annex Table 9:** Governance Indicators for Paraguay, 2003-2007
- Annex Table 10:** Summary of Achievements of the CAS Objectives





**Annex Table 1: Planned and Actual Lending, FY04-07 CAS and FY08  
Base Case Scenario**

	Proposed FY	Approval FY	Proposed Amount	Approved Amount
<b>Programmed projects</b>				
Economic Recovery Loan	2004	2004	30.0	30.0
Programmatic Financial Sector Adjustment Loan	2004	2005	50.0	15.0
Financial Sector TA *	2004	<i>Cancelled</i>	7.0	<i>Cancelled</i>
Ministry of Excellence TA *	2004	<i>Cancelled</i>	10.0	<i>Cancelled</i>
Heath Project II *	2005	<i>Cancelled</i>	25.0	<i>Cancelled</i>
Social Protection Monitoring TA	2005	<i>Dropped</i>	10.0	<i>Dropped</i>
Sustainable Agriculture and Rural Development	2005	2008	30.0	37.5
Forestry	2006	<i>Slipped to FY09</i>	25.0	<i>Slipped to FY09</i>
Road Maintenance	2006	2007	50.0	74.0
Municipal Finance Administration	2006	<i>Dropped</i>	20.0	<i>Dropped</i>
Education Reform II	2007	<i>Slipped to FY09</i>	25.0	<i>Slipped to FY09</i>
Water Sector Modernization	2007	<i>Slipped to FY09</i>	30.0	<i>Slipped to FY09</i>
Private Sector Development TA	2007	<i>Dropped</i>	13.0	<i>Dropped</i>
<i>Total Programmed projects FY04-08</i>			<b>325.0</b>	<b>156.5</b>
<b>Lending approved prior to CAS period</b>				
Education Reform Project		2004		24.0
<b>Non-programmed projects</b>				
Pilot Comm. Dev. Additional Financing		2008		9.0
<b>Total projects FY04-08</b>			<b>325.0</b>	<b>189.5</b>

Source: Paraguay 2003 CAS and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 01/06/09.

\* Project was approved but subsequently cancelled after being rejected by Congress.

**Annex Table 2: Planned and Actual Analytical and Advisory Work, FY04-08  
Base Case Scenario**

	Proposed FY	Delivered to Client FY	Output Type
<b>Economic and Sector Work</b>			
<i>Planned (CAS FY04-07)</i>			
CFAA	2004	2004	Report
Social Protection	2004	2004	Report
Health Strategy	2005	2005	Report
Institutional and Governance Review	2005	2005	Report
PER	2005	2005	Report
Investment Climate	2005	<i>Dropped</i>	
Land Taxation	2005	2007	Report
Evaluation of Sec. Education	2006	2008	Report
Financial Sector Update	2006	2006	Report
Development Policy Review	2006	2004	Report
Poverty Update	2007	<i>Slipped to FY09</i>	
Rural Sector Strategy		<i>Dropped</i>	
<i>Non-planned</i>			
Paraguay ROSC		2006	Report
Paraguay Integrated Fiduciary Assessment (CFAA/CPAR)		2007	Report
Policy Notes		2008	Policy Note
<b>Technical Assistance</b>			
<i>Non-planned</i>			
Governance Diagnostic & Related Activities		2007	"How-To" Guidance
Integrated Fiduciary Assessment (IFA) Follow-up		2008	"How-To" Guidance

Source: Paraguay 2003 CAS and WB Business Warehouse Table ESW/TA 8.1.4 as of 01/08//2009.

**Annex Table 3a: IEG Project Ratings for Paraguay, FY04-08**

Exit FY	Project Name	Total Evaluated (US\$M)	IEG Outcome	IEG Sustainability *	IEG ID Impact *
2004	Highways VIII	64.8	Satisfactory	Unlikely	Substantial
	Asuncion Sewerage	23.2	Unsatisfactory	Unlikely	Negligible
	Maternal Health and Child Development	21.3	Unsatisfactory	Unlikely	Modest
	Economic Recovery Loan	30.0	Satisfactory	Non-evaluable	Substantial
2006	Natural Resource Management Project	46.8	Satisfactory	Likely	Modest
2007	Fourth Rural Water Supply & Sanitation	40.0	Satisfactory	#	#
	Programmatic Financial Sector Adjustment Loan	15.0	Moderately unsatisfactory	#	#

Source: WB Business Warehouse Table 4a.5 and 4a.6 as of 10/12/09.

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

**Annex Table 3b: IEG Project Ratings for Paraguay and Comparators, FY04-08**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Sustainability % Likely (\$)	Sustainability % Likely (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)
Paraguay	241.0	7	75.3	57	30.0	25	51.0	40
LCR	18,618.2	269	91.1	82	89.6	82	69.0	56
World Bank	76,680.4	1,184	86.8	79	88.5	81	65.0	56

Source: WB Business Warehouse Table 4a.5 and 4a.6 as of 01/12/09.

