

**TECHNICAL INPUTS FOR THE IMPLEMENTATION OF THE LONGITUDINAL
SOCIAL PROTECTION SURVEY (LSPS) IN PARAGUAY
(PR-T1126)**

**Technical Inputs for the Implementation of the Longitudinal Social Protection Survey (LSPS) in
Paraguay (PR-T1126)
TC Document**

I. Basic Information for TC

- Country/Region: **Paraguay/Southern Cone (CSC)**
- TC Name: **Technical Inputs for the Implementation of the Longitudinal Social Protection Survey (LSPS) in Paraguay**
- TC Number: **PR-T1126**
- Associated Loan/Guarantee Name: **Strengthening of Paraguay's Institutional Capacity and Social Protection Systems**
- Associated Loan/Guarantee Number: **PR-T1123**
- Team Leader/Members: **Team Leader - Waldo Tapia Troncoso (SCL/LMK), David Kaplan SCL/LMK, Carmen Pages-Serra (SCL/LMK), Javier Ignacio Bedoya Denigri (LEG/SGO), Ana Paula Sanchez (SCL/LMK), Ethel Muhlstein (SCL/LMK)**
- Date of TC Abstract authorization: **Under review since October 25th, 2011**
- Donors providing funding: **Small and Vulnerable Countries (SVC) ([36471343](#))**
- Beneficiary: **Paraguay's Ministry of Finance**
- Executing Agency and contact name: **Bank execution: Country Office Paraguay**
- IDB Funding Requested: **US\$ 250,000**
- Local counterpart funding, if any: **N/A**
- Disbursement period (which includes execution period): **Dec 15th, 2011 – Dec 14th, 2013**
- Required start date: **Dec 15th, 2011**
- Types of consultants: **Individual consultants**
- Prepared by Unit: **SCL/LMK**
- Unit of Disbursement Responsibility : **Country Office Paraguay (CSC/CPR)**
- Included in Country Strategy (y/n); TC included in CPD (y/n): **Yes, Yes**
- GCI-9 Sector Priority: **Social Policy for Equity and Productivity – Labor Markets**

II. Description of the Associated Loan/Guarantee (estimated length: 1 page)

The current program is not associated to a loan. However, the activities being financed through this program will allow for the implementation of the PR-T1123 - Strengthening of Paraguay's Institutional Capacity and Social Protection Systems. Paraguay has identified specific areas that require investment in order to strengthen its institutional capacity to be able to create the social protection information system through the LSPS implementation. Such activities (described in section IV), are required to implement the Social Protection information system.

It is also worth mentioning that this TC is a continuation of the work done by the RG-T2010 – Regional Strategy for the Design of a Longitudinal Social Protection Survey (LSPS) ¹. During the last trimester of 2010 the IDB selected 8 countries (Ecuador, Costa Rica, El Salvador, Honduras, Colombia, Mexico, Uruguay, and Paraguay) to participate in the Design of a Regional LSPS (RG-T2010), in which the objective is the design of the LSPS (only the design of the LSPS, not the implementation). Since the LSPS

¹ The Regional LSPS Design (RG-T2010) includes for each country: the definition of the social programs that will be surveyed and analyzed, the institutions responsible for the LSPS implementation, the actions each country must undertake to strengthen its institutional capacity to be able to implement the LSPS. Most important, the LSPS defines a common questionnaire and sample design that will allow for comparable data among countries. Hence, its regional nature.

is a regional effort, once each country implements the LSPS, its regional design will allow the benchmarking and the international comparison of social reforms and policies. Therefore, the LSPS in Paraguay is part of a Regional LSPS that will allow the comparison and evaluation of information on social protection programs in other Latin American countries. Through the RG-T2010, the LSPS design includes not only the regional “core” questionnaire, but also a tailor-made LSPS to each country’s necessities. The “core” questionnaire has been defined by consensus of all participant countries through the activities financed by RG-T2010. Based on this Regional LSPS Design (RG-T2010) and custom made to Paraguay’s needs, Paraguay has identified specific areas that require investment in order to strengthen its institutional capacity and to be ready to implement the LSPS through the PR-T1123 and create the LSPS information system. Such activities required to implement the social protection information system are the essence of the current program.

III. Objectives and Justification of the TC (estimated length: 1 page)

The main objective of the program is to strengthen institutional capacity of the government of Paraguay to perform the preliminary activities that will allow the implementation of the Longitudinal Protection Social Protection Survey (LSPS) in Paraguay. The LSPS is a survey that will obtain longitudinal data to create a social security information system and covering areas that pertain to social protection programs, such as education, health, social security, labor training, estate, family history, and home information. The LSPS is a necessary instrument that will develop the country’s institutional capacity, allowing the evaluation of policy, reform design, and their impacts after their implementation. Additionally, the LSPS will link the already available administrative data in Paraguay from as many social programs as possible. Therefore, the LSPS will consolidate information regarding employment history, coverage, contribution densities (the periodicity in which an individual contributes to social security systems), socioeconomic data, and the inter-temporal relationship between an individual and the social benefits. More importantly, the LSPS will obtain information that is not covered partially or completely by current administrative registries of those agencies that address social protection in Paraguay.