**Annex Table 4: Portfolio Status for Paraguay and Comparators, FY04-08**

Fiscal year	2004	2005	2006	2007	2008
<b>Paraguay</b>					
# Proj	4	7	6	4	4
# Proj At Risk	4	1	3	3	2
% At Risk	100.0	14.3	50.0	75.0	50.0
Net Comm Amt	123.0	151.2	117.5	129.0	153.5
Comm At Risk	123.0	24.0	46.5	120.0	98.0
% Commit at Risk	100.0	15.9	39.6	93.0	63.8
<b>Bolivia</b>					
# Proj	14	11	6	5	11
# Proj At Risk	4	4	2	2	1
% At Risk	28.6	36.4	33.3	40.0	9.1
Net Comm Amt	537.7	462.7	265.6	190.4	272.8
Comm At Risk	61.8	127.3	105.4	97.0	20.0
% Commit at Risk	11.5	27.5	39.7	50.9	7.3
<b>Colombia</b>					
# Proj	16	18	17	17	21
# Proj At Risk	0	2	0	0	2
% At Risk	0.0	11.1	0.0	0.0	9.5
Net Comm Amt	1,146.9	1,351.4	1,322.9	1,899.7	3,437.9
Comm At Risk	0.0	48.0	0.0	0.0	170.0
% Commit at Risk	0.0	3.6	0.0	0.0	4.9
<b>Ecuador</b>					
# Proj	9	8	7	7	3
# Proj At Risk	2	5	1	5	2
% At Risk	22.2	62.5	14.3	71.4	66.7
Net Comm Amt	237.6	293.1	285.1	295.9	36.7
Comm At Risk	36.9	212.9	13.9	226.9	21.4
% Commit at Risk	15.5	72.6	4.9	76.7	58.3
<b>Peru</b>					
# Proj	9	13	15	18	15
# Proj At Risk	0	2	3	6	4
% At Risk	0.0	15.4	20.0	33.3	26.7
Net Comm Amt	286.1	417.8	515.8	885.8	482.4
Comm At Risk	0.0	102.5	103.8	299.1	83.8
% Commit at Risk	0.0	24.5	20.1	33.8	17.4
<b>Uruguay</b>					
# Proj	10	10	7	9	9
# Proj At Risk	0	0	0	0	0
% At Risk	0.0	0.0	0.0	0.0	0.0
Net Comm Amt	845.1	616.4	345.0	361.1	361.6
Comm At Risk	0.0	0.0	0.0	0.0	0.0
% Commit at Risk	0.0	0.0	0.0	0.0	0.0
<b>LCR</b>					
# Proj	265	268	256	247	261
# Proj At Risk	46	59	44	58	60
% At Risk	17.4	22.0	17.2	23.5	23.0
Net Comm Amt	18,911.1	18,595.3	16,208.0	16,408.1	18,420.6
Comm At Risk	3,580.1	3,831.7	2,557.7	3,584.2	3,666.6
% Commit at Risk	18.9	20.6	15.8	21.8	19.9

Source: WB Business Warehouse Table 3a.4 as of 01/12/09.

**Annex Table 5: IBRD/IDA Net Disbursements and Charges -  
Summary Report for Paraguay (in US\$ million)**

FY	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2004	42.79	30.07	12.72	14.42	0.61	-2.31
2005	18.62	28.76	-10.15	9.32	0.47	-19.93
2006	16.47	25.97	-9.50	10.61	0.13	-20.24
2007	28.98	28.97	0.01	12.66	0.22	-12.88
2008	10.89	30.12	-19.23	14.17	0.35	-33.75
<b>Total (2004-08)</b>	<b>117.74</b>	<b>143.90</b>	<b>-26.15</b>	<b>61.18</b>	<b>1.78</b>	<b>-89.11</b>

Source: WB Loan Kiosk, Net Disbursement and Charges Report as of 01/11/09.

**Annex Table 6a. Paraguay - Total Net Receipts (ODA, OOF and Private), Calendar Years 2001-2007**

	2001	2002	2003	2004	2005	2006	2007	2001-2007
<b>Total Net Receipts</b>	<b>113.61</b>	<b>-293.47</b>	<b>137.51</b>	<b>-29.62</b>	<b>85.65</b>	<b>124.52</b>	<b>148.30</b>	<b>286.50</b>
ODA	61.38	56.67	50.71	21.71	50.85	55.96	108.00	405.28
OOF	49.42	27.96	48.78	-16.31	-5.13	31.18	-34.14	101.76
Private	2.81	-378.1	38.02	-35.02	39.93	37.38	74.44	-220.54
<b>ODA+OOF, Total</b>	<b>110.80</b>	<b>84.63</b>	<b>99.49</b>	<b>5.40</b>	<b>45.72</b>	<b>87.14</b>	<b>73.86</b>	<b>507.04</b>
o/w Multilateral	47.65	21.97	62.45	-16.68	-7.86	27.75	-9.84	125.44
o/w IBRD	12.98	-1.88	22.88	-17.05	-8.44	5.83	-14.42	-0.10

Source: OECD DAC online database, and Client Connection, as of 1/22/09.

Note: a. Official Development Assistance (ODA): Grants or loans to countries and territories on Part 1 of the DAC list of Aid Recipients (developing countries) that are: 1) Undertaken by the Official Sector; 2) Have promotion of economic development and welfare as their main objective; and 3) Are granted at concessional terms (the loan has a grant element of at least 25 percent).

b. Other Official Flows (OOF): Transactions by the official sector with countries on the List of Aid Recipients that do not meet the conditions of ODA or Official Aid eligibility, either because they are not primarily aimed at development, or because they have a grant element of less than 25 percent.

**Annex Table 6b: Paraguay - Total Net Disbursements of Official Development Assistance and Official Aid, 2001-2007 (in current US\$ million)**

Donor	2001	2002	2003	2004	2005	2006	2007	2001-2007
<b>Bilaterals</b>								
Australia	0.02	..	..	..	..	..	..	0.02
Austria	0.01	0.01	0.01	0.02	0.03	0.03	0.04	0.15
Belgium	0.08	0.06	0.03	0.14	0.03	0.02	0.04	0.40
Canada	0.23	0.89	1.56	2.05	3.15	0.88	3.33	12.09
Denmark	..	..	..	0.11	..	0.01	0.13	0.25
Finland	..	..	..	0.07	0.07	0.09	..	0.23
France	0.04	0.24	0.86	-0.39	0.41	0.84	3.45	5.45
Germany	3.59	3.45	4.92	1.81	2.53	4.19	4.78	25.27
Ireland	0.04	..	..	..	0.02	0.10	0.03	0.19
Italy	0.05	0.04	0.02	0.26	0.11	0.08	0.36	0.92
Japan	34.77	26.82	20.22	-3.28	27.47	25.92	28.90	160.82
Luxembourg	..	0.05	..	0.06	0.06	0.07	0.07	0.31
Netherlands	1.14	1.38	1.43	1.87	1.92	0.01	0.05	7.80
New Zealand	0.05	0.10	0.09	0.06	0.05	..	0.08	0.43
Norway	0.64	0.62	0.67	0.58	0.67	0.78	1.11	5.07
Spain	8.42	4.09	11.74	6.39	7.05	9.81	13.26	60.76
Sweden	1.37	1.28	1.31	1.72	1.85	1.56	1.82	10.91
Switzerland	0.83	0.79	0.76	0.65	0.62	0.53	0.54	4.72
United Kingdom	0.05	-0.23	-0.36	-0.51	-0.22	-0.42	-0.23	-1.92
United States	6.96	11.24	12.17	14.83	9.15	17.63	24.90	96.88
<i>DAC Countries, Total</i>	<i>58.29</i>	<i>50.83</i>	<i>55.43</i>	<i>26.44</i>	<i>54.97</i>	<i>62.13</i>	<i>82.66</i>	<i>390.75</i>
Czech Republic	..	0.02	0.04	0.05	0.09	0.16	0.15	0.51
Korea	0.41	0.56	0.68	1.06	2.35	1.92	5.95	12.93
Poland	0.01	..	..	..	..	..	..	0.01
Other Donor Countries, Total	0.16	0.21	0.24	0.14	0.06	0.10	0.10	1.01
<i>Non-DAC Countries, Total</i>	<i>0.58</i>	<i>0.79</i>	<i>0.96</i>	<i>1.25</i>	<i>2.50</i>	<i>2.18</i>	<i>6.20</i>	<i>14.46</i>
<b>Multilaterals</b>								
Arab Agencies	-0.39	..	..	..	..	..	5.09	4.70
EC	8.01	10.81	6.04	4.53	3.32	2.20	23.00	57.91
GEF	..	..	0.47	..	0.19	0.45	0.13	1.24
Global Fund	..	..	..	0.43	0.47	0.29	1.66	2.85
IDA	-1.49	-1.43	-1.55	-1.49	-1.49	-1.49	-1.49	-10.43
IDB Spec. Fund	-5.68	-7.51	-13.10	-12.24	-12.40	-12.91	-12.65	-76.49
IFAD	..	0.84	..	..	..	..	0.31	1.15
UNAIDS	..	..	..	..	0.08	0.08	0.07	0.23
UNDP	0.09	0.17	0.28	0.36	0.47	0.50	0.63	2.50
UNFPA	0.65	0.62	0.67	1.04	0.78	0.92	0.90	5.58
UNICEF	0.78	0.64	0.82	0.76	0.98	0.98	0.89	5.85
UNTA	0.54	0.91	0.69	0.63	0.98	0.63	0.60	4.98
<i>Multilateral Agencies, Total</i>	<i>2.51</i>	<i>5.05</i>	<i>-5.68</i>	<i>-5.98</i>	<i>-6.62</i>	<i>-8.35</i>	<i>19.14</i>	<i>0.07</i>
<b>All Donors, Total</b>	<b>61.38</b>	<b>56.67</b>	<b>50.71</b>	<b>21.71</b>	<b>50.85</b>	<b>55.96</b>	<b>108.00</b>	<b>405.28</b>

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid - Disbursements, as of 01/22/09.