The activities for this TC will provide the necessary technical inputs for the LSPS implementation, such as the adjustments of the sampling frame according to the statistical methodology required for the LSPS, diagnosis of the legal framework that will facilitate merging administrative registries from various social protection programs, technical support for the creation of a robust information system, training sessions for the LSPS implementation, and other activities required to implement the LSPS and to help underscore the importance of the LSPS as a policy-design tool. The implementation of the LSPS will facilitate policymaking and reform for the financing and provision of social security benefits through the creation of a high-quality statistical information system. The LSPS will provide a thorough analysis of the current social security system in terms of coverage, efficiency, and sustainability that will serve as the foundation for future reform proposals. Furthermore, this TC will allow the implementation of the PR-T1123: Institutional Capacity and Social Security Systems Strengthening.

The Bank’s high priority areas according to its GCI9 institutional strategy (AB-2764) include: (a) social policy for equity and productivity; and (c) institutions for growth and social welfare. Through this Program the Bank will contribute to its goals of strengthening Paraguay’s institutions by enabling the evaluation and design of sound social policy. Through a robust information system on social protection based on longitudinal data, this program will improve both the coverage and the fiscal sustainability of social protection systems. Paraguay will be able to hold informed social policy debates and arrive at consensus that will lead to reforms in the social protection arena, therefore reducing poverty and inequality while being able to measure its efficacy in increasing coverage and quality of social benefits.

Therefore, the preliminary activities related to the strengthening of Paraguay's institutions on this program will contribute to such goals.

Also, this TC relates to the country strategy of enhancing institutional capacity which is a priority development objective and the specific activities are identified in the SESP (Strategic Economic and Social Plan 2008-2013) under its modernization of the public administration pillar, including related activities to address tax burden, human resource deficiencies, inefficiencies in the budget process, and flaws in statistical and registration systems. The primary constraint to overcoming institutional weaknesses lies in the difficulty of increasing the capacity of human resources. The LSPS will empower human resources by providing them with proper training as well as the information tools and analysis methodology that will allow for the proper design and administration of social protection programs. Also, poverty reduction is the priority objective being addressed by the authorities via a strategy based on expanding the social safety net. Expanding coverage, as indicated in the SESP, is critical to poverty reduction efforts. Creating a larger social safety net will place demands on the healthcare and education sectors. The LSPS will provide the necessary information to evaluate and design effective social protection programs.

IV. Description of activities/components and budget (estimated length: 1-2 pages)

This TC consists of several consultancies that will focus on the preparation activities and technical support that will build the country's capacity in order to implement the LSPS. This project includes some activities that will allow the LSPS implementation, such as the design of the questionnaire booklet as well as updating the sampling frame of the previous census of Paraguay for the LSPS sample; technical support on IT issues that will allow the creation of the database for the LSPS information; legal support to provide recommendations as to how to link administrative data with the LSPS information and to overcome legal issues arising from coordinating with several government agencies; technical training for surveyors and supervisors; technical and analytical input for the institutional strengthening of the Ministry of Finance and the DGEEC (*Dirección General de Estadísticas, Encuestas y Censos* or National Survey Institute).

Indicative Results Matrix

[additional level of detail required in Results Matrix will be elaborated to provide good guidance]

	Unit	Baseline (2011)	Planned	Expected completion date
# of times government used knowledge for policy design/implementation	# of times government uses LSPS for policy design/implementation	0	1	December 2013
Assessment of the legal framework to link administrative registries	# of reports	0	1	December 2012
# of times knowledge produced has been used in other TCs	# of times knowledge produced has been used in other TCs	0	1	December 2013
Trainings for LSPS professionals	# of training sessions	0	2	August 2012

The total amount of funding needed to achieve the expected outputs is US\$250,000. There is no local counterpart. Selection and contracting processes will be according to the Bank's policy GN-2350-9.