**Annex Table 7: Economic and Social Indicators for Paraguay and Comparators, 2002-2007**

Series Name	Paraguay						Average 2002-2007							
	2002	2003	2004	2005	2006	2007	Paraguay	Bolivia	Colombia	Ecuador	Peru	Uruguay	LCR	World
<b>Growth and Inflation</b>														
GDP growth (annual %)	0.0	3.8	4.1	2.9	4.3	6.4	3.6	3.9	5.0	4.6	6.2	4.0	3.9	3.3
GDP per capita growth (annual %)	-2.0	1.8	2.1	1.0	2.2	4.6	1.6	1.9	3.5	3.4	5.0	3.9	2.6	2.1
GNI per capita, PPP (current international \$)	3,390	3,490	3,600	3,830	4,040	4,380	3,788	3,577	5,563	6,107	5,973	8,658	7,884	8,488
GNI per capita, Atlas method (current US\$)	1,090	1,030	1,080	1,230	1,410	1,670	1,252	1,033	2,350	2,422	2,635	4,770	4,142	6,588
Inflation, consumer prices (annual %)	10.5	14.2	4.3	6.8	9.6	8.1	8.9	4.5	5.7	5.1	1.9	10.3	..	..
<b>Composition of GDP (%)</b>														
Agriculture, value added (% of GDP)	17.5	20.2	21.7	22.1	21.0	25.5	21.3	14.6	12.2	7.1	7.2	10.3	6.5	3.4
Industry, value added (% of GDP)	22.2	22.5	21.2	19.3	18.3	20.1	20.6	31.0	32.5	32.1	33.6	30.0	30.4	27.7
Services, etc., value added (% of GDP)	60.2	57.3	57.1	58.6	60.7	54.4	58.0	54.5	55.3	60.8	59.2	59.8	63.1	68.9
Gross fixed capital formation (% of GDP)	17.4	19.0	18.7	20.3	19.2	20.1	19.1	13.0	19.9	21.3	18.4	12.9	18.7	20.6
Gross domestic savings (% of GDP)	13.9	16.1	16.8	15.1	4.2	16.6	13.8	16.5	18.9	21.3	23.3	15.3	21.7	21.1
<b>External Accounts</b>														
Exports of goods and services (% of GDP)	43.8	47.5	46.0	46.9	49.2	57.8	48.5	31.8	20.9	29.4	22.6	28.2	24.7	25.4
Imports of goods and services (% of GDP)	48.8	51.3	50.0	53.9	66.0	61.8	55.3	28.6	22.0	31.3	18.5	27.0	22.4	25.4
Current account balance (% of GDP)	1.8	2.3	2.1	0.5	-2.3	..	0.9	3.7	-1.8	-0.8	0.1	0.0	..	..
External debt, total (% of GNI)	58.9	58.2	53.0	44.0	36.9	..	50.2	67.8	35.6	55.7	43.7	92.1	37.9	..
Total debt service (% of GNI)	6.7	6.4	7.0	6.5	4.5	..	6.2	5.5	9.0	10.5	5.3	15.0	7.7	..
Total reserves in months of imports	2.9	4.0	3.8	3.5	3.1	..	3.5	6.3	6.0	1.5	8.9	5.8	6.2	8.9
<b>Fiscal Accounts <sup>1/2</sup></b>														
Total Revenues (% of GDP)	17.3	16.8	18.4	18.2	18.3	18.0	17.8							
Total Expenditure (and net lending, % of GDP)	20.8	17.3	16.8	17.5	17.9	17.0	17.9							
Overall Balance (% of GDP)	-2.5	-0.3	2.0	0.6	0.1	0.9	0.1							
Public Sector Debt (% of GDP)	71.7	52.6	45.1	37.7	27.7	22.4	42.9							
<b>Social Indicators</b>														
<b>Health</b>														
Life expectancy at birth, total (years)	70.8	..	..	71.5	71.7	..	71.3	64.6	72.2	74.6	70.6	75.3	72.5	67.8
Immunization, DPT (% of children ages 12-23 months)	75.0	74.0	76.0	75.0	73.0	..	74.6	81.0	87.6	92.0	92.6	94.2	91.0	76.9
Improved sanitation facilities (% of population with access)	..	..	..	..	70.0	..	70.0	43.0	78.0	84.0	72.0	100.0	78.3	60.0
Improved water source (% of population with access)	..	..	..	..	77.0	..	77.0	86.0	93.0	95.0	84.0	100.0	91.4	86.2
Mortality rate, infant (per 1,000 live births)	..	..	..	20.0	19.4	..	19.7	50.9	16.9	21.5	22.0	11.5	22.8	49.9
<b>Population</b>														
Population, total (in million)	5.6	5.7	5.8	5.9	6.0	6.1	5.8	9.1	44.6	13.0	27.1	3.3	545.6	6,422.2
Population growth (annual %)	2.0	2.0	1.93	1.89	1.97	1.72	1.91	1.91	1.42	1.13	1.18	0.05	1.29	1.21
Urban population (% of total)	56.6	57.2	57.86	58.50	59.10	59.70	58.16	63.95	73.45	63.27	71.07	91.91	77.26	48.49
<b>Education</b>														
School enrollment, preprimary (% gross)	32.7	34.3	34.3	34.3	..	..	33.9	49.0	39.6	78.8	63.2	70.6	62.4	38.0
School enrollment, primary (% gross)	117.2	113.1	111.7	111.3	..	..	113.3	112.8	114.6	117.1	117.3	112.9	118.4	103.6
School enrollment, secondary (% gross)	67.2	65.3	66.7	66.5	..	..	66.4	85.8	75.7	62.6	92.1	105.0	87.8	64.4

1/ IMF, Paraguay: 20008 Sixth and Final Review Under the Stand-By Arrangement; 2007 Article IV and 2006 Sixth Review Under the Stand-By Arrangement.

2/ Central Government operations.

Source: WB World Development Indicators (September 2008 update) for all indicators excluding those noted.



**Annex Table 8: Paraguay - Millennium Development Goals**

	1990	1995	2000	2007
<b>Goal 1: Eradicate extreme poverty and hunger</b>				
Employment to population ratio, 15+, total (%)	62	64	66	69
Employment to population ratio, ages 15-24, total (%)	51	55	56	58
Income share held by lowest 20%	5.8	2.3	2.3	3
Malnutrition prevalence, weight for age (% of children under 5)	2.8	..	..	..
Poverty headcount ratio at national poverty line (% of population)	20.5	..	..	..
Prevalence of undernourishment (% of population)	18	13	..	..
Vulnerable employment, total (% of total employment)	23	48	48	..
<b>Goal 2: Achieve universal primary education</b>				
Literacy rate, youth female (% of females ages 15-24)	95	..	..	..
Literacy rate, youth male (% of males ages 15-24)	96	..	..	..
Persistence to last grade of primary, total (% of cohort)	..	..	73	..
Primary completion rate, total (% of relevant age group)	64	75	92	95
Total enrollment, primary (% net)	..	..	97	..
<b>Goal 3: Promote gender equality and empower women</b>				
Proportion of seats held by women in national parliament (%)	6	3	3	10
Ratio of female to male enrollments in tertiary education	..	..	136	113
Ratio of female to male primary enrollment	97	..	96	97
Ratio of female to male secondary enrollment	105	..	103	103
Ratio of young literate females to males (% ages 15-24)	99	..	..	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	41	41.2	..	..
<b>Goal 4: Reduce child mortality</b>				
Immunization, measles (% of children ages 12-23 months)	69	75	92	88
Mortality rate, infant (per 1,000 live births)	33	28	23	19
Mortality rate, under-5 (per 1,000)	41	33	27	22
<b>Goal 5: Improve maternal health</b>				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	92	86	74
Births attended by skilled health staff (% of total)	66	61	61	..
Contraceptive prevalence (% of women ages 15-49)	48	51	57	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	150
Pregnant women receiving prenatal care (%)	84	89	89	..
Unmet need for contraception (% of married women ages 15-49)	15	..	..	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..
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)	74	73	72	71
Prevalence of HIV, female (% ages 15-24)	..	..	..	0.3
Prevalence of HIV, total (% of population ages 15-49)	..	..	0.4	0.6
Tuberculosis cases detected under DOTS (%)	..	14	4	48
<b>Goal 7: Ensure environmental sustainability</b>				
Annual freshwater withdrawals, total (% of internal resources)	..	..	0.5	..
CO2 emissions (kg per PPP \$ of GDP)	0.2	0.2	0.2	..
CO2 emissions (metric tons per capita)	0.5	0.8	0.7	..
Forest area (% of land area)	53	..	49	47
Improved sanitation facilities (% of population with access)	60	64	67	70
Improved water source (% of population with access)	52	61	69	77
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..
<b>Goal 8: Develop a global partnership for development</b>				
Aid per capita (current US\$)	14	29	15	9
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	11.5	4.8	6.6	5.2
Internet users (per 100 people)	0	0	0.7	4.6
Mobile phone subscribers (per 100 people)	0	0.3	15.4	70.7
Telephone mainlines (per 100 people)	2.7	3.5	5.3	7.4
<b>Other</b>				
Fertility rate, total (births per woman)	4.7	4.3	3.6	3.2
GNI per capita, Atlas method (current US\$)	1,270	1,680	1,350	1,670
GNI, Atlas method (current US\$) (billions)	5.5	8.1	7.2	10.2
Gross capital formation (% of GDP)	22.9	26	18.9	20.6
Life expectancy at birth, total (years)	68	69	70	72
Literacy rate, adult total (% of people ages 15 and above)	90	..	..	..
Population, total (millions)	4.2	4.8	5.3	6.1
Trade (% of GDP)	72.7	130.7	87.2	119.6

Source: World Development Indicators database as of 01/12/09.