Indicative Budget

[additional level of detail required in budget will be elaborated to provide good guidance]

Activity/Component	Description	IDB/Fund Funding(SVC) \$US	Counterpart Funding	Total Funding \$US
Update of sampling frame	1 International Consultant	\$15,000	0	\$15,000
Technical IT support and services for database creation	1 International Consultant (IT consultant)	\$20,000	0	\$20,000
Diagnosis legal framework for linking official data registries	1 International Consultant (Legal consultant)	\$20,000	0	\$20,000
Capacity Strengthening consultancy	1 International Consultant	\$50,000	0	\$50,000
Training of supervisors and surveyors for LSPS implementation	2 International Consultants	\$25,000	0	\$25,000
Design of LSPS booklet questionnaire	1 International Consultant	\$10,000	0	\$10,000
Project manager (monitoring and evaluation)	1 International Consultant, Travel	\$30,000	0	\$30,000
Training Sessions	Other services	\$30,000	0	\$30,000
Travel	Estimated US\$5,000 per consultant	\$40,000	0	\$40,000
Other		\$10,000	0	\$10,000
TOTAL		\$250,000	0	\$250,000

The TC supervision will lie on the following:

- Focal point in the Country Office (COF) and sector specialist responsible for execution – Waldo Tapia, Team Leader
- Supervision costs to COF – There will be need to review and allocate transactional budget for supervision of the activities for this program.
- Monitoring arrangements – This TC will finance a project manager that will coordinate activities related to this TC and report to the team leader. This consultant will also be responsible in monitoring the other consultancies' deliverables. This consultant will be required to evaluate the activities and deliverables performed by the rest of the consultants. This is included in the budget (US\$30,000 and US\$5,000 for travel)
- Since the TC is being executed by the Bank, no auditing will be necessary. However, all evaluations will be prepared by the project manager of the TC and approved by the Team Leader.

V. Executing agency and execution structure (estimated length: 1 page)

The government of Paraguay has requested that the Bank executes this Technical Cooperation. The country acknowledges the consulting services to be financed will benefit from the IDB's staff experience and supervision in order to provide a strong framework for the implementation of the LSPS and to therefore overcome institutional weaknesses. Additionally, the government of Paraguay acknowledges that the Bank has extensive experience in other countries of the region that will prove to be beneficial to

this project. The execution will be in charge of the Bank's Country office in Paraguay. Letter of request: [36471347](#)

VI. Major issues (estimated length: 1 page)

The main risks for the implementation of this TC are related to low institutional capacity among a number of government agencies, which is primarily due to institutional weakness and scarcity of qualified human resources. These risks will be mitigated by the proposed executing mechanism, in which the Bank assumes the responsibility for executing the operation as well as with the proposed consultancies being financed through this TC that will contribute to knowledge generation and to overcoming institutional weaknesses that might prevent the LSPS from being implemented. Another risk is the potential resistance among the different institutions involved to contribute to the TC's objectives. The experience the Bank has acquired through its efforts in implementing similar information systems in other countries in the region, has the technical know-how and credibility to facilitate technical coordination among the government agencies involved. The experience in other countries has demonstrated that the support of the Ministry of Finance is crucial for resolving institutional problems, particularly those involving conflicts between different ministries; therefore, the Bank's staff will maintain constant contact with this institution to engage this institution and ensure ownership of this project. The issue for the sustainability - failure to maintain a long-term commitment to its development, implementation, and policy dialogue, etc., will be partially mitigated by the fact that this project is nested at the Paraguay's Ministry of Finance². Furthermore, the nature of the consultancies being financed by the current TC will also help reinforce the long-term commitment to the implementation and policy-making. Although this TC considers external consultants, the products will serve as key inputs for the LSPS implementation and the social protection security system.

VII. Exceptions to Bank policy

No exceptions to Bank policy.

VIII. Environmental and Social Strategy

ESG Classification "C". There are no negative environmental or social impacts foreseen in the implementation of this TC. IDBDOCS - [36488450](#)

Required Annexes:

- Request from the client IDBDOCS - [36471347](#)
- Terms of Reference for activities/components to be procured IDBDOCS - [36502012](#)
- Procurement Plan IDBDOCS - [36501965](#)

² Given the role of the Ministry of Finance in the design of public policy, the Ministry of Finance will be responsible of the execution of the LSPS as well as the owner of the information system. The Ministry of Finance has appointed a team of experts that will be responsible to accompany each consultancy as well as to provide feedback in terms of results. Through the PR-T1123, there is in-kind local counterpart from the authorities for the LSPS implementation.

**TECHNICAL INPUTS FOR THE IMPLEMENTATION OF THE
LONGITUDINAL SOCIAL PROTECTION SURVEY (LSPS)
IN PARAGUAY**

PR-T1126

CERTIFICATION

The Grants and Co-Financing Management Unit (VPC/GCM) certifies that the resources from the Small and Vulnerable Countries (SVC) are available for up to US\$250,000 in order to finance the activities described and budgeted in this document.

(Original signed)

Marguerite S. Berger
Chief
Grants and Co-Financing Management Unit
VPC/GCM

11/30/2011

Date

APPROVAL

Approved

(Original signed)

Kei Kawabata
Manager
Social Sector
SCL/SCL

11/30/2011

Date