**Annex Table 9: Governance Indicators for Paraguay, 2003-2007**

Governance Indicator	2003	2004	2005	2006	2007
<b>Voice and Accountability</b>					
Sources	9	11	11	13	13
Percentile Rank (0-100)	39.9	34.1	35.1	35.6	37
Governance Score (-2.5 to +2.5)	-0.38	-0.47	-0.4	-0.4	-0.37
Standard Error	0.17	0.16	0.16	0.13	0.13
<b>Political Stability</b>					
Sources	6	7	7	7	7
Percentile Rank (0-100)	24.5	34.1	29.8	26.9	27.9
Governance Score (-2.5 to +2.5)	-0.74	-0.37	-0.52	-0.6	-0.48
Standard Error	0.27	0.26	0.25	0.25	0.25
<b>Government Effectiveness</b>					
Sources	9	10	10	11	11
Percentile Rank (0-100)	16.1	18.5	23.7	19.4	18
Governance Score (-2.5 to +2.5)	-0.91	-0.87	-0.83	-0.85	-0.85
Standard Error	0.17	0.18	0.17	0.18	0.19
<b>Regulatory Quality</b>					
Sources	8	9	9	9	9
Percentile Rank (0-100)	25.9	22	22	25.9	28.2
Governance Score (-2.5 to +2.5)	-0.66	-0.72	-0.8	-0.64	-0.57
Standard Error	0.18	0.18	0.18	0.19	0.19
<b>Rule of Law</b>					
Sources	12	14	14	16	16
Percentile Rank (0-100)	11.9	15.2	15.2	15.7	16.2
Governance Score (-2.5 to +2.5)	-1.15	-1.03	-1	-0.99	-0.97
Standard Error	0.15	0.15	0.15	0.14	0.15
<b>Control of Corruption</b>					
Sources	8	11	12	14	14
Percentile Rank (0-100)	5.3	8.3	6.8	9.7	14
Governance Score (-2.5 to +2.5)	-1.24	-1.23	-1.28	-1.12	-0.96
Standard Error	0.17	0.16	0.15	0.15	0.14

Source: Governance Indicators database, January 2009

**NOTE:**

**1. Voice and Accountability:**

Measures the extent to which country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

**2. Political Stability and Absence of Violence:**

Measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.

**3. Government Effectiveness:**

Measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

**4. Regulatory Quality:**

Measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

**5. Rule of Law:**

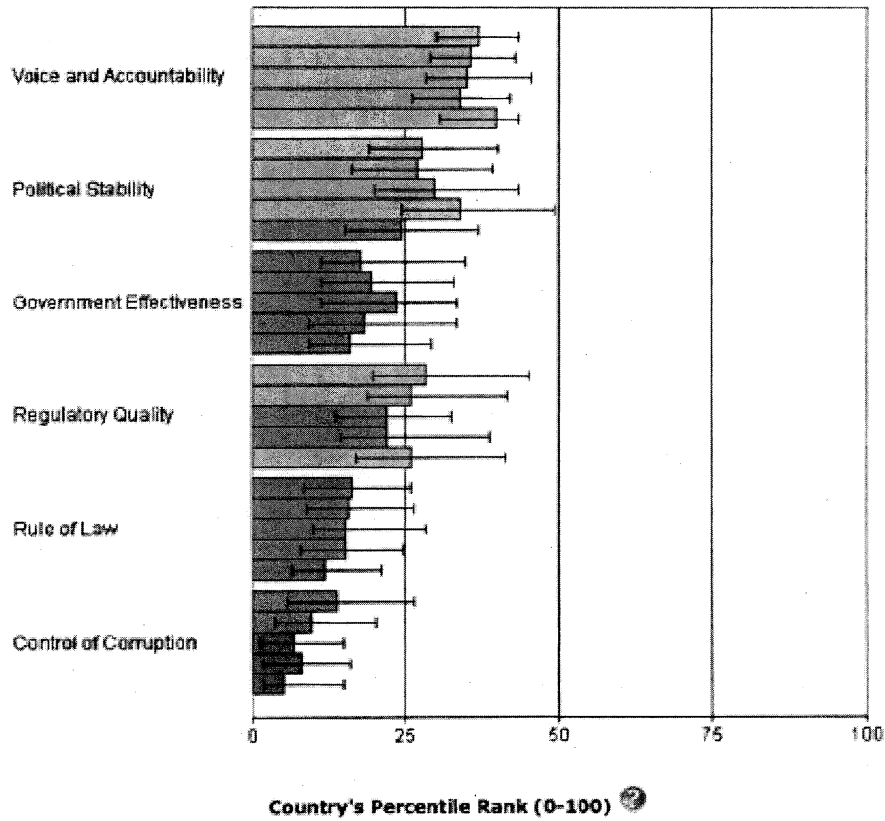
Measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.

**6. Control of Corruption:**

Measures the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

**PARAGUAY**

Comparison between 2007, 2006, 2005, 2004, 2003 (top-bottom order)



90th-100th Percentile    
  50th-75th Percentile    
  10th-25th Percentile  
 75th-90th Percentile    
  25th-50th Percentile    
  0th-10th Percentile

Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2008: Governance Matters VII: Governance Indicators for 1996-2007  
**Note:** The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources or for any other official purpose.

**Annex Table 10: Summary of Achievements of the CAS Objectives**

		Actual Results (as of January 2009)	Comments
<b>Paraguay CAS 04-07: Pillar 1. Fiscal and financial sector stabilization</b>			
<b>Objectives</b>	1. Improve fiscal sustainability and effectiveness of public sector	Satisfactory	
	2. Strengthen financial system, legal framework for anti money laundering, and create an effective network of financial security		
<b>Major Outcome Measures</b>	Issuance of new series Treasury bills to refinance domestic debt by mid-2004.	New Treasury bills issued in 2006 and 2007.	Good progress.
	Increase in tax revenues by 1.5 percent of GDP by end-2005.	Increase of 1.7 pp from 2002 to 2007.	Good progress. Tax revenues (as % of GDP): 10 in 2002; 10.3 in 2003; 11.9 in 2004; 11.8% in 2005; 12.0 in 2006; 11.7 in 2007.
	Reduction in deficit of government pension system by 0.5 percent of GDP by 2006.	Reduction of 0.7 pp from 2002 to 2007. (reduction of 1.2 pp – IMF)	Good progress. Pension system deficit (as % of GDP): 1 in 2002; 1.2 in 2006; 0.3 in 2007.
	Initiation of bank deposit guarantee system financed by commercial banks by 2005.	Deposit Guarantee Fund established in December 2003.	Good progress.
	Gradual increase in commercial bank capital to Basel standards by 2007. [Capital/Asset ratio for Private Sector Banks: 8.4% in 2003]	Capital/Asset ratio for Private Sector Banks: 10.3% in 2006	Good progress. (Official capital requirements at 10%)
	Consolidation and restructuring of public banks completed by 2006.	A new second-tier bank (AFD) was established in 2005, and the first-tier public bank BNF has been restructured.	Good progress.
<b>New IBRD Lending Support</b>	Economic Recovery Loan	Approved FY04. Closed FY04.	IEG outcome rating: Satisfactory.
	Programmatic Financial Sector Adjustment Loan	Approved FY05. Closed FY07.	IEG outcome rating: Moderately Unsatisfactory.
	Financial Sector TA	Cancelled.	
<b>Planned AAA</b>	Development Policy Review	Delivered FY04.	
	Financial Sector Update	Delivered FY06.	
	CFAA	Delivered FY04.	
	PER	Delivered FY05.	

		Actual Results (as of January 2009)	Comments
<b>Paraguay CAS 04-07: Pillar 2. Improved governance and transparency in public administration</b>			
<b>Objectives</b>	1. Recovery of confidence in state institutions	Highly Unsatisfactory	
	2. Improve public accountability and transparency		
	3. Reduce high degree of informality of economy		
	4. Increase judicial security		
<b>Major Outcome Measures</b>	Improvement in rating of Transparency International Corruption Index from fifth to fourth quintile by 2007.	Rank 98, Score 1.7 (2002) – 5 <sup>th</sup> quintile.	Good Progress. Corruption Perception Index: Rank 138, Score 2.4 (2008) – 4 <sup>th</sup> quintile.
	Improved MOF performance in service delivery by end-2005, as evidenced by declining trend in number of complaints received by soon-to-be established office of Customer Service.	Data not available.	Not Rated. Customer Service Office established.
	Majority of public procurement contracts advertised and awarded via e-Procurement website by end-2005.	Procurement contract are posted on internet but awards are handled manually.	Some progress.
	Improved budget efficiency via continuation of recently introduced results-oriented budget process.	Results-oriented budgeting is no longer practiced.	No progress.
	Incorporation of decentralized entities in SIAF accounting system by end-2004.	Not achieved.	No progress.
	Introduction of meritocratic system for hiring and promotion of civil servants by 2007.	Not achieved.	No progress.
	Approval of rules for selection and evaluation of judges by 2005.	Not achieved.	No progress.
<b>New IBRD Lending Support</b>	Ministry of Excellence TA	Cancelled.	
	Municipal Finance Administration	Dropped.	
<b>Planned AAA</b>	CFAA	Delivered FY04.	
	Institutional and Governance Review	Delivered FY05.	
	PER	Delivered FY05.	
<b>Additional AAA</b>	Paraguay ROSC	Delivered FY06.	Report.
	Paraguay Integrated Fiduciary Assessment (CFAA/CPAR)	Delivered FY07.	Report.
	Policy Notes	Delivered FY08.	Policy Note.
	Governance Diagnostic & Related Activities	Delivered FY07.	TA.
	Integrated Fiduciary Assessment (IFA) Follow-up	Delivered FY08.	TA.
<b>Paraguay CAS 04-07: Pillar 3. Enhanced and sustained growth</b>			
<b>Objectives</b>	1. Improve productivity in the rural sector, especially among small farmers where poverty is deepest	Moderately Satisfactory	
	2. Spur economic growth through increase in exports and private sector development		
	3. Remove infrastructure bottlenecks that deter growth and poverty alleviation		

		Actual Results (as of January 2009)	Comments
<b>Major Outcome Measures</b>	Full functioning of Single Window for Exporters by end-2004.	Implemented in 2006.	Good progress.
	Scaling-up of micro-catchment model for agricultural extension and natural resource management to national level by 2007.	Not achieved.	No progress.
	Completion of market analysis to identify a competitive niche for forestry exports by 2005.	Not achieved.	No progress.
	Reformed regulatory framework for reforestation and forestry management in place by end-2006.	Forestry Law enacted in April 2008 defines institutional framework for sector.	Good progress.
	Doubling of funding for road maintenance by 2006 budget. [8 million US\$ in 2004]	13 million US\$ in 2008	Some progress. (10 million US\$ in 2006)
	Increase percentage of roads in good condition from 40 percent to 50 percent by 2007.	14% of roads in good condition in 2007.	Limited progress.
	Reduction in time to register new businesses by 2007. (74 days in 2004)	35 days in 2007	Good progress.
	Improved access to urban and rural water to 80% and 50% by 2007 (from 70% and 30% at present)	Access was 80% in urban areas and 45% in rural areas in 2007.	Good progress.
<b>Ongoing pre CAS 04-07 IBRD Support</b>	Natural Resources Management Project	Approved FY94. Closed FY06.	IEG outcome rating: Satisfactory.
	Asuncion Sewerage Project	Approved FY95. Closed FY04.	Quality of Supervision Overall Rating: Satisfactory (10/17/2002). IEG outcome rating: Unsatisfactory.
	Fourth Rural Water Supply & Sanitation	Approved FY98. Closed FY07.	Quality at Entry Overall Rating: Satisfactory. IEG outcome rating: Satisfactory.
<b>New IBRD Lending Support</b>	Sustainable Agriculture and Rural Development	Approved FY08. Active.	Latest PDO Rating: Unsatisfactory (11/17/2008).
	Forestry	Slipped to FY09.	
	Road Maintenance	Approved FY07. Active.	Latest PDO Rating: Satisfactory (12/24/2008).
	Water Sector Modernization	Slipped to FY09.	
	Private Sector Development TA	Dropped.	
<b>Planned AAA</b>	Land taxation	Delivered FY07.	
	Rural Sector Strategy	Ongoing.	
	Investment Climate	Delivered FY08.	
<b>Paraguay CAS 04-07: Pillar 4. Social inclusion</b>			
<b>Objectives</b>	1. Improved water resource management	Unsatisfactory	
	2. Improved control over population growth		
	3. Shift social and basic service expenditures to primary levels and rural areas, especially in social assistance spending and health		
	4. Significantly increase transition rates between primary and secondary schools education levels		
	5. Reform delivery model of service provision to improve effectiveness and efficiency		
	6. Consolidate many small existing social assistance programs into coherent safety net for the poorest		
	7. Fundamentally reform pension system to make it financially sustainable and reach more elderly in need		

		<b>Actual Results (as of January 2009)</b>	<b>Comments</b>
<b>Major Outcome Measures</b>	Reduction in extreme poverty rate from 16 percent to 14 percent by 2007.	19% in 2007	No progress.
	Reduction in secondary education drop-out rate from 11 percent to 9 percent by 2007.	8.7% in 2005. 2007 data not available.	Good progress.
	Increase in secondary school enrolment rate from 33 percent to 42 percent by 2007, with narrowing urban-rural divide. [Net secondary school enrollment rate in: Total (34% in 2003); Urban (48.6% in 2000); Rural (12.1% in 2000)]	Total: 39% in 2006 Urban: 56% in 2006 Rural: 20% in 2006	Some progress.
	Introduction of a basic maternal-child health insurance by 2006, with focus in rural areas.	Not achieved.	No progress.
	Decrease in infant and maternal mortality rates by 10 percent by 2007.	Infant mortality decreased by 13%; maternal mortality, by 12% (from 2000 to 2005)	Good progress.
	The establishment of a coherent social assistance system that effectively reaches the poorest by end-2006.	Conditional cash transfer program (TEKOPORA) introduced in 2005. 17,000 households covered by end-2007 (11.3% of poorest population)	Good progress.
	Financial separation of health and old age pension insurance within social security system (IPS) by 2006.	Not achieved.	No progress.
<b>Ongoing pre CAS 04-07 IBRD Support</b>	Maternal Health and Child Development Project	Approved FY97. Closed FY04.	IEG outcome rating: Unsatisfactory.
	Pilot Community Development Project	Approved FY02. Active.	Quality of Supervision Overall Rating: Satisfactory (09/12/2006). Latest PDO rating: Satisfactory (10/14/2008).
<b>New IBRD Lending Support</b>	Education Reform Project	Approved FY04. Active.	Latest PDO rating: Moderately satisfactory (12/21/2008).
	Health Project II	Cancelled.	
	Social Protection Monitoring TA	Dropped.	
	Education Reform II	Slipped to FY09.	
	Pilot Comm. Dev. Additional Financing	Approved FY08. Active.	
<b>Planned AAA</b>	Social Protection	Delivered FY04.	
	Health Strategy	Delivered FY05.	
	Evaluation of Sec. Education	Delivered FY08.	
	Poverty Update	Slipped to FY09.